



ASSESSING THE IMPACT OF ECONOMIC POLARIZATION ON THE DEVELOPMENT OF ENTREPRENEURIAL MINDSET AMONG YOUTH IN UGEP, CROSS RIVER STATE, NIGERIA

¹Bassey Patience Ekpo

¹ Department of Business Administration

Abstract

Economic polarization, characterized by widening income disparities, poses significant challenges to fostering entrepreneurial mindsets among youth in developing regions. This study investigates how economic polarization influences the entrepreneurial mindset of youth in Ugep, Cross River State, Nigeria, a region marked by socioeconomic inequalities. Using a descriptive survey design, primary data were collected through structured questionnaires from 300 youths aged 18–35, selected via stratified random sampling. The study employed the Theory of Planned Behavior to assess entrepreneurial intention, self-efficacy, and perceived behavioral control. Findings reveal that economic polarization significantly hampers entrepreneurial mindset development, with 62% of respondents citing limited access to financial resources as a primary barrier. Youth from lower-income brackets exhibited lower entrepreneurial self-efficacy ($M = 2.8$, $SD = 0.7$) compared to their higher-income counterparts ($M = 3.5$, $SD = 0.6$). Regression analysis indicated that economic disparity negatively predicts entrepreneurial intention ($\beta = -0.42$, $p < 0.01$). The study underscores the need for targeted interventions, such as accessible microfinance and entrepreneurship education, to bridge economic divides and foster entrepreneurial aspirations. Recommendations include policy reforms to enhance financial inclusion and localized training programs to empower disadvantaged youth. This research contributes to understanding the socioeconomic dynamics shaping entrepreneurial ecosystems in rural Nigeria.

Keywords: Economic polarization, entrepreneurial mindset, youth, entrepreneurship education, financial access

Introduction

In the heart of Ugep, a vibrant yet economically stratified community in Cross River State, Nigeria, the dreams of young entrepreneurs often collide with the stark realities of economic polarization. This phenomenon, defined as the widening gap between the wealthy and the poor, creates unequal access to resources, opportunities, and social capital, profoundly shaping the entrepreneurial aspirations of youth (Piketty, 2014). In Nigeria, where over 60% of the population lives below the poverty line (World Bank, 2023), economic disparities exacerbate challenges for young people seeking to translate innovative ideas into sustainable ventures. Ugep, with its mix of agricultural, trading, and informal economies, mirrors these national trends, making it a critical case study for examining how economic divides influence entrepreneurial mindsets.

The entrepreneurial mindset, encompassing traits like risk-taking, innovation, and self-efficacy, is pivotal for fostering economic growth and reducing youth unemployment, which stands at 33.5% in Nigeria (National Bureau of Statistics, 2022). The Theory of Planned Behavior (TPB) by Ajzen (1991) provides a robust framework for understanding entrepreneurial intention, positing that attitudes, subjective norms, and perceived behavioral control shape individuals' propensity to engage in entrepreneurial activities. In Ugep, where economic polarization limits access to capital and education, these factors are critical in determining whether youth can envision themselves as entrepreneurs.



Recent literature highlights the interplay between socioeconomic conditions and entrepreneurial behavior. Olofinyehun et al. (2018) found that Nigerian undergraduates with access to entrepreneurship education exhibited stronger entrepreneurial intentions, yet financial constraints often hindered action. Similarly, Chowdhury (2017) emphasized that access to finance significantly influences entrepreneurial mindsets in developing economies, as it enhances perceived behavioral control. In contrast, economic polarization can foster necessity-driven entrepreneurship, where individuals start businesses out of survival rather than opportunity (Rosa et al., 2006). However, necessity entrepreneurs often lack the skills and resources to sustain ventures, leading to high failure rates (Block & Sandner, 2009).

In Ugep, local studies suggest that economic disparities exacerbate barriers to entrepreneurship. Ukabi et al. (2023) noted that small business operators in Cross River State face challenges like inadequate risk management and ICT skills, which are compounded by limited financial access in polarized communities. Moreover, cultural factors, such as societal attitudes toward youth entrepreneurship, further complicate the entrepreneurial landscape (Aja-Okorie & Adali, 2013). Despite these challenges, interventions like entrepreneurship education and microfinance programs have shown promise in fostering entrepreneurial mindsets among youth (Fayolle et al., 2006; Igwe et al., 2022).

The literature gap lies in the limited exploration of how economic polarization specifically affects entrepreneurial mindset development in rural Nigerian contexts like Ugep. This study addresses this gap by examining the interplay of economic disparity, access to resources, and entrepreneurial intention among Ugep's youth, using primary data to provide localized insights.

The research questions are:

- (1) How does economic polarization influence the entrepreneurial mindset of youth in Ugep?
- (2) What demographic factors mediate this relationship?
- (3) What interventions can mitigate the negative effects of economic polarization?

Methodology

Research Design

This study adopted a descriptive survey research design to assess the impact of economic polarization on the entrepreneurial mindset of youth in Ugep. The design facilitated the collection of quantitative data to explore relationships between variables, aligning with the positivist paradigm (Creswell & Creswell, 2018).

Population and Sampling

The target population comprised youths aged 18–35 in Ugep, estimated at 15,000 based on local demographic records (Cross River State Ministry of Youth Development, 2024). A sample size of 300 participants was determined using Taro Yamane's (1964) formula, ensuring a 95% confidence level. Stratified random sampling was employed to ensure representation across income levels



(low, middle, high), gender, and educational attainment. Ugep was divided into four wards, with 75 participants randomly selected from each.

Table 1

Demographic Characteristics of Participants

Variable	Category	Frequency	Percentage (%)
Gender	Male	162	54.0
	Female	138	46.0
Age Group	18–23	120	40.0
	24–29	105	35.0
	30–35	75	25.0
Income Level	Low (<₦50,000)	150	50.0
	Middle (₦50,000–100,000)	90	30.0
	High (>₦100,000)	60	20.0
Education	Secondary	105	35.0
	Tertiary	135	45.0
	No Formal Education	60	20.0

Data Collection

Primary data were collected using a structured questionnaire titled “Entrepreneurial Mindset Assessment Questionnaire” (EMAQ). The instrument was divided into three sections: (1) demographic information, (2) economic polarization indicators (e.g., access to finance, income disparity), and (3) entrepreneurial mindset components (intention, self-efficacy, perceived behavioral control) based on TPB. The questionnaire used a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The instrument was validated by three experts from the University of Calabar, yielding a Cronbach Alpha reliability coefficient of 0.82.

Data Analysis

Descriptive statistics (mean, standard deviation) were used to summarize demographic data and entrepreneurial mindset scores. Multiple regression analysis was employed to determine the impact of economic polarization on entrepreneurial intention, with income level, gender, and education as control variables. The Statistical Package for Social Sciences (SPSS) version 25.0 was used for analysis, with a significance level of $p < 0.05$.



Ethical Considerations

Ethical approval was obtained from the University of Nigeria, Nsukka. Participants provided informed consent, and anonymity was ensured through coded responses. Data were securely stored and accessible only to the research team.

Results

Descriptive Findings

The demographic profile (Table 1) shows a balanced gender distribution, with 54% male and 46% female participants. Most respondents (50%) were from low-income households, reflecting Ugep's economic structure. Table 2 presents the mean scores for entrepreneurial mindset components across income levels.

Table 2

Entrepreneurial Mindset Scores by Income Level

Income Level	Entrepreneurial Intention (M, SD)	Self-Efficacy (M, SD)	Perceived Behavioral Control (M, SD)
Low	2.9 (0.8)	2.8 (0.7)	2.7 (0.6)
Middle	3.3 (0.6)	3.2 (0.6)	3.1 (0.5)
High	3.7 (0.5)	3.5 (0.6)	3.4 (0.5)

Low-income youth reported lower entrepreneurial intention ($M = 2.9$, $SD = 0.8$) and self-efficacy ($M = 2.8$, $SD = 0.7$) compared to high-income youth ($M = 3.7$, $SD = 0.5$; $M = 3.5$, $SD = 0.6$, respectively). Barriers such as limited access to finance (62%) and lack of mentorship (45%) were frequently cited.

Regression Analysis

Multiple regression analysis (Table 3) revealed that economic polarization, measured by income disparity, significantly predicts entrepreneurial intention ($\beta = -0.42$, $p < 0.01$). Education level positively influenced intention ($\beta = 0.28$, $p < 0.05$), while gender was non-significant ($p = 0.12$).



Table 3
Regression Results for Entrepreneurial Intention

Variable	β	SE	T	p-value
Economic Polarization	-0.42	0.09	-4.67	0.001
Education Level	0.28	0.07	4.00	0.013
Gender	0.15	0.06	2.50	0.120
Age	0.10	0.05	2.00	0.089
$R^2 = 0.38, F(4, 295) = 18.45, p < 0.01$				

Discussion

The findings confirm that economic polarization significantly hinders the development of an entrepreneurial mindset among Ugep's youth. Low-income youth exhibited lower entrepreneurial intention and self-efficacy, aligning with Chowdhury's (2017) assertion that financial access is critical for fostering entrepreneurial aspirations. The negative effect of economic polarization ($\beta = -0.42$) underscores how income disparities limit access to resources like capital and training, which are essential for entrepreneurial success (Kijkasiwat, 2021). Education emerged as a mitigating factor, suggesting that targeted entrepreneurship programs could counteract some effects of economic divides (Olofinyehun et al., 2018).

The study's reliance on TPB highlights the role of perceived behavioral control, which is often diminished in polarized economies due to structural barriers (Ajzen, 1991). In Ugep, necessity-driven entrepreneurship is prevalent among low-income youth, but these ventures often lack sustainability due to inadequate skills and resources (Rosa et al., 2006). The non-significant effect of gender contrasts with prior studies (Tian et al., 2022), possibly due to localized cultural factors in Ugep that encourage entrepreneurial pursuits across genders.

Conclusion

Economic polarization in Ugep significantly impedes the development of an entrepreneurial mindset among youth, particularly those from low-income backgrounds. Limited access to finance, mentorship, and education exacerbates these challenges, reducing entrepreneurial intention and self-efficacy. However, education serves as a critical lever for fostering entrepreneurial aspirations, suggesting that targeted interventions could bridge



economic divides. This study contributes to the literature by providing localized insights into the nexus of economic polarization and entrepreneurship in rural Nigeria.

Recommendations

- **Policy Reforms:** Policymakers should prioritize financial inclusion through microfinance programs tailored for low-income youth in Ugep.
- **Entrepreneurship Education:** Tertiary institutions and local organizations should integrate practical entrepreneurship training, focusing on risk management and ICT skills, into youth programs.
- **Mentorship Programs:** Establish mentorship networks to connect aspiring entrepreneurs with experienced business owners, addressing the lack of guidance reported by 45% of respondents.
- **Community Initiatives:** Organize workshops and networking events to foster a culture of entrepreneurship, as suggested by Aja-Okorie and Adali (2013).
- **Further Research:** Future studies should explore longitudinal impacts of entrepreneurship interventions in Ugep and compare urban and rural contexts.

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