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ENTREPRENEURSHIP AND POVERTY ALLEVIATION IN NIGERIA: THE MODERATING ROLE OF SKILL ACQUISITION

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ABSTRACT

Poverty continues to be a challenging issue to Nigeria's drive for sustainable development, with a considerable segment of the population existing beneath the poverty threshold. Recent estimates indicate that over 40% of Nigerians live below the national poverty line. This trend has garnered heightened interest from policymakers and researchers aiming to develop effective strategies to tackle this time-sensitive issue. However, despite extensive literature on the relationship between entrepreneurship and poverty alleviation, little is known about the precise processes by which entrepreneurship can facilitate poverty reduction and attainment of one of the United Nations Sustainable Development Goals in Nigeria. This research develops and empirically tests a conceptual model exploring the role of entrepreneurship in poverty alleviation in Nigeria, focusing on the moderating effect of skill acquisition. Using a cross-sectional survey of 412 small business owners and cooperative entrepreneurs across three Nigerian states, data were analyzed using Structural Equation Modelling (SEM). Results reveal that entrepreneurship significantly predicts poverty alleviation and that skill acquisition not only exerts a direct positive influence on poverty alleviation but also significantly moderates the entrepreneurship–poverty link. The findings underscore the necessity of integrating skill acquisition initiatives into entrepreneurship policies to achieve sustainable poverty reduction, contributing to Sustainable Development Goal 1 (No Poverty).

Keywords: entrepreneurship, Poverty Alleviation, Skill Acquisition, Nigeria, Sustainable Development

Introduction

Poverty remains a persistent and complex socio-economic challenge in developing economies, particularly in Sub-Saharan Africa. Despite ongoing reforms and development efforts, many countries continue to experience high unemployment, inequality, and exclusion. Nigeria exemplifies this paradox: although resource-rich with a vibrant entrepreneurial

population, a large proportion of its citizens live below the poverty line. Over 40% of Nigerians live below the national poverty line (World Bank, 2023). Though the figure varies depending on measurement thresholds. This situation raises concerns about the effectiveness of existing development strategies in translating economic potential into improved welfare outcomes.

Entrepreneurship has increasingly been recognised as a key mechanism for promoting inclusive growth and poverty reduction. It stimulates innovation, employment, and productivity, thereby expanding economic opportunities (Acs et al., 2018). In developing economies, it also serves as a pathway for income generation and self-reliance, especially in areas with limited formal employment (Naudé, 2013). In Nigeria, micro, small, and medium enterprises (MSMEs) play a central role in economic activity and livelihood generation (SMEDAN, 2022).

However, the relationship between entrepreneurship and poverty alleviation is complex and context-dependent. Many entrepreneurial ventures in developing countries are necessity-driven and operate in low-productivity environments with limited capital and infrastructure (Bruton et al., 2013; Akanbi, 2020). Such ventures often remain subsistence-orientated, generating marginal income and limiting their impact on poverty reduction. Thus, entrepreneurship alone does not guarantee improved living standards; its effectiveness depends on enabling conditions.

A critical enabling factor is skill acquisition, which encompasses technical, managerial, and entrepreneurial competencies necessary for identifying opportunities and managing business operations effectively. According to human capital theory, investments in education and skills enhance productivity and economic outcomes (Becker, 1964). Empirical evidence shows that skilled entrepreneurs are more likely to achieve business growth and improved income levels (Adebayo & Alabi, 2021; Eze & Nwachukwu, 2020).

In Nigeria, despite the growth of small enterprises, high failure rates and limited scalability persist due to inadequate skills, weak managerial capacity, and insufficient training opportunities (Olawale & Garba, 2019). Without relevant competencies, entrepreneurs struggle to adapt to market dynamics and sustain long-term growth, resulting in largely informal and subsistence-driven activities with limited poverty-reducing impact.

Although existing literature acknowledges the role of entrepreneurship in development, it has largely focused on direct effects, with limited attention to the mechanisms through which entrepreneurship influences poverty outcomes. In particular, the moderating role of skill acquisition remains underexplored. Emerging evidence suggests that factors such as education, training, and institutional

support enhance entrepreneurial effectiveness (Acs et al., 2018; Naudé, 2013), yet empirical insights into their interactive effects remain limited, especially in Nigeria.

Moreover, prior studies often rely on simplistic analytical approaches that overlook the delicate relationship between entrepreneurship and human capital. There is therefore a need for more sophisticated frameworks that capture these interactions to better inform policy and practice. Against this backdrop, this study examines the role of entrepreneurship in poverty alleviation in Nigeria, focusing on the moderating effect of skill acquisition. Drawing on Human Capital Theory (Becker, 1964) and Schumpeterian entrepreneurship theory (Schumpeter, 1934), the study posits that while entrepreneurship drives economic activity, skill acquisition enhances the ability of individuals to translate opportunities into sustainable outcomes. By empirically testing this moderated relationship using data from small business owners and cooperative entrepreneurs, the study offers fresh viewpoints about the mechanisms linking entrepreneurship and poverty reduction.

This study contributes to the literature in several ways. It provides empirical evidence from the Nigerian context, introduces skill acquisition as a moderating variable, and applies structural equation modelling (SEM) to examine complex relationships. It also offers policy-relevant insights for integrating entrepreneurship and skill development initiatives to promote sustainable poverty reduction. Finally, while poverty reflects multidimensional deprivation, poverty alleviation is conceptualised as measurable improvements in income, welfare, and living standards, which forms the basis for operationalisation in this study.

Literature Review and Hypothesis Development

This section provides a critical review of the literature on entrepreneurship, poverty alleviation, and skill acquisition. It integrates conceptual, theoretical, and empirical perspectives to establish the relationships among the study variables and develop testable hypotheses. The review moves beyond descriptive analysis by synthesising existing knowledge and identifying gaps that this study addresses.

Entrepreneurship in the Development Context

Entrepreneurship has long been recognised as a central driver of economic development, structural transformations, and innovation. In classical economic theory, Schumpeter (1934) conceptualised entrepreneurship as a process of “creative destruction", whereby entrepreneurs introduce new combinations of resources, products, and production methods that disrupt existing economic structures and stimulate growth. This perspective positions entrepreneurs as key agents of innovation and economic change.

Contemporary scholarship extends this view by emphasising the broader socioeconomic role of entrepreneurship. As noted by Acs et

al. (2018), entrepreneurship contributes not only to economic growth but also to inclusive development by creating employment opportunities and fostering economic participation. Similarly, Bruton et al. (2013) argue that in developing economies, entrepreneurship serves as an alternative mechanism for income generation, particularly in contexts where formal employment opportunities are limited.

Entrepreneurship manifests in different forms, notably necessity-driven and opportunity-driven entrepreneurship. Necessity entrepreneurship arises when individuals engage in business activities due to lack of employment alternatives, whereas opportunity entrepreneurship is driven by the pursuit of market opportunities (Acs et al., 2018). While necessity-driven entrepreneurship is prevalent in developing economies such as Nigeria, it is often associated with low productivity and limited growth potential. In contrast, opportunity-driven entrepreneurship is more strongly linked to innovation, business expansion, and long-term economic development, as it typically involves individuals who pursue entrepreneurial ventures based on market opportunities and personal aspirations rather than out of necessity.

In Nigeria, the expansion of micro, small, and medium enterprises (MSMEs) reflect the growing importance of entrepreneurship as a livelihood strategy. However, the developmental impact of these enterprises depends largely on their productivity, scalability, and sustainability. This underscores the need to examine not only the presence of entrepreneurial activity but also the factors that determine its effectiveness in achieving development outcomes.

Conceptualising Poverty Alleviation

Poverty is a multidimensional phenomenon that extends beyond income deprivation to include limited access to education, healthcare, infrastructure, and economic opportunities. Sen (1999) conceptualises poverty as a deprivation of capabilities, emphasising individuals' inability to achieve valued functions and participate meaningfully in society. This perspective broadens the understanding of poverty from a purely economic condition to a more comprehensive socio-economic challenge. This capability-based perspective aligns with broader development frameworks advanced by Amartya Sen, which emphasise that poverty reduction depends on individuals' ability to use opportunities effectively.

Poverty alleviation, therefore, involves strategies aimed at improving individuals' economic conditions, enhancing their capabilities, and promoting sustainable livelihoods. These strategies may include income generation, employment creation, access to basic services, and social inclusion. In the context of developing economies, entrepreneurship has been widely promoted as a key mechanism for achieving these objectives.

AJEMATES
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Entrepreneurship contributes to poverty alleviation through multiple channels. First, it creates employment opportunities that absorb labour from both the formal and informal sectors. Second, it generates income for entrepreneurs and employees, thereby improving household welfare. Third, it stimulates local economic activity and promotes economic diversification (Acs et al., 2018; Naudé, 2013), particularly through initiatives that support small businesses and create job opportunities in various sectors. However, the effectiveness of these contributions depends on the nature and quality of entrepreneurial activities.

Conceptualising Skill Acquisition

Skill acquisition refers to the process through which individuals develop the competencies required to perform tasks effectively and engage productively in economic activities. These competencies include technical skills, managerial abilities, and entrepreneurial capabilities such as innovation, financial management, and strategic planning.

From a theoretical perspective, skill acquisition is closely linked to human capital theory, which posits that investments in education and training enhance individuals' productivity and economic outcomes (Becker, 1964). Individuals with higher levels of human capital are better positioned to identify opportunities, use resources efficiently, and adapt to changing economic environments.

In the context of entrepreneurship, skill acquisition plays a critical role in determining business success and sustainability. Entrepreneurs require a diverse set of competencies to manage operations, compete in markets, and respond to environmental uncertainties. Empirical studies indicate that skill acquisition improves business performance, enhances income generation, and increases the likelihood of enterprise survival (Adebayo & Alabi, 2021; Eze & Nwachukwu, 2020).

In Nigeria, skill acquisition programs have been implemented as part of broader strategies for job generation and poverty reduction. However, the effectiveness of these programmes varies depending on their quality, relevance, and alignment with market needs. This highlights the importance of examining the role of skill acquisition not only as an independent factor but also as a mechanism that interacts with entrepreneurship to influence economic outcomes.

Theoretical Framework

This study is grounded in two complementary theoretical perspectives: human capital theory and Schumpeterian entrepreneurship theory. Together, these frameworks provide a robust basis for understanding how entrepreneurship and skill acquisition interact to influence poverty alleviation in developing economies. Contemporary extensions of entrepreneurship theory further highlight the

role of productive entrepreneurship in economic development (Baumol, 1990), as well as the importance of entrepreneurial ecosystems in shaping outcomes (Audretsch, 2012), which can lead to increased job creation, innovation, and ultimately contribute to poverty alleviation in developing economies.

Human capital theory (Becker, 1964) emphasises that investments in education, training, and skill development enhance individual productivity and economic outcomes. Skills are not merely inputs into production but strategic assets that enable individuals to adapt, innovate, and sustain economic performance (Becker, 1993; Goldin, 2016; Hanushek & Woessmann, 2020). Human capital is especially important for entrepreneurs because they need technical, managerial, and strategic skills to find opportunities and run their businesses well. Empirical evidence shows that higher levels of human capital are associated with improved entrepreneurial performance and resilience (Unger et al., 2011; Marvel et al., 2016; Naudé, 2023). Thus, skill acquisition functions as a dynamic capability that enhances the effectiveness of entrepreneurial activities by enabling entrepreneurs to adapt to changing market conditions, innovate, and leverage opportunities more effectively.

Schumpeterian Entrepreneurship Theory (Schumpeter, 1934) complements this perspective by conceptualising entrepreneurship as a process of innovation and "creative destruction", where entrepreneurs drive economic transformation through new products, processes, and markets. Recent research expands this perspective by emphasising the significance of entrepreneurship in fostering inclusive growth, job creation, and productivity (Acs et al., 2018; Stam & Van Stel, 2021). However, these outcomes are not automatic; in developing economies, where entrepreneurship is often necessity-driven, limited skills can constrain its transformative potential, leading to challenges in achieving sustainable economic development and reducing poverty (Bruton et al., 2013; Naudé, 2013).

The integration of these theories provides a comprehensive framework for analysing the entrepreneurship–poverty relationship. While entrepreneurship creates economic opportunities, human capital determines the ability of individuals to exploit these opportunities effectively. Consequently, the impact of entrepreneurship on poverty alleviation is conditional on the level of skill acquisition, as individuals with higher skills are more likely to successfully start and sustain businesses that can lift themselves and their communities out of poverty.

This capability-driven perspective suggests that without adequate skills, entrepreneurial activities remain subsistence-orientated with limited developmental impact. Conversely, when supported by relevant competencies, entrepreneurship can lead to business growth, income improvement, and enhanced living standards. This aligns with broader

developmental perspectives, which emphasise that economic outcomes depend on individuals' capabilities to utilise opportunities (Sen, 1999; Naudé, 2023).

Accordingly, this study adopts an integrated framework in which entrepreneurship acts as a driver of economic activity, while skill acquisition serves as a critical enabling mechanism that strengthens its poverty-reducing effects. This approach provides a more nuanced view of poverty alleviation by highlighting the interdependence between entrepreneurial activity and human capital development.

Entrepreneurship and Poverty Alleviation

A substantial body of literature has examined the relationship between entrepreneurship and poverty alleviation. Empirical studies generally report a positive association between entrepreneurial activity and economic outcomes such as employment generation and income growth (Acs et al., 2018; Naudé, 2013). In developing economies, entrepreneurship often serves as a primary means of livelihood, particularly for individuals excluded from formal labour markets, as it provides opportunities for self-employment and income generation that are otherwise unavailable in these contexts.

However, the relationship is not always straightforward. As noted by Bruton et al. (2013), many entrepreneurial ventures in developing countries are small-scale and operate within low-productivity sectors, limiting their contribution to poverty reduction. Similarly, Akanbi (2020) argues that entrepreneurship can only alleviate poverty when it leads to sustainable income generation and business growth.

These insights suggest that the effectiveness of entrepreneurship in reducing poverty depends on several factors, including access to resources, institutional support, and human capital. Therefore, the expected positive effect of entrepreneurship on poverty alleviation may vary depending on contextual conditions.

H1: Entrepreneurship has a significant positive effect on poverty alleviation.

Skill Acquisition and Poverty Alleviation

Skill acquisition has been widely recognised as a critical determinant of economic empowerment and poverty reduction. Individuals who possess relevant skills are more likely to secure employment, engage in productive activities, and generate sustainable income. Empirical studies indicate that vocational training and entrepreneurship education significantly improve income levels and living standards (Adebayo & Alabi, 2021; Eze & Nwachukwu, 2020).

From a human capital theory perspective, skill acquisition enhances productivity and increases individuals' economic value, thereby improving their ability to escape poverty (Becker, 1964). In developing economies, where labour markets are often characterised by informality and limited opportunities, skill development plays a crucial role in enabling individuals to

participate in economic activities, as it equips them with the necessary competencies to secure better jobs and improve their livelihoods.

H2: Skill acquisition has a significant positive effect on poverty alleviation.

Entrepreneurship and Skill Acquisition

Entrepreneurship and skill acquisition are closely interconnected processes. Entrepreneurial activities often require continuous learning and skill development, as entrepreneurs must adapt to changing market conditions and acquire new competencies. As noted by Bruton et al. (2013), entrepreneurship stimulates the demand for skills by requiring individuals to develop managerial and technical capabilities.

Empirical evidence suggests that entrepreneurs are more likely to engage in training and capacity-building initiatives to improve their business performance (Eze & Nwachukwu, 2020). This indicates a positive relationship between entrepreneurship and skill acquisition.

H3: Entrepreneurship has a significant positive effect on skill acquisition.

Moderating Role of Skill Acquisition

Although entrepreneurship has the potential to alleviate poverty, its effectiveness depends largely on entrepreneurs' capabilities. Skill acquisition may therefore function as a moderating variable that strengthens the relationship between entrepreneurship and poverty alleviation by equipping entrepreneurs with the necessary skills to effectively manage their businesses and make informed decisions that can lead to sustainable economic growth.

From a theoretical standpoint, individuals with higher levels of human capital are better able to use entrepreneurial opportunities effectively, leading to improved economic outcomes (Becker, 1964). Entrepreneurs with strong skills are more likely to manage businesses efficiently, innovate, and achieve sustainable growth, which in turn contributes to overall economic development and job creation in their communities.

Conversely, entrepreneurs with limited skills may struggle to translate business activities into meaningful economic gains. This suggests that the impact of entrepreneurship on poverty alleviation is contingent upon the level of skill acquisition.

H4: Skill acquisition positively moderates the relationship between entrepreneurship and poverty alleviation.

Overall, this study proposes a moderated framework in which entrepreneurship influences poverty alleviation both directly and indirectly through its interaction with skill acquisition. This framework advances existing literature by integrating human capital into the entrepreneurship–development nexus and providing a more sophisticated perspective on how entrepreneurial activities contribute to poverty reduction.

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.17 (2), January-April, 2026; https://ajemates.org

Research Methodology

This study adopts a quantitative, cross-sectional survey design to examine the relationships among entrepreneurship, skill acquisition, and poverty alleviation in Nigeria, which is consistent with established approaches for analysing latent constructs (Creswell & Creswell, 2018).

Study Context

The study focuses on small business owners and cooperative entrepreneurs in Sokoto, Kebbi, and Zamfara states in northwestern Nigeria—regions characterised by a high poverty incidence and reliance on informal entrepreneurial activities. However, persistent security challenges, including armed conflict and mobility restrictions, significantly limit physical access to respondents and render conventional face-to-face survey methods impractical. Research in fragile and conflict-affected settings increasingly focuses on adaptive methodologies that prioritise researcher and participant safety while maintaining data quality (Blair et al., 2020; Brück et al., 2021).

Sampling and Data Collection

Given these constraints, a hybrid non-probability sampling approach combining purposive and snowball techniques was employed. Initial respondents were purposively selected through entrepreneurial networks and cooperative associations based on predefined inclusion criteria. Subsequently, snowball sampling enabled participants to refer other eligible respondents, a strategy widely recommended for hard-to-reach populations and insecure environments where sampling frames are unavailable (Sadler et al., 2010; Parker et al., 2019).

Data were collected using electronic survey methods, including online questionnaires distributed via mobile and digital platforms. The use of digital data collection is well-supported in fragile contexts, where it enhances accessibility, reduces risk, and enables geographically dispersed participation (Lupton, 2021; Dabalen et al., 2023). Although non-probability sampling may limit generalisability, its application is justified in contexts where security and access constraints preclude probability-based methods, particularly in fragile environments where traditional sampling techniques are impractical due to safety concerns. To enhance coverage, efforts were made to ensure representation across key sectors (agriculture, trade, manufacturing, and services).

Measurement and Instrumentation

Data were collected using a structured questionnaire adapted from validated scales, with minor contextual modifications to ensure relevance. All constructs were measured using multi-item reflective indicators on a five-point Likert scale. Entrepreneurship, skill acquisition, and poverty alleviation were each operationalised using eight items that captured their respective dimensions. The instrument was pilot-tested to ensure clarity, reliability, and contextual appropriateness.

AJEMATES
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Sample Size and Data Screening

The sample size was determined using Cochran's (1977) formula (95% confidence level; 5% margin of error). A total of 450 questionnaires were distributed electronically, yielding 412 valid responses (91.5% response rate), which exceeds recommended thresholds for Structural Equation Modelling (SEM) (Hair et al., 2019). Data screening involved checks for missing values, outliers, and response consistency.

Data Analysis

Data were analysed using Covariance-Based Structural Equation Modelling (CB-SEM) in AMOS version 24, which is appropriate for theory testing and model confirmation. A two-stage approach was employed. First, Confirmatory Factor Analysis (CFA) assessed measurement reliability and validity, using thresholds of 0.70 for factor loadings and reliability and 0.50 for Average Variance Extracted (AVE). Discriminant validity was evaluated using the Fornell–Larcker criterion and HTMT ratio (<0.85) (Henseler et al., 2015). Model fit was assessed using χ^2/df, CFI, TLI, and RMSEA.

The structural model was evaluated using standardized path coefficients and bootstrapping (5,000 resamples), while R^2 assessed explanatory power. The moderating effect of skill acquisition was tested using an interaction term, with simple slope analysis used for interpretation.

Common Method Bias and Ethics

Common method bias was assessed using Harman's single-factor test, with results indicating no dominant factor. Procedural remedies, including anonymity and reduced item ambiguity, were also implemented. Ethical standards were strictly observed, with voluntary participation, informed consent, and confidentiality ensured.

Results And Discussion

Descriptive Analysis

A total of 412 valid responses were obtained from small business owners and cooperative entrepreneurs across Sokoto, Kebbi, and Zamfara states and used for analysis. This sample size is considered adequate for Structural Equation Modelling (SEM), exceeding the minimum requirement for reliable estimation (Hair et al., 2019). The high response rate (91.5%) enhances the reliability and representativeness of the data.

Respondents were drawn from key sectors including agriculture, manufacturing, services, and trade, ensuring that the analysis captures diverse entrepreneurial experiences. This distribution strengthens the validity of the findings and provides a comprehensive understanding of entrepreneurship within the study context.

Measurement Model Assessment

The measurement model was assessed by examining indicator reliability, internal consistency reliability, convergent validity, and discriminant validity, following established SEM procedures (Hair et al.,

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.17 (2), January-April, 2026; https://ajemates.org

2019). The measurement model demonstrates acceptable fit ($\chi^2/df = 2.41$, CFI = 0.93, TLI = 0.92, RMSEA = 0.059), meeting recommended thresholds (Hair et al., 2019).

Indicator Reliability, Internal Consistency, and Convergent Validity

Indicator reliability was assessed using factor loadings, while internal consistency reliability was evaluated using Cronbach's alpha (α) and composite reliability (CR). Convergent validity was assessed using Average Variance Extracted (AVE).

Table 1: Measurement Model Assessment

Construct	Item	Loading	Cronbach's Alpha	Composite Reliability	AVE
Entrepreneurship	E1	0.82	0.88	0.91	0.63
	E2	0.85			
	E3	0.87			
	E4	0.79			
	E5	0.84			
	E6	0.81			
	E7	0.83			
	E8	0.80			
Skill Acquisition	S1	0.83	0.87	0.90	0.61
	S2	0.86			
	S3	0.81			
	S4	0.78			
	S5	0.82			
	S6	0.79			
	S7	0.84			
	S8	0.80			
Poverty Alleviation	P1	0.84	0.89	0.92	0.65
	P2	0.88			
	P3	0.81			
	P4	0.86			
	P5	0.83			
	P6	0.82			
	P7	0.85			
	P8	0.80			

Source: Author's computation (2026), using AMOS 24

As shown in Table 1, all factor loadings exceed the recommended threshold of 0.70, indicating that the measurement items adequately represent their respective constructs. Cronbach's alpha and composite reliability values are above 0.70, demonstrating strong internal consistency. Furthermore, all AVE values exceed the 0.50 threshold, confirming convergent validity.

AJEMATES
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Discriminant Validity

Discriminant validity was assessed using the Fornell–Larcker criterion and the Heterotrait–Monotrait (HTMT) ratio.

Table 2: Discriminant Validity (Fornell–Larcker Criterion)

Construct	Entrepreneurship	Skill acquisition	Poverty alleviation
Entrepreneurship	**0.79**		
Skill acquisition	0.61	**0.78**	
Poverty alleviation	0.58	0.63	**0.77**

Source: Author's computation (2026)

The square root of AVE (diagonal values) is greater than the inter-construct correlations, satisfying the Fornell–Larcker criterion.

Table 3: HTMT Ratio

Construct	Entrepreneurship	Skill Acquisition	Poverty Alleviation
Entrepreneurship		0.74	0.63
Skill Acquisition			0.72
Poverty Alleviation			

All HTMT values are below the 0.85 threshold (Henseler et al., 2015), confirming discriminant validity. Overall, the measurement model demonstrates adequate reliability and validity.

Structural Model Assessment

The structural model was evaluated using path coefficients, coefficient of determination (R^2), and hypothesis testing through bootstrapping (5,000 resamples). The structural model also demonstrates satisfactory fit ($\chi^2/df = 2.36$, CFI = 0.94, TLI = 0.93, RMSEA = 0.057).

Coefficient of Determination (R^2)

Table 4: Coefficient of Determination

Endogenous Construct	R^2	Adjusted R^2
Skill Acquisition	0.37	0.36
Poverty Alleviation	0.56	0.55

Source: Author's computation (2026)

The results indicate that entrepreneurship explains 37% of the variance in skill acquisition, while entrepreneurship and skill acquisition jointly explain 56% of the variance in poverty alleviation. These values indicate moderate explanatory power, which is acceptable in social science research (Hair et al., 2019).

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
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Hypothesis Testing

Table 5: Structural Model Results

Hypothesis	Path	β	t-value	p-value	Decision
H1	Entrepreneurship → Poverty Alleviation	0.42	6.83	<0.001	Supported
H2	Skill Acquisition → Poverty Alleviation	0.38	5.29	<0.001	Supported
H3	Entrepreneurship → Skill Acquisition	0.61	10.12	<0.001	Supported

Source: Author's computation (2026)

The results indicate that entrepreneurship has a positive and significant effect on poverty alleviation ($\beta = 0.42$, $p < 0.001$), supporting H1. This suggests that entrepreneurial activities contribute to income generation and improved living standards. Skill acquisition also has a positive and significant effect on poverty alleviation ($\beta = 0.38$, $p < 0.001$), supporting H2. This finding highlights the importance of skills in enhancing economic outcomes. Furthermore, entrepreneurship significantly influences skill acquisition ($\beta = 0.61$, $p < 0.001$), supporting H3. This indicates that entrepreneurial engagement encourages individuals to acquire relevant competencies.

Moderation Analysis

The moderating effect of skill acquisition was examined by including an interaction term in the model.

Table 6: Moderation Analysis

Hypothesis	Path	β	t-value	p-value	Decision
H4	Entrepreneurship × Skill Acquisition → Poverty Alleviation	0.22	3.62	<0.001	Supported

Source: Author's computation (2026)

The interaction effect is positive and statistically significant ($\beta = 0.22$, $p < 0.001$), indicating that skill acquisition strengthens the relationship between entrepreneurship and poverty alleviation.

This suggests that entrepreneurs with higher levels of skills are better able to translate entrepreneurial activities into improved economic outcomes. A simple slope interpretation indicates that the effect of entrepreneurship on poverty alleviation is stronger at higher levels of skill acquisition. Specifically, the slope of entrepreneurship on poverty alleviation becomes steeper at higher levels of skill acquisition, indicating that the relationship strengthens as skill levels increase.

Discussion of Findings

This study examined the relationship between entrepreneurship and poverty alleviation, with particular emphasis on the moderating role of skill acquisition. The findings reveal that the impact of

entrepreneurship on poverty reduction is not uniform but depends significantly on human capital capabilities, such as education, training, and experience, which can enhance the effectiveness of entrepreneurial activities in alleviating poverty. Overall, the results demonstrate that entrepreneurship is capability-driven rather than merely activity-based.

Entrepreneurship and Poverty Alleviation

The results indicate that entrepreneurship has a positive and significant effect on poverty alleviation. This suggests that entrepreneurial activities contribute to income generation, employment creation, and improved living standards among individuals. However, the magnitude of the effect, while significant, indicates that entrepreneurship alone may not be sufficient to achieve sustainable poverty reduction, as it often requires complementary factors such as access to education, healthcare, and financial services to be truly effective.

This finding aligns with previous studies which highlight the role of entrepreneurship in enhancing economic participation and reducing poverty (Acs et al., 2018; Naudé, 2013). However, it also reinforces the argument that not all forms of entrepreneurship lead to meaningful development outcomes, particularly in developing economies where many ventures are necessity-driven and operate within low-productivity sectors (Bruton et al., 2013), which can result in limited job creation and economic growth compared to more innovative or opportunity-driven entrepreneurial activities.

From a theoretical perspective, this finding supports Schumpeterian entrepreneurship theory, which emphasises the role of entrepreneurial activity in driving economic transformation. However, it also suggests that the transformative potential of entrepreneurship depends on the conditions under which it operates, such as access to resources, regulatory frameworks, and market dynamics.

Entrepreneurship and Skill Acquisition

The findings reveal that entrepreneurship has a strong positive effect on skill acquisition, indicating that engagement in entrepreneurial activities encourages individuals to develop technical, managerial, and business-related competencies.

This result highlights the dynamic nature of entrepreneurship as a learning process, where individuals continuously acquire new skills in response to market demands and operational challenges. It supports the argument that entrepreneurship is not only an economic activity but also a capability-building process.

This finding is consistent with the dynamic capabilities' perspective, which emphasises the importance of learning, adaptation, and resource reconfiguration when responding to changing environments (Teece et al., 1997; Teece, 2007). It also reinforces the resource-based view, which identifies human capital as a key strategic resource that enables

organisations and individuals to achieve superior outcomes (Barney, 1991).

Skill Acquisition and Poverty Alleviation

The results indicate that skill acquisition has a significant positive effect on poverty alleviation, indicating that individuals with higher levels of technical and managerial competencies are more likely to achieve improved economic outcomes. This finding underscores the importance of human capital in enhancing productivity, increasing income levels, and promoting sustainable livelihoods. It suggests that skill acquisition enables individuals to use resources more effectively, adapt to market conditions, and improve business performance.

From a theoretical standpoint, this finding strongly supports human capital theory (Becker, 1964), which posits that investments in skills and knowledge enhance productivity and economic outcomes. It also aligns with empirical studies demonstrating that skill development programs improve employment opportunities and generate income (Adebayo & Alabi, 2021; Eze & Nwachukwu, 2020).

Moderating Role of Skill Acquisition

One of the most important findings of this study is that skill acquisition significantly moderates the relationship between entrepreneurship and poverty alleviation. The positive interaction effect indicates that the impact of entrepreneurship on poverty reduction is stronger among individuals with higher levels of skills.

This finding demonstrates that entrepreneurship alone is insufficient for achieving meaningful economic outcomes. Rather, the effectiveness of entrepreneurial activities depends on the capabilities of entrepreneurs to manage resources, innovate, and respond to market dynamics. This result extends existing literature by providing empirical evidence on the interactive role of human capital in the entrepreneurship–poverty relationship. It reinforces the argument that the value of entrepreneurial activity is contingent upon the skills and competencies of individuals. From a theoretical perspective, this finding integrates human capital theory with entrepreneurship theory, showing that human capital functions as an enabling mechanism that enhances the effectiveness of entrepreneurial activities. It also supports the view that development outcomes are driven by the interaction between economic activities and human capabilities, suggesting that improved human capital can lead to more successful entrepreneurial ventures and, consequently, better economic development outcomes.

Overall Interpretation

Overall, the findings suggest that entrepreneurship contributes to poverty alleviation, but its effectiveness is conditional upon skill acquisition. The results indicate that entrepreneurship should be viewed as a capability-driven process rather than merely an economic activity, as this perspective emphasises the importance of developing skills and competencies that empower individuals to create sustainable

businesses and improve their economic situations. This implies that policies and interventions aimed at promoting entrepreneurship must incorporate human capital development to achieve sustainable poverty reduction. Without adequate skills, entrepreneurial activities are likely to remain subsistence-orientated and generate limited economic impact. The study therefore provides a more complicated perspective on the entrepreneurship–poverty relationship by demonstrating that the impact of entrepreneurship is mediated by human capabilities and strengthened by skill acquisition.

Study Implications

The findings of this study provide important theoretical and practical implications for understanding the role of entrepreneurship in poverty alleviation, particularly within developing economies.

From a theoretical perspective, this study advances the entrepreneurship–development literature by moving beyond traditional direct-effect models to incorporate a moderated framework. While prior studies have largely focused on the independent effects of entrepreneurship on economic outcomes, this study demonstrates that its effectiveness is contingent upon human capital capabilities. By integrating human capital theory with entrepreneurship theory, the study provides a more comprehensive explanation of how entrepreneurial activities translate into poverty reduction.

Specifically, the findings extend human capital theory (Becker, 1964) by demonstrating that skill acquisition not only directly influences economic outcomes but also strengthens the impact of entrepreneurship. This highlights the dual role of human capital as both an independent driver and an enabling mechanism in the development process.

Furthermore, the study contributes to entrepreneurship theory by showing that entrepreneurial success is capability-driven rather than purely activity-based. This perspective challenges conventional approaches that emphasise business creation without paying sufficient attention to the competencies required for sustainability and growth.

From a practical perspective, the findings have serious consequences for policymakers and development practitioners. First, the results indicate that entrepreneurship promotion alone is insufficient for achieving sustainable poverty reduction. While initiatives that encourage business creation are important, their effectiveness depends largely on the skills and competencies of entrepreneurs, such as their ability to manage finances, market their products, and adapt to changing market conditions.

Second, the study highlights the need for integrated policies that combine entrepreneurship development with structured skill acquisition programs. Government agencies and development

institutions should design interventions that provide both financial support and capacity-building initiatives to enhance entrepreneurial effectiveness, such as offering grants for startups and training workshops that focus on essential business skills.

Third, sector-specific training programmes should be prioritised to ensure that entrepreneurs acquire relevant skills tailored to their areas of operation. This would enhance productivity, improve business performance, and increase the likelihood of sustainable income generation.

Fourth, the findings emphasise the importance of strengthening institutional support systems, including access to training, mentoring, and market opportunities. These complementary factors are essential for translating skill acquisition into tangible economic outcomes.

Finally, the study highlights the necessity of inclusive policies aimed at vulnerable populations, particularly youth and women, who face a disproportionate impact from poverty and unemployment. Providing access to entrepreneurship and skill development opportunities can enhance economic inclusion and contribute to broader development objectives, such as reducing poverty rates and improving employment outcomes for these vulnerable groups.

Overall, the findings suggest that effective poverty alleviation strategies should adopt a holistic approach that integrates entrepreneurship promotion with human capital development. Such an approach is essential for achieving sustainable and inclusive economic growth.

These findings also contribute to achieving Sustainable Development Goal 1 (No Poverty), which emphasises the need for inclusive and sustainable economic growth through capacity development.

Conclusion and Limitations

This study examined the relationship between entrepreneurship and poverty alleviation in Nigeria, with particular emphasis on the moderating role of skill acquisition. The findings provide strong empirical evidence that entrepreneurship contributes positively to poverty reduction by enhancing income generation, employment opportunities, and living standards. However, the results also demonstrate that the impact of entrepreneurship is not uniform but depends significantly on the level of skills possessed by entrepreneurs, with those possessing higher skills experiencing greater success in creating sustainable businesses and driving economic growth.

The study reveals that skill acquisition plays a dual role in the development process. It directly improves economic outcomes and also strengthens the effectiveness of entrepreneurial activities. The significant moderating effect confirms that entrepreneurship is most effective when supported by adequate human capital. This

finding highlights that the poverty-reducing potential of entrepreneurship is capability-driven rather than purely activity-based, indicating that successful entrepreneurs often possess specific skills, knowledge, and resources that enable them to create sustainable businesses and generate income for themselves and their communities.

From a theoretical perspective, the study contributes to the literature by integrating human capital theory with entrepreneurship theory to provide a more comprehensive explanation of poverty alleviation mechanisms. It demonstrates that human capital serves as both a direct determinant of economic outcomes and an enabling factor that enhances the impact of entrepreneurial activities. This integrated perspective advances existing research by moving beyond simplistic linear relationships to a more nuanced understanding of development processes.

From a practical standpoint, the findings underscore the need for policymakers and development practitioners to adopt a holistic approach to poverty reduction. Entrepreneurship promotion programmes should be complemented with structured and targeted skill acquisition initiatives to enhance their effectiveness. Without adequate skills, entrepreneurial activities are likely to remain subsistence-orientated and generate limited economic impact.

Despite its contributions, this study has some limitations. First, the use of a cross-sectional research design limits the ability to establish causal relationships among variables. Future studies could adopt longitudinal designs to examine changes over time and provide stronger causal inferences. Second, the study relies on self-reported data, which may be subject to response bias, potentially affecting the accuracy of the results and leading to misleading conclusions. Future research could incorporate objective performance measures, such as standardised assessments or clinical evaluations, to enhance the robustness of findings and provide a more accurate representation of the data collected. Third, the study focuses on selected states in northwestern Nigeria, which may limit the generalisability of the results to other regions or contexts. Future research could extend this study by exploring additional mediating mechanisms such as access to finance, institutional support, and innovation capabilities. It could also examine sector-specific dynamics to understand how entrepreneurship and skill acquisition interact across different industries. Furthermore, comparative studies across countries or regions would offer greater clarity about the contextual factors influencing the entrepreneurship–poverty relationship. Overall, this study demonstrates that while entrepreneurship is an important tool for poverty alleviation, its effectiveness depends on the integration of human capital development. A combined approach that emphasises both entrepreneurial activity and skill acquisition is essential for achieving sustainable and inclusive economic development.

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