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## **The Igbo entrepreneurship system: A model for stakeholder capitalism**

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### **Abstract**

This paper examines the relationship between culture and economic development using the case of the Igbos of Southeastern Nigeria. The study analyzes the Igbo entrepreneurship system as a model for stakeholder capitalism using a sample of 2,000 entrepreneurs across Nigeria, to ascertain the difference between entrepreneurs who passed through traditional apprenticeship training and others. A Propensity Score Matching technique is applied to test whether the apprenticeship process affects business revenue, business survivability, and start-up capital. The study finds a significant relationship in all hypotheses, noting that apprenticeship training enhances weekly revenue, time-in-business and amount of start-up capital the mentee received from a mentor. These findings underscore the importance of the Igbo apprenticeship system in promoting value-creation for shared prosperity, which is a major tenet of stakeholder capitalism. Policy implications include accessibility to business capital and elaborate institutional framework to promote a traditional model for sustainable entrepreneurial development.

**Key Words:** Entrepreneurship, Traditional Apprenticeship, Political Economy, Igbos, Southeastern Nigeria, Stakeholder Capitalism, Shared Prosperity, Propensity Score Matching.

Data Availability: Data is available on demand

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## INTRODUCTION

The Igbos of southeastern Nigeria practice an apprenticeship system, which requires a mentor to train a mentee, to facilitate an independent entrepreneurial and self-sustaining life (Osiri 2020; Ekekwe 2021). This system enhances economic equilibrium by encouraging businesses to support one another in a cooperative rather than competitive manner. The Igbo apprenticeship culture entails working under a mentor to learn the secrets of the mentor's trade for a definite timeframe. Often, the agreement between the mentor and mentee is verbal without any strong legal connotation (Iwara, Amaechi and Netshandama 2019). Whilst regular business ventures are capitalist in nature and propelled by self-interest, the Igbo entrepreneurship system is propelled by communal interest, which promotes shared prosperity.

Stakeholder capitalism borne out of scholarly debate on the fundamental purpose of a firm is a concept that promotes the interest of shareholders alongside the members of a community, workers, and consumers inclusive (Freeman, Martin, and Palmer (2007). Freeman *et al.* (2007) contend that traditional capitalism leaves little room for ethical consideration; focuses on value-capture rather than value-creation. In stakeholder capitalism creating value is not just for shareholders, but for the entire business ecosystem. This concept embraces the ability of firms to create purpose for the community rather than just profit for the business, because businesses don't just have to deal with markets, they also deal with other societal issues. Proponents of stakeholder capitalism believe that people perform better when they feel a sense of justice, fair play and shared prosperity. The perception of inclusiveness propels a sense of cohesion that encourages business growth and sustainability.

The Igbo traditional apprenticeship system fuels an entrepreneurship model which forms the backbone of modern Nigeria commerce because it provides the bases for the growth of small and medium enterprises (Oregiu & Nafiu, 2014). Under the apprenticeship system mentors provide training and financial support to mentees, leading to a cycle of business incubation sustaining a culture of value creation. Igbo businesses account for about 60 percent of all commercial investments in Nigeria (Agozino & Anyanike, 2007). The Igbo trader is groomed in the various categories of entrepreneurial development. The basic categories identified in the literature of Igbo Traditional Business School (I-TBS) are the stages a mentee passes through under the supervision of a mentor - *Igba boi* or *Igba odibo* (serving a mentor), *Imu ahia* or *Imu Oru* (learning a trade or craft) and *Igba oso-ahia* (being a middleman in the market). Adeola (2021) opines that to maintain business value and basic cultural orientations, the Igbos have a strategic system for recruiting and managing talent.

Igbo entrepreneurship model is primarily based on the apprenticeship system, where successful businesses provide capital for start-ups. This form of stakeholder capitalism has been practiced for centuries in Igboland and has produced very notable billionaires who have contributed to the growth and development of the world economy (Ekekwe 2021). In sharp contrast to other ethnic groups in Nigeria, Halliru (2013) observes that the Igbo apprenticeship culture encourages business growth as opposed to some other systems where an individual serves his master indefinitely without any plan of making him independent.

The Igbo traditional business model is a well-structured informal method of skill transfer that reflects the cultural values of the Igbo society to fit into a universal socio-economic environment, given the right circumstances. Emami *et al.* (2025) reveals that there are significant

positive relationships between culture and productive entrepreneurship. In addition, there are basic financial practices, sales negotiation techniques and conflict management principles that are peculiar to the Igbo entrepreneurship system that this paper highlights. Despite the efforts of scholars, data constraints impose limitations for any comprehensive empirical analysis of this model of entrepreneurship on the economy of Nigeria. To this end, this study intends to fill this gap through an empirical investigation of the role of individual, family and society on the Igbo apprenticeship system.

The problem is whether the Igbo apprenticeship system has received adequate academic attention to enable the process to be replicated in other societies, to maintain a sustainable level of economic growth and development in Nigeria. Igbo apprenticeship system has been described as the most sustaining business incubator in the world (Neuwirth 2018). It creates new opportunities for individuals to overcome the unemployment problems in Nigeria, especially since the economy begins to dwindle due to mismanagement of the oil revenue by the political elite.

To empirically demonstrate that the Igbo traditional apprenticeship system is a sustainable entrepreneurial model that follows the tenets of stakeholder capitalism, this study addresses three research questions, based on revenue earned by an entrepreneur after undergoing apprenticeship, the role of the family on business survivability and the impact of the societal culture on the relationship between the mentor and the mentee.

The empirical results from a Propensity Score Matching (PSM) technique indicate that apprenticeship training significantly enhances average weekly revenue of the entrepreneur, business inherited from family survives more years given the circumstances of the explanatory variable, and an entrepreneur who received financial settlement from their mentor after apprenticeship has more start-up capital. Based on the result of this empirical assessment, this study concludes that the Igbo apprenticeship system promotes business growth and survivability. Above all, this system allows businesses to carry along other stakeholders in the community through the path of economic progress.

This study is presented in five sections; section one introduces the entire study, section two discusses the relevant literature, section three examines the applicable theoretical framework, section four presents the method for data analysis and discusses the results, section five concludes the study.

## **LITERATURE REVIEW**

### ***On Stakeholder Capitalism***

Scholars are of the opinion that traditional capitalism focuses on value-capture rather than value-creation, (Freeman *et al.* 2007). Traditional capitalism entails a competitive market being controlled by the invisible forces of demand and supply and driven by the insatiability of wants. To this end, the pursuit of self-interest and the desire to reap enormous profit from invested resources hampers the moral angle of prosperity. Freeman *et al.* (2007) further argue that institutional structure and market design could help to create value for all, rather than capture value for a few. This process could help to minimize overall transaction costs and foster good behavior among market participants.

In the same vein, Ruggie, Rees & Davis (2020; 2) opine that stakeholder capitalism is about reliving the Davos Manifesto of the 2020 World Economic Forum: “The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders – employees, customers, suppliers, local communities, and society at large.” These scholars agree that no serious intellectual or academic debates have been carried out for a long time to reexamine the deficiencies of capitalism and the corporation's social purpose. Nonetheless, academics have oftentimes repudiated the lack of moral and fiduciary responsibility leading to corporate failures.

Stakeholder theory should be considered as a tool to be used by businesses to manage their external environment more effectively, with less emphasis on the profit motive but to create value and a sustainable business atmosphere. The business atmosphere extends to the individual, family, and society at large. The Igbo entrepreneurship system, in its traditional make-up captures all the basic structures of stakeholder capitalism, in the sense that individuals work together to create a sustainable relationship in the common pursuit of value creation for the community. Whether the tenets and conduct of apprenticeship system of Igbo entrepreneurship model meets the human rights condition of United Nations Guiding Principles (UNGP) as expressly discussed in Ruggie *et al.* (2020) is a matter for elaboration in another study. But what is important now is to show that the basic economic principles canvassed by scholars in the last decade as a remediation to capitalism is being practiced by Igbo entrepreneurs.

The problem of competition is very dominant in the market system, due to many demands for limited resources. However, business ethics require that individuals should focus more on cooperation rather than competition for more sustainable organizational development. Cooperating with stakeholders will create valuable and mutually beneficial externalities to promote trade and economic prosperity. Whilst mutually beneficial trade creates value to promote the market system, dominance captures value, which eventually produces monopolists that destroy the market system. In the same vein, scholars argue that when firms fail to manage stakeholders, they contribute to stakeholder marginalization, which causes disequilibrium in the distribution of economic resources (Laplume, 2021; Meramveliotakis, 2022).

Freeman *et al.* (2007), noting that the principles of capitalism are worthy goals, reiterates that stakeholder capitalism is based on freedom, rights, and the creation of consent for positive obligations. Rather than focusing on individuals competing for limited resources in a capitalist system, stakeholder capitalism focuses on individuals in a voluntary relationship to create value for a sustainable business environment. Igbo have imbibed this culture of mutually beneficial trade in the pursuit of business relationships, instead of competing for limited resources they cooperate with one another to share the limited resources for value creation and a sustainable entrepreneurial development.

Igbo entrepreneurship model is an age-long traditional method of skill transfer from a mentor – a “successful” businessperson to a mentee – a young man from the community who has shown interest in learning the skills and trade of his mentor (Bakersville, 2013; Ratten, 2014). The lack of social protection pushes young men to pursue careers in trading or acquiring a technical skill that would quicken the process of independent living. The Igbo entrepreneurship system

promotes the interest of shareholders alongside the members of a community, workers, and consumers alike (Agu *et al.* 2022). Ekekwe (2021) describes this system as a form of stakeholder capitalism because the owner of a business grooms his potential competitor, provides the necessary financial support and relinquishes a proportion of the market to the mentee. Sometimes the mentor leaves the market outright for the mentee to take over the entire customers. This method enables businesses to grow and expand rapidly.

Agu & Nwachukwu (2020) in examining the relevance of the Igbo Traditional Business School argues that perceived desirability, perceived feasibility, and propensity to act are significant predictors of entrepreneurial intention. The paper applied a multiple regression of 122 micro-entrepreneurs (welders) who passed through the traditional apprenticeship program to conclude that mentors aim at providing mentees with the advantage of owning a business to continue the regenerative process of entrepreneurship. Applying the entrepreneurship event model and the cognitive apprenticeship theory, the study revealed that Igbo traditional apprenticeship system effectively employs economic factors of production; land, labor, and capital to achieve a desired level of economic growth and social equilibrium.

### ***On the informal sector, growth of small and medium sized enterprises***

The informal sector is the largest employer of labor in developing countries, composed of several small and medium enterprises (SMEs). The structural imbalance and the lack thereof of government support hampers the growth of entrepreneurship through the informal sector. Another major problem in the development of the informal sector is access to capital (Iwara & Netshandama, 2021). Many in the developing world resort to traditional means of funding to raise capital for small business development. The African model of informal saving and investment has been significant in the growth and development of small businesses. With the advent of colonization, some of the traditional African ways of business financing have given way to “formal” sources of funding, thereby reducing capital mobilization for small business growth in the traditional sense (Adeola 2020, Iwara et al. 2019). Iwara & Netshandama (2021) in their study conceptualized the stokvel system practiced in south Africa and the *esusu* system in Nigeria, as means of capital mobilization in traditional African societies to support entrepreneurs for business growth, job creation and poverty reduction in rural areas.

In many developing countries, businesses are largely informal due to the lack of social security provisions. These businesses are unregistered and hence do not pay taxes to the government, although they provide employment for the teeming population, especially the youths. Even when the small businesses are registered, government lacks the capacity to implement policies to formalize their contribution to the national economy. Many of the Igbo enterprises fall into the category of informal organizations set up by individuals to provide a means of livelihood as opposed to an outright business formation incorporated in the business registry of the country. However, some of these informal organizations develop into large business outfits with huge monetary balance sheets. Nonetheless, many registered companies in Nigeria still operate in the informal economy due to their size and the inability of government to provide policies that will attract them to the formal economy, such as paying the requisite taxes and creating incentives for growth. The informal sector contributes about 65 percent to the GDP of Nigeria (Etim & Daramola,

2020). Madichie, Gbadamosi & Rwelamila (2021) observe that a major problem in Africa's business development is the neglect of the informal sector.

In the main, some scholars disagree with the prevailing assumption that small and medium sized enterprises (SMEs) are the prime drivers of economic growth, noting that the existence of a large share of SMEs might pose structural impediments to economic growth and prosperity (Meramveliotakis & Manioudis, 2021). This conjecture is based on an increasing difficulty of SMEs to adapt to changing technological improvements and environmental circumstances. When formalization of small businesses becomes very difficult as observed in many developing countries, their contribution to economic growth is hampered (Osuagwu, 2020). Albeit, when an industry is facing continuous market decline there is a need for SMEs to re-strategize for optimum performance, by reconfiguring their internal resources to reduce their reliance on the declining external network. Thomas & Douglas (2022) warns against overreliance on external resources in a declining market. Small and medium enterprises in the Igbo traditional entrepreneurship system leverage on internal resource organizations such as family, and community networks to overcome declining external resources.

### ***On Norms, Culture and Behavior***

Entrepreneurship was described by Weber (1905) as an expression of cultural values. The Igbo values of sacrifice, hard work, integrity, honesty, kindness, co-prosperity, truth and justice are important values that allow business and economic life to flourish (Osiri 2020, Okolie *et al.* 2021). The family is the nucleus of the transmission mechanism of Igbo cultural values (Arthi & Fenske, 2018; Iwara *et al.* 2019). The Igbo family unit drives the apprenticeship system, which allows businesses to be handed down from one generation to another (Nnadozie, 2002; Uchendu, 2019). Integrity and honesty are important cultural values that build trust among the Igbos. The fabric of the apprenticeship system is rooted in trust, since there is no written contract to bind the parties. Igbos are predominantly Christians, and there is a growing body of research that is beginning to find a positive link between religiosity and entrepreneurial intentions (Audretsch, Bonte, and Tamvada 2013; Dana 2009; Henley 2017; Partoteeah, Walter, and Block 2015). Emami *et al.* (2025) reveal that religious beliefs can improve productive entrepreneurship especially when the business is tied to a faith-based culture.

The Igbo culture and tradition are transmitted through norms and ethics (Stevenson and Jarillo-Mossi 1990). There are no written codes or records for the Igbo way of life to propel the apprenticeship model, neither is it regulated by any agency or government authority. It is inculcated through a culture of support for one another. Entrepreneurs adhere to strict conditions of due diligence traditionally embedded into their relationship with stakeholders. In this case, business entities regard themselves not as a mere piece of private property owned by their shareholders but as a social entity, able to render enormous support to stakeholders – members of the immediate community.

Amaechi *et al.* (2021), used a sample of 111 entrepreneurs to analyze whether the traditional indigenous practices of *Igba-boi*, *imu-ahia* and *Igba oso ahia* embedded in the Igbo apprenticeship system provide appropriate explanation for understanding the success of Igbo-run enterprises in Limpopo South Africa. The study finds that the Igbo traditional apprenticeship system significantly affects entrepreneurial success, through increase in business revenue, opening of new

businesses, ability to train new entrepreneurs, and customer acquisition. The study concludes that the Igbo entrepreneurs in the diaspora constitute the most innovative set of businesspeople in terms of business start-ups and engagements. Despite the sociopolitical constraints as immigrants, they struggle to overcome the odds to emerge successful in the South African business community.

However, under the Igbo entrepreneurial system, funding is primarily in the form of financial settlement from a mentor to a mentee, who has served for some years as an apprentice (Ekesiobi & Dimnwobi, 2021). The settlement oftentimes goes beyond pecuniary returns, but moral and ethical grooming will enable the apprentice to flourish as a successful entrepreneur (Agu & Nwachukwu 2022). On the relationship between culture and entrepreneurial development, Madichie, Nkamnebe & Idemobi (2008) using a survey of 30 owner-manager and 236 top management staff of indigenous firms located in Nnewi Southeastern Nigeria shows a strong and positive impact of culture on the entrepreneurial and managerial performance of small firms. The study lends credence to the fact that the culture of a people critically affects their business and entrepreneurial spirit. Albeit, from historical account, the paper reveals that the Nnewi stock of the Igbo nation exhibit cultural traits that propel innovativeness, resilience and the willingness to survive independently. Through the “Afia Olu” and “Ikwu Aru” festivals celebrated annually, the spirit of industry is cultivated amongst the Nnewi people. This cultural tradition awakens the ethos and beliefs that embolden the entrepreneurial spirit of the natives, like the Taos Pueblo in North America and the Kibbutz communities in Israel.

According to Ajaekwe (2008) cultural traits in entrepreneurial pursuits could be factored into several attributes: family background, religion, history, ideology, and enterprise culture. Family business background constitutes a rudimentary source of transmitting entrepreneurial skills in Igbo land. Many entrepreneurs develop their enterprise through the network of family. The Igbo apprenticeship scheme is nurtured by the extended family system that is inherent in Igbo culture. Many Igbo businesses have survived through the passage of time, keeping pace with prosperity and economic gains by weathering the storm of macroeconomic fluctuations. The Igbo entrepreneurial resilience originates primarily from indoctrination and a culture of perseverance and preservation of family values. The family is the primary institution in the Igbo traditional enterprise, regulated by ethics and cultural norms. The transfer of skill and property is the foundation of the Igbo enterprise. Many successful Igbo businesses were transferred through inheritance. To this end, we find out whether a business inherited from family survives more years than others.

Major components of the informal sector in Nigeria are artisanal and non-farm activities. Traditionally, artisanal enterprises are localized and often embedded in the cultural milieu of society. For example, in southeastern Nigeria there are iron smelters in Igbo Ukwu, leather tanning in Aba, automotive parts remolding in Nnewi, among others. Igwe, Madichie and Newberry (2019) observe that artisans are the most common enterprises in rural areas because their primary resources are localized and embedded in the culture of the people. However, the broad definition of artisanal enterprises is now removed from their local context of skilled craftsmen to an organized productive cluster of industries engaged in the production and marketing of equipment and material for manufactured goods. Artisanal industries in southeastern Nigeria possess the attributes of informality, mostly engage few family members, largely unlicensed by the government and do not pay taxes. Igwe *et al.* (2018) in their study to determine the factors influencing the decision to engage in artisanal activities employed socio-economic explanatory variables, age, sex, education, household size, farm size, and access to credit. In literature there is



no concise definition and categorization of artisanal activities. In this study artisans are treated as entrepreneurs, without distinction. Obunike (2016) in a study of 106 entrepreneurs in Onitsha found that there is a significant and positive relationship between serving a mentor in the traditional sense (*Igba-boi* or *Igba Odibo*) and effective customer relationship and profitability in business as an entrepreneur. In the same vein, Udu (2015) finds that formal education has no significant impact on entrepreneurial business growth, but the level of service quality and business expansion significantly affects profitability of the business.

An empirical study by Ekesiobi and Dimnwobi (2021) reveals the impact of the Igbo apprenticeship system on business survivability and revenue generation using samples from two clusters in Onitsha and Nnewi, all in southeastern Nigeria, but not enough to garner the requisite information for policy formulation. This study expands the scope by drawing samples from five business clusters in Aba, Abuja, Nnewi, Onitsha and Lagos, across several geo-political zones of Nigeria. In addition, this study applies empirical scores to buttress the argument that a culture of stakeholder capitalism is deeply embedded in the Igbo entrepreneurship system.

## THEORETICAL FRAMEWORK

There are several entrepreneurship theories with relevance to the broad spectrum of this study. The **anthropological theory**, which focuses on the role of culture in directing and managing a formidable entrepreneurial ability has been discussed by North (1990) and Baskerville (2003). This theory stipulates that social norms and cultural setting play significant roles in entrepreneurial success (Omonijo *et al.* 2018). Anthropological theory best describes why the Igbos quickly adjust to the culture and norms prevalent in their host communities. A major attribute of the Igbo enterprising skill is the ability to adapt to the business environment. Igbos adjust quickly to the lifestyle of their host communities, speaking the language, and inter-marrying. The Igbo business success is rooted in the ability to integrate completely with the host community.

Second, there is the **opportunity-based entrepreneurship theory** linked to Drucker (1985) and Stevenson and Jarillo-Mossi (1990). This theory relies on the opportunity tactics for business advancement. The theory predicts that entrepreneurs discover new opportunities in every technological or customer preference change. This theory negates the Schumpeterian principle of entrepreneurs responding quickly to evolving business practices (Drucker 1985). Proponents of this theory argue that entrepreneurs adjust to business circumstances by exploiting opportunities. The Igbo entrepreneurship system being a communal based model provides opportunities for growth. Mentors relinquish market share for their mentees to enable them to grow in the initial period. There is a reasonable level of support from the community to enable the entrepreneur to learn new skills and advance their career.

Another relevant theory in the literature is the **resource-based theory**, which is regarded as an extension of the opportunity-based entrepreneurship theory (Stevenson and Jarillo-Mossi 1990). Adherents to this theory argue that entrepreneur access to resources is a critical predictor of the opportunity-based entrepreneurship theory and the growth of innovative business decisions (Alvarez and Busenitz 2001). Financial, social, and human resources are important in entrepreneurial development (Aldrich 1999). The access to resources enhances the ability of an entrepreneur to harness opportunities at his disposal. The Igbo entrepreneurship system naturally supports the adoption of all these resources for skill development. Nonetheless, the social aspect

addresses the desire to acquire skills, while the financial aspect focuses on the settlement that the mentee derives from the master at the end of the training.

There is also an **entrepreneurial-event theory** that is postulated by Shapero and Sokol (1982). This theory states that the event of entrepreneurship is a result of the interaction of social factors, which comprises of an interaction between diverse ethnic groups influenced by cultural and social factors. The theory recognizes three basic constructs (perceived visibility, perceived desirability, and propensity to act) as the drivers of entrepreneurial development (Agu and Nwachukwu 2020). This theory lends credence to the analysis of cultural and social context of Igbo entrepreneurship model, which explains the mentor-mentee relationship. The mentee needs to succeed before starting the training scheme. The perception of the apprentice of his entrepreneurial engagements will form the basis of subsequent support from the mentor. Irrespective of the support that comes from family and community, the underlining factor is whether the mentee has a desired goal to succeed in a chosen career.

Whilst the above theoretical framework applies to the relationship between mentor and mentee in a traditional apprenticeship system, there is a need to review some theories that apply to entrepreneurship intentions as well. Agu *et al.* (2022) applied the **theory of planned behavior** in a study of entrepreneurial intentions. The theory holds that attitude, subjective norms and perceived behavioral control are the three main determinants of the intention to engage in a particular behavior, which transforms into the actual behavior of the individual (Ajzen 1985, 1991). Entrepreneurial intention is the self-acknowledged desire of anyone working towards setting up their own business in the future. In fact, the Igbo Entrepreneurial model relies on the intention of the mentee to work towards a business goal.

The **theory of planned behavior** presumes that the individual who passed through the process of apprenticeship, must hold a positive view of himself to make progress. Thus, individuals who conceive themselves with positive perception in life are better placed to start up an enterprise that will eventually succeed (Ajzen 1991). In the same vein, a negative perception contrives the tendency to fail. There is a strong connection between entrepreneurship intentions and attitude and perception to succeed (Agu *et al.* 2022; Agu & Nwachukwu, 2020). Therefore, there is a subjective norm that is implied on the apprentice by social pressure to redeem his image and earn the trust by his family and community. This process becomes cyclical; the mentee who has succeeded today, becomes a mentor tomorrow and so on. This process of stakeholder capitalism and shared prosperity inures in the Igbo society.

In another dimension, Osiri (2020) applied the **theory of structural functionalism** to examine the Igbo management philosophy by focusing on how institutions in ancient Igbo society were able to create a sustainable economic system that served the individual purpose and that of the community. The framework suggests that the Igbo entrepreneurship model springs from the interdependence of traditional institutions and the complexity of the Igbo society. The philosophical underpinning of the apprenticeship system is to provide support to someone who needs a helping hand to start a business of his own. To this end, the model encourages an enduring sense of perseverance, a desire to succeed and to create value for the community. Entrepreneurs who have found success in this process are those poised to learn a trade, with obedience and attention to details. At the end, the fruit of every diligent labor and sacrifice is success. The Igbo entrepreneurship model, like every other process of economic and business empowerment requires a prosperous vision and ability to push through difficult circumstances.

The structural functionalism theory has been criticized by scholars because it does not explain social and cultural changes that are major factors in business survival (Subedi 2010). Albeit the assumption that the dynamism of societies should be captured in the framework of business management is of significance in this respect. Nonetheless, the conflict theory of Karl Marx (1859) postulates that societies are always in conflict because of competition for scarce resources. This theory suggests that those with wealth often dominate and to maintain stability they suppress the underclass (the proletariats). This conflict theory explains capitalism, but the Igbo entrepreneurship model has sidetracked the vagaries of pure capitalism through a process of stakeholder capitalism, that imbues a sense of cooperation rather than competition. The principal who is guided by cultural vocation and ethics, remains loyal to a traditional system that compels him to carry the community along as a responsibility to prosperity. This could be referred to as leadership at the community level. So, the criticism of structural functionalism does not apply to the Igbo society.

The Igbo entrepreneurship philosophy draws its values from hard work, enduring hardship, the spirit of sacrifice and prosperity that emanates from Christian statesmanship (Nnadozie, 2002; Osuagwu, 2023). The family is the core of the Igbo institution, which prepares the youth for the world of the marketplace, where societal interaction determines success. The apprenticeship system is a formal ground for preparing the youth to take over a family business, artisanship or business skill and craftsmanship that could be transmitted across generations (Osiri, 2020; Osuagwu, 2024). Although, the Igbo society is no longer as closely knitted, because of the infiltration of pure capitalism, there is still compelling evidence of high ethical standards driving notable business successes. This premise underscores the goal of this research, to explore the extent of the traditional model of the Igbo apprenticeship system on the development of the economy and the stability of the society.

## **METHODS**

### ***Research Design and Sample***

The primary data for this study comprise a total sample of 2,000 entrepreneurs from five business clusters in Onitsha, Nnewi, Lagos, Aba, and Abuja. These clusters are in the east, west and northern parts of Nigeria. Although there are many Igbo businesses in the far northern states of Kano and Kaduna, this study did not collect data from those states because of logistics issues. However, this study employs an interview session based on a prepared questionnaire. Due to time constraints, the questionnaire was not distributed to respondents. Instead, the researcher interviews a random sample of entrepreneurs and records their responses. The information obtained from respondents include biographic data, age, sex, marital status, educational attainment and religious affiliation. Three questions required binary choice answers for the treatment variables; whether they participated in the traditional apprenticeship system, whether they inherited business from family and whether they received financial settlement from their mentors at the end of the apprenticeship term. Another three questions provided responses for the outcome variables; how much weekly revenue the entrepreneur earns from his business, how long the entrepreneur has been in business and how much start-up capital the entrepreneur invests in the business. The summary result from the interview is presented in Table 1.

The respondents come in various categories of entrepreneurship and locations, but in the compilation of data, all the respondents were merged irrespective of trade. There is no specific reference to the trade and occupation of respondents, which include traders, artisans and skilled craftsmen doing business as sole proprietors, partnerships, and corporate entities. Some of the respondents are established manufacturers of goods, for example at Nnewi and Aba, some are manufacturers of products for exports, while others are small-scale traders. Overall, the majority of the respondents are small and medium scale entrepreneurs in the business of trading and manufacturing.

The theoretical framework for this study follows the entrepreneurial event model by Shapiro and Sokol (1982). The model draws on the social and environmental factors that affect entrepreneurial opportunity and ability to grow in business. The Igbo entrepreneurship model is enforced by cultural philosophies and social cohesion, which hinges on a mentor-mentee relationship. According to Obunike (2016), this model involves three stages of apprenticeship: cognitive, associative, and autonomous. To access the model's economic importance, we must understand the counterfactual of those involved in the apprenticeship training and those who did not, to ascertain the effect of the model on business outcomes.

### ***Conceptualization & Measurement: Propensity Score Matching (PSM)***

For this analysis, we need to apply a technique that could distinguish between treatment and control group. The technique employed is Propensity Score Matching (PSM) that enables randomization and control of extraneous variables. PSM uses a matching algorithm that compares the participants in the treatment group with those in the control group. The counterfactual estimation pairs the treatment and control groups and reduces the probability of a participant falling in both treatment and non-treatment group.

Respondents who passed through apprenticeship training are represented by 1, while those who did not equal 0. Reasons for not participating account for the behavior of the outcome variable. The Propensity Score Matching (PSM) is a non-parametric technique for estimating differences between the outcome variable and the control variable. Being non-parametric implies that there is no functional form (Caliendo and Kopeinig, 2005). The variables are not affected by stochastic factors as is the case for parametric estimates. The outcome of interest is calculated using a probit model. The probit model is a binary choice model with a probability density function.

PSM has been applied in a wide range of studies; for example, in the study of the impact of training programs for the labor market on incomes (Heckman, Ichimura and Todd 1998; Lechner 1999; Dehejia and Wahba 2002; and Smith and Todd 2005). In the same vein, Jalan and Ravallion (2003) applied PSM to evaluate the impact of antipoverty workfare programs. Galiani, Gertler and Schargrotsky (2005) examine the incidence of infant mortality occasioned by poor water supply system; Trujillo, Portillo and Vernon (2005) analyzed medical care participation based on health insurance needs. In recent studies, Osabohein *et al.* (2020) applied PSM to investigate the impact of a social protection policy in the form of household agricultural credit to participants on pro-poor growth in Nigeria, and Ekesiobi & Dimnwobi (2021) estimate the impact of traditional apprenticeship program on the Igbo entrepreneurship model. In all the above, the PSM model has proven to be a veritable tool for estimating the counterfactual effect of an experiment given an observable treatment effect.

A major challenge in an empirical study is how to construct a counterfactual outcome, that is what would have happened to a particular unit if the treatment is absent. This unobservable effect cannot be captured by the experiment but could be estimated statistically (Gertler *et al.* 2016). In this case, we examine the difference between entrepreneurs that passed through the traditional apprenticeship system (treatment group) and those who did not pass through the process of apprenticeship (control group). To measure the intervention effect, we consider how outcomes differ for control group relative to what is observed from the experiment, the treated group. With improvements in analytical software, the matching comparison for treated and non-treated covariates could be successfully carried out across a wide range of participants. Propensity score could be defined as the probability that a given unit in a combined sample of both treated and untreated units has received the treatment, in a set of observed variables (Heinrich, Maffioli & Vazquez 2010).

One major problem with the PSM model is how to find a comparison group that is statistically identical to the treatment group, given that at least one of the units received the treatment. The problem of missing data is always of concern, in this case, and the evaluation technique is to estimate a parameter that captures the mean impact of the program. The parameter of interest is the *Average Treatment Effect* on the treated (ATE). The impact of treatment effect could be analyzed thus.

To define the impact of a treatment on program participants for an individual  $i$  and  $\delta_i$  defined as the difference in outcome for a treatment and in the absence of a treatment:

$$\delta_i = Y_{1i} - Y_{0i} \quad (1)$$

From equation (1) we evaluate the mean impact of the program by taking the average across units in the population, known as the Average Treatment Effect or *ATE*:

$$ATE = E(\delta) = E(Y_1 - Y_0) \quad (2)$$

Where  $E$  is the average or expected value.

Another important value is to obtain the Average Treatment Effect on the Treated or *ATT*, a measure of those who have participated in the program:

$$ATT = E(Y_1 - Y_0 | D = 1) \quad (3)$$

The Average Treatment Effect for the Untreated *ATU* measures the impact the program would have had on those who did not participate:

$$ATU = E(Y_1 - Y_0 | D = 0) \quad (4)$$

However, all these parameters are not observable, they depend on counterfactual outcomes, which poses an estimation problem. If we juxtapose the analogy of the average of a difference to be a difference of the averages, *ATT* becomes:

$$ATT = E(Y_1 | D = 1) - E(Y_0 | D = 1) \quad (5)$$

Where the term  $E(Y_0 | D = 1)$ , is the unobservable average outcome that the treated units would have obtained in the absence of treatment. The term  $E(Y_0 | D = 0)$  is the value of  $Y_0$  for the untreated units. To calculate the difference between the treated and untreated units, we obtain:

$$\Delta = E(Y_1 | D = 1) - E(Y_0 | D = 0) \quad (6)$$

To obtain the difference between  $\Delta$  and  $ATT$ , we add and subtract the term  $E(Y_0 | D = 1)$ :

$$\Delta = E(Y_1 | D = 1) - E(Y_0 | D = 1) + E(Y_0 | D = 1) - E(Y_0 | D = 0)$$

$$\Delta = ATT + E(Y_0 | D = 1) - E(Y_0 | D = 0)$$

$$\Delta = ATT + SB \quad (7)$$

$SB$  in Equation (7) is the *Selection Bias*, which measures the difference between the counterfactual for the treated individuals and the observed outcome for the untreated individuals. If  $SB$  is equal to zero, then  $ATT$  can be estimated by taking the difference in the average outcomes observed for the treated and untreated units. In some cases, the selection bias might not be equal to zero, which means that the result is biased. Hence, the goal is to ensure that  $SB$  is equal to zero, to estimate the parameter.

$$ATE = E(Y | D = 1) - E(Y | D = 0) \quad (8)$$

Equation (8), Average Treatment Effect is an unbiased estimate of the difference between the average observed outcomes for the treated individuals and untreated individuals, which reflects the impact of the intervention. In the case of this study, the intervention is the participation of individuals in the traditional apprenticeship program.

Since all the individuals in the sample are not exposed to the same type of apprenticeship program there are sampling errors in the experiment. However, in the design of experiment for a PSM model the random sample of individuals guarantees potential statistical independence; there is no correlation between the variables for both the observable and unobservable outcomes.

If the proportions are evenly distributed as in a random experiment where all the characteristics are distributed equally between the treated and untreated, the groups will be identical, except that one receives the treatment and the other did not. This implies that:

$$E(Y_1 | D = 1) = E(Y_0 | D = 0) \quad (9)$$

The left-hand side of Equation (9) is the unobservable effect, could be replaced by the right-hand side, the observable, to estimate the  $ATT$ . In the design of the experiment the selection bias term is 0, to enable the impact of the program to be estimated as the difference between the average outcomes of treated and untreated groups.

The impact of the program could be estimated by a linear logistic regression model of the outcome of the treatment variable with the application of a constant term, given as

$$Y = \alpha + \beta D + \varepsilon \quad (10)$$

Where  $Y$  is the average outcome of the treatment program,  $\alpha$  is a constant term,  $\beta$  captures the impact of the program,  $D$  is the treatment status and  $\varepsilon$  is the error term.

However, for many interventions random assignments do not usually occur. As a result, the assignment to experiments is not usually random. It is also possible that if there is a problem in the implementation process, the experimental design process will fail to produce a valid control group (Greene 2006).

A Probit Model is used to estimate Equation (10) for the test of various hypotheses. Heckman, Ichimura, and Todd (1997) show that omitting important variables can seriously increase bias in resulting estimates. Only variables that influence simultaneously the participation decision and the outcome variable should be included in the model.

$$Y_i = \alpha + \beta D_i + \gamma X_i + \varepsilon \quad (11)$$

For a probit regression model in a propensity score matching technique, the treatment is the independent variable, and the outcome is the dependent variable, which measures the average impact of the treatment.

Where  $Y_i$  is the dependent variable,  $D_i$  is a binary measure of the treatment effect (assuming the value 1 for those who passed through the treatment, and 0 for those who did not),  $\beta$  is the coefficient that measures the impact of treatment on the explanatory and outcome variables,  $X_i$ 's are estimates of explanatory variables or covariates in the multinomial probit model,  $\alpha$  is a constant that measures the outcome when the treatment is zero. The error term  $\varepsilon$  is the stochastic term representing the effect of other variables not included in the model.

The explanatory variables in this case are specific observable covariates in the model, which includes age, sex, marital status, educational attainment.

### **Assumptions for PSM**

In a PSM estimation the matching must be highly effective to reduce selection bias, and the theoretical assumptions are stated as follows:

1. The Conditional Independence Assumption (CIA) or un-confoundedness – the variable ( $X$ ) for which the treated and untreated units differ must be observable, necessary to control or condition for the differences to avoid potential bias. In other words, the potential outcomes of variable  $X$  are independent of the status of the treatment. After controlling variable  $X$ , the treatment assignment becomes random.
2. The common support or overlap condition for each value of the variable ( $X$ ) – there must be a positive probability of finding both a treated and untreated unit to calculate the mean outcomes for each value of  $X$ . In other words, the probability of receiving and not receiving treatment lies between 0 and 1.

### **Data, Instrumentation and Procedures**

We must first test whether the assumptions for Propensity Score Matching hold for our data, before embarking on the necessary empirical analysis.

For data reliability in a PSM model the assumptions must be validated, before the matching process will commence with the p-scores obtained from a probit regression. Matching entrepreneurs based on observable characteristics to obtain a control group with similar characteristics. The propensity score (p-score) is the probability that an individual will be in the treatment group based on other explanatory variables. If the entrepreneurs have similar p-score that means they are comparable. In this case we create a mimic randomization of the sample by matching the p-scores. Propensity is a single number that indicates the probability that an individual in the treatment group received the treatment; for example, passed through the apprenticeship training program, inherited a family

business, and settled by the master. The treatment observation is on a binary scale, i.e. there are only two possible responses (yes or no; 1 or 0).

Steps to be taken when applying a propensity score matching technique are summarized in Jalan & Ravallion (2003). After validating the assumptions, the next step is the matching procedure. There are three basic matching procedures.

Nearest Neighbor – each treatment individual is matched to the most similar control variable according to p-score.

Radius Matching – each treatment individual is matched to the control individuals within a range of p-scores.

Kernel Matching – each treatment individual matched to all control individuals with greater weight given to those with similar p-scores.

### **Research Questions & Hypotheses**

1. What is the effect of apprenticeship training on the revenue earned by an entrepreneur?
2. To what extent do family relationships affect business success and survivability of the entrepreneur?
3. What is the impact of societal apprenticeship culture of financial settlement by a mentor on the start-up capital of the mentee?

The following null hypotheses will provide answers to the research questions.

1. Apprenticeship training has no significant relationship with the amount of revenue earned by an entrepreneur.
2. Whether the business was inherited from family has no significant relationship with the number of years in business.
3. Apprenticeship culture of financial settlement has no significant relationship with the amount of start-up capital.

### **Data Analysis**

The data in the sample are both categorical and continuous. From Table 1 below, we observe that the minimum age in the sample is 22 years and the maximum age is 65. The data was filtered to remove outliers, those whose ages fall above 65 and under 18. Sex and Marital status are binary variables, with 0 for female, 1 for male and 0 for single and 1 for married, respectively. Educational attainment of respondents is recorded as categorical; individuals with elementary education equals 1, secondary education as 2, tertiary or college educated recorded as 3, there is no respondent with no education.



**Table 1: Data Summary Statistics**

<b>Variables</b>	<b>Obs.</b>	<b>Mean</b>	<b>Std. dev.</b>	<b>Min</b>	<b>Max</b>
<b>Covariates:</b>					
Age	2,000	39.51	11.18	22	65
Sex	2,000	.818	.3859	0	1
Marital Status	2,000	.669	.4707	0	1
Educational Attainment	2,000	2.0655	.5562	1	3
<b>Treatment:</b>					
Apprenticeship Training	2,000	.3735	.4839	0	1
Business Inherited from Family	2,000	.1055	.3073	0	1
Settled by Mentor	1,991	.4611	.4986	0	1
<b>Outcome:</b>					
Average Weekly Revenue	2,000	316,500	128214.5	120,000	740,000
Time in Business	2,000	7.5625	3.5476	2	38
Start-Up Capital	2,000	587,634	308,191.9	210,000	1,400,000

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Source: Author's computation using Stata 18.0

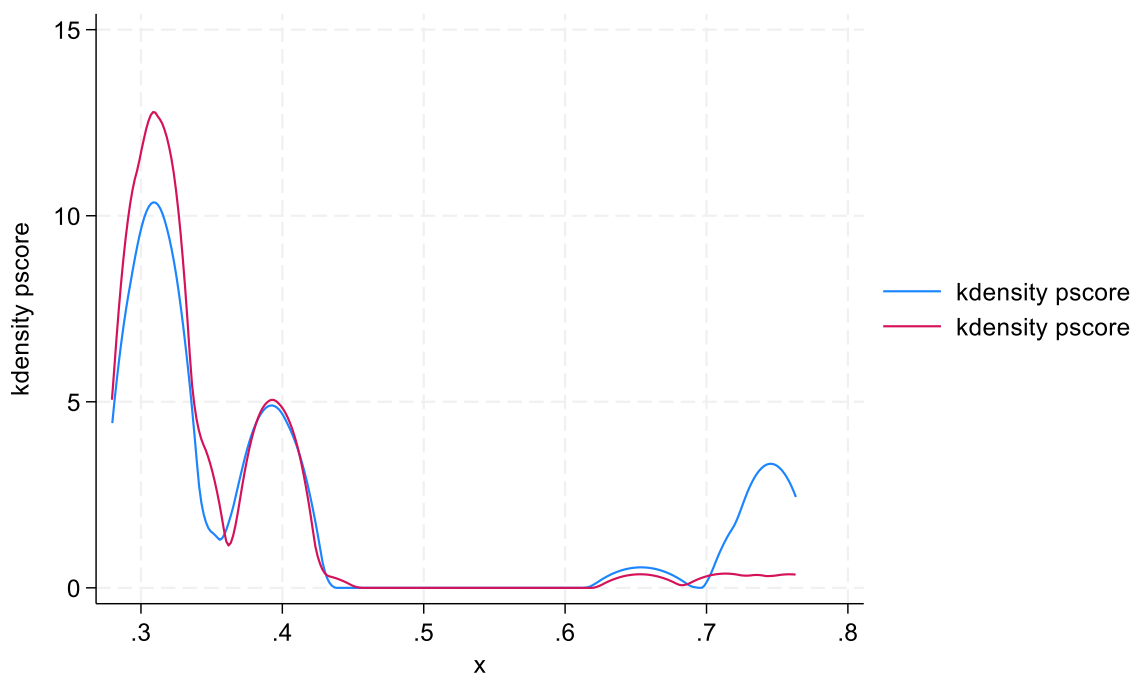
The treatment variables, apprenticeship training, whether business was inherited from family and whether the apprentice was settled by master are dichotomous variables with binary outcomes (yes = 1 and no = 0). Only 1,991 respondents provided information on Start-up capital – a continuous variable that ranges from N210,000.00 to N1,400,000.00 and recorded in Nigerian Naira, with an average amount of N587,634.00

Time in Business is the number of years the entrepreneur has been in business after the period of apprenticeship, the average time in business is 7.6 years, with the minimum of 2 years and a maximum of 38 years for those sampled. The average weekly revenue, which is a measure of performance is N316,500.00 with a minimum weekly revenue of N120,000.00 and N740,000.00 recorded in Nigerian Naira.

### ***Test for Validity and Reliability***

In this probit model, the treatment variables, apprenticeship training, whether business was inherited from family and whether apprentice was settled by master are the independent variables and the outcome or dependent variables are average weekly revenue, number of years or time in business, amount of start-up capital that the apprentice received from mentor or master after the period of apprenticeship. The reliability of these variables for a PSM model is determined by the result of the common support validation test as indicated below for the various treatment variables.

Figure 1: Common Support Validation for treatment variable (*apprenticeship training*) ATR

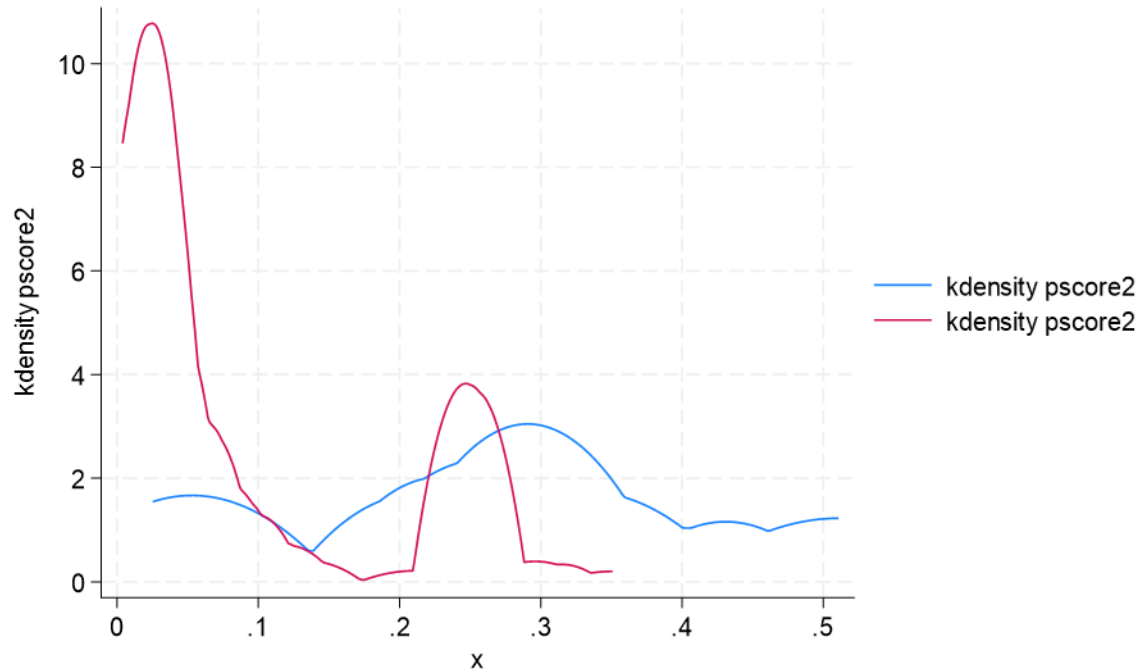


Note: ATR = 1 (blue) treatment group, ATR = 0 (Red) control group

Source: Author's computation using Stata 18.0

To complete the test for the assumption for a propensity score matching, the degree of common support overlaps of the p-scores generated from the treatment model is very instructive. From the above figure 1, we observe an overlap of the treatment group in blue and control group (non-treated group) in red. The p-scores for the treated group fall between .2 and .8 probability levels, while the untreated group lie within the probability levels of .2 and .8, this shows a corresponding overlap and common support.

Figure 2: Common support validation for treatment variable (*business inherited from family*) FAM.

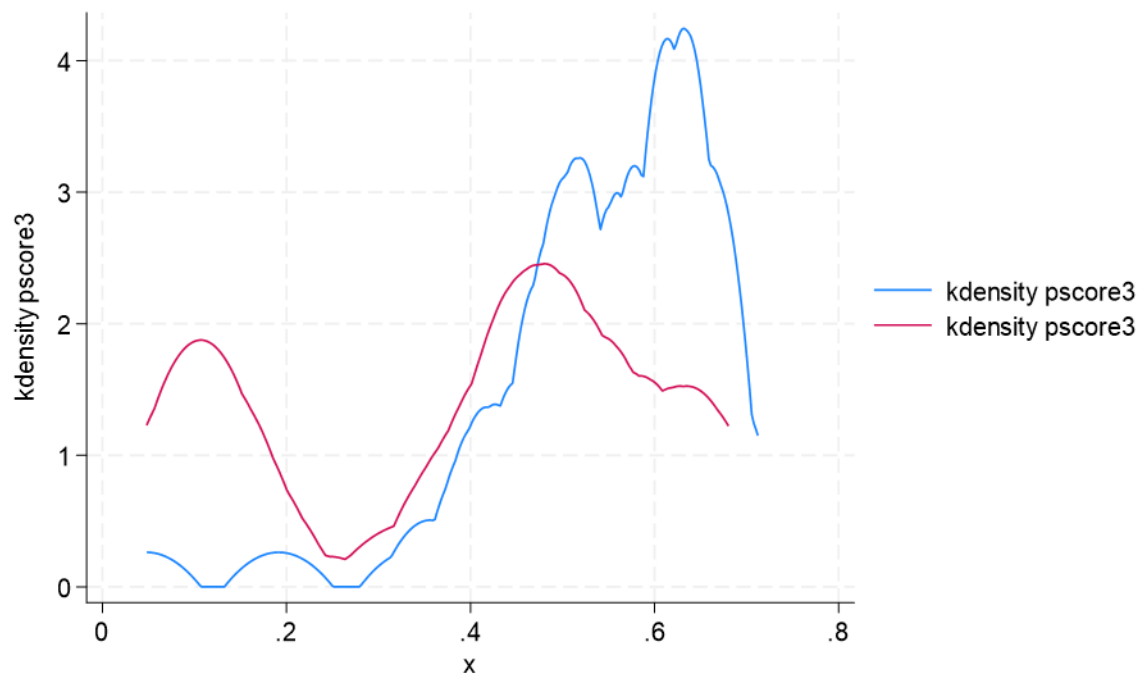


FAM (treated) = 1 (blue), FAM (untreated) = 0 (red)

Source: Author's computation using Stata 18.0

Note: If the p-scores overlap, then it validates the common support assumption. From figure 2, there is evidence of overlap between the treated units and untreated units. The common support assumption implies that there are individuals in the control group (untreated group) whose p-scores overlap with the treatment group. For PSM to deliver an unbiased estimate there must be reasonable evidence of common support, that is an overlap of the p-scores of the control group and the treatment group. From figure 2 we observe that most of the treated units have p-scores from .2 to .3, whereas most untreated individuals have p-scores ranging from .2 and .3. The goal is to match individuals in the control group with similar scores.

Figure 3: Graph of Common Support Validation for the treatment variable (*financial settlement*) STL



[Treatment (STL): treated = 1 (blue), Control/untreated = 0 (red)]

Source: Author's computation using Stata 18.0

From figure 3 above, we check for the validity of the common support assumption of the treatment variable. There is an overlap of the p-scores from the treated and untreated groups. The blue line indicates the treated group, and the red is the control group or untreated group. In this case, the treated group are those settled financially by their master or mentor and the control group are those who received no financial settlement. Financial settlement by mentor at the end of the apprenticeship training is a major component of the Igbo traditional apprenticeship system. It is the variable that carries the core component of the traditional apprenticeship system on a binary scale, those who were settled by their master equals 1 and others, not settled by their master recorded as 0. To this end, we observe an overlap of the blue and red line in the graph above. Although, the figure is not a very good indication of a perfect overlap.

## Empirical Results and Discussion

Table 2: Psmatch2 – probit regression of outcome variable, weekly revenue on treatment variable, apprenticeship training.

<b>Covariates:</b>	<b>Coefficients</b>	<b>Std. Error</b>	<b>Prob.&gt;Z</b>
Age	.0016834	.0026254	0.521
Sex	.9959361	.0952094	0.000***
Marital Status	-.4278127	.0616547	0.000***
Educational Attainment	.3467441	.0580773	0.000***
ATT Treated	324082.999	16785.7111	
ATT Controls	297911.647		
Difference between Treated and Controls	26171.3521		
Log likelihood	-1230.361		
Prob. > Chi-squared	0.0000		
Pseudo R-squared	0.0690		
Number of Observations	2,000		
Common Support: Treated	747		
Untreated	1253		

Source: Author's computation using Stata 18.0

\*\*\*Significant at 1% level

Table 2 is the result of the empirical analysis for the first research question; the effect of apprenticeship training on the average weekly revenue earned by an entrepreneur using the common support algorithm of the probit model. All the covariates, except age, show significant effect on the relationship between apprenticeship training and average weekly revenue earned by an entrepreneur. On average the individuals who passed through apprenticeship training (ATT treated group) earned N324,082 and those who did not pass through apprenticeship training (ATT control group) earned N297,911. Apprenticeship training has a positive effect on weekly revenue, given that all other variables are held constant.

In other words, if all entrepreneurs in the sample passed through the apprenticeship training the average weekly revenue will increase by N26,171. This finding supports the literature in Agu & Nwachukwu (2020), Ekesiobi & Dimnwobi (2021) and Oregiu & Nafiu (2014) that participating in the Igbo traditional apprenticeship system improves revenue earned by an entrepreneur. On the other hand, there are Igbo entrepreneurs who did not pass through the apprenticeship process, but do very well in business, especially those who inherited businesses from their families or honed their skill through formal education before venturing into private business (Obunike 2016).

We conclude that participating in the apprenticeship training increases revenue and reject the null hypothesis that apprenticeship training has no significant relationship with the amount of revenue earned by an entrepreneur.

Table 3: Psmatch2 – probit regression of outcome variable, time in business on treatment variable, whether business was inherited from family.

<b>Covariates:</b>	<b>Coefficients</b>	<b>Std. Error</b>	<b>Prob.&gt;Z</b>
Age	.0048627	.0037569	0.196
Sex	.2484087	.1292694	0.055**
Marital Status	-1.303823	.0899027	0.000***
Educational Attainment	.5563817	.0893526	0.000***
ATT Treated	7.69668246	.91837617	
ATT Controls	6.93364924		
Difference between Treated and Controls	.763033175		
Log likelihood	-533.76974		
Prob. > Chi-squared	0.0000		
Pseudo R-squared	0.2081		
Number of Observations	2,000		
Common Support: Treated	211		
Untreated	1789		

Source: Author's computation using Stata 18.0

\*\*\*Significant at 1% level, \*\*Significant at 5% level

Table 3 shows the result for the second research question, which estimates the extent of family relationships on business survivability. The results indicate that those entrepreneurs who inherited business from their families (ATT treated) survived 7.6967 years on average and those entrepreneurs who did not inherit business from their families (ATT controls) survived 6.9336 years on average. The treated group had 0.763 more years of business survival on average than those who did not inherit business from their families (control group). Suffice to say that a critical factor in the Igbo business model is support from family. We therefore reject the null hypothesis that business inherited from family has no significant relationship with the number of years in business. This is given that all other factors are held constant, and there are other unobservable factors which may affect the behavior of the treatment variable that are not captured in this model.

This finding is in tandem with the expectation that family inheritance is a key factor in the growth and survivability of Igbo business. This finding corroborates Ajaekwe (2008), Agozino &

Anyanike (2007), Igwe *et al.* (2018) stating that Igbos have the habit of growing family businesses through sending their children to learn trading skills from successful members of the community. Brautigam (1997), reveals that Igbos have the lowest business failure rate among all the other ethnic groups in Africa. The Igbo business survivability rate is high, since they are nurtured from family. The act of family inheritance inculcates a natural skill that blossoms into business success upon maturity.

Similarly, Agu & Nwachukwu (2020), Igwe *et al.* (2018) and Ukaegbu (2003) have argued that the Igbo entrepreneurial culture is rooted in the family, transfer of family wealth and traditional skills are the backbone of the Igbo entrepreneurship system. This assertion does not exclude the possibility of new businesses becoming very successful, while those inherited from family collapse due to mismanagement (Iruoma, 2021; Igwe *et al.*, 2020).

Table 4: Psmatch2 – probit regression of outcome variable, start-up capital on treatment variable, whether mentee was settled by mentor.

<b>Covariates:</b>	<b>Coefficients</b>	<b>Std. Error</b>	<b>Prob.&gt;Z</b>
Age	-.0016136	.0026418	0.541
Sex	1.37585	.0978851	0.000***
Marital Status	.3942125	.0627582	0.000***
Educational Attainment	-.0197191	.0568311	0.729
ATT Treated	586326.797	39810.7845	
ATT Controls	563165.577		
Difference between Treated and Controls	23161.22		
Log likelihood	-1224.0126		
Prob. > Chi-squared	0.0000		
Pseudo R-squared	0.1092		
Number of Observations	1,991		
Common Support: Treated	918		
Untreated	1,073		

Source: Author's computation using Stata 18.0

\*\*\*Significant at 1% level

Table 4 presents the result of the estimation for the third research question, we examine the core component of the Igbo traditional apprenticeship system, which is rooted in the mentor – mentee relationship. Traditionally, after the mentee has completed the apprenticeship with his mentor, there is a subsisting informal agreement *ceteris paribus*; the mentor will in many cases provide financial assistance to set up the mentee's business. Sometimes the mentor leaves the existing

business for the mentee to set up another branch of similar business, where he recruits another set of mentees to run the business. In this case, the mentor relinquishes both business capital and customers for his mentee to continue in the same line of business.

The treatment variable is whether the individual received financial settlement from mentor and the outcome variable is the amount of start-up capital. Sex and marital status are significant covariates, while age and education are not significant. The average start-up capital for those who were settled by mentor (treated group) is N586,326.7 and the average start-up capital of those not settled by mentor (untreated or control group) is N563,165.6 This implies that an entrepreneur who was settled by his mentor or master is most likely to have an increase of N23,161 in start-up capital above any other entrepreneur whose master or mentor did not settle, given all the circumstances of the covariates and other factors held constant. We therefore reject the null hypothesis that apprenticeship culture of financial settlement by mentor has no significant relationship with start-up capital.

The findings above support the results in Obunike (2008), on fundraising for start-up through the financial settlement by a mentor. Igwe *et al.* (2018) stated that providing capital for start-up under the traditional apprenticeship system improves financial success and business development. In the same vein, Halliru (2013) observes that under the Igbo apprenticeship system, financial settlement by the master sustains the Igbo entrepreneurial spirit and culture. The result also aligns with Agu & Nwachukwu (2020) to the extent that the Igbo entrepreneurial model, exemplified by the mentor-mentee relationship, culminates in the financial settlement by the mentor to the mentee to start up his own business, which drives the potential and intention of the entrepreneurial culture.

However, some scholars argue that the mentee relying on the financial support from a mentor limits the potential for growth and performance in business (Dana & Ratten, 2017). Nonetheless, the general notion is that an entrepreneur with limited resources, both internal and external, is constrained. From the literature, Ekesiobi & Dimnwobi (2021), Ukaegu, (2003), and Agu and Nwachukwu (2019; 2020) agree that the apprenticeship culture is driven by a mentor – mentee relationship and the core evidence of this relationship is an unwritten agreement between the mentor and mentee for a financial support at the end of the apprenticeship program. The mentor has a duty to provide financial assistance and moral support to the mentee after serving for many years.

The findings of this study support the entrepreneurial event model by Shapero & Sokol (1982), which postulates that the event of entrepreneurship is influenced by social factors comprising of cultural constructs. In the same vein, the theory of planned behavior espoused by Ajzen (1985) is equally supported by empirical evidence from this study. Noting that the efficacy of entrepreneurial intentions is the self-acknowledged desire of anyone willing to set up own business and guided by three basic constructs of perceived visibility, perceived desirability and the propensity to act.

## CONCLUSION

From the empirical analysis above, we find that the Igbo entrepreneurship model is rooted in a traditional apprenticeship system that enhances business revenue, business survivability and the amount of start-up capital available to an entrepreneur who has passed through the program.



The study further reveals that the Igbo entrepreneurship model possess all the attributes of stakeholder capitalism – an economic system, which promotes value creation for shared prosperity through a mentor-mentee relationship, as opposed to value-capture, which is inherent in traditional capitalism.

Although the Igbo entrepreneurship model has been positively appraised in the literature, there are still challenges that opens the system for criticisms and possible improvement. Some scholars argue that the lack of government oversight encourages abuse of the mentee by a mentor. At the end of the apprenticeship period the mentor may not fulfill the obligation of providing start-up capital for the mentee. However, others argue that allowing government intrusion may impede the traditional seamless process that has existed for centuries.

Another major challenge is the lack of access to credit, which is a fundamental problem of small-scale enterprises in developing countries. Many financial institutions require collateral and established credit profile to lend money to small businesses in Nigeria. These small-scale entrepreneurs do not have the credit profile or collateral to access credit from financial institutions, as a result they lack the necessary capital to start-up. Some apprentices who unfortunately did not benefit from their mentor or master in obtaining start-up capital end up as middlemen in the marketplace and selling their wares above market price. This is referred to as “*Igba oso ahia*.” These individuals are prone to risk and time constraints to making the money required to set up own shops.

There is also, a lack of adequate information and data to capture the performance of entrepreneurs groomed under the Igbo apprenticeship system. The paucity of data creates information asymmetry, which negates the ability of government to implement policies in support of the scheme to further improve the economic base of participants. Similarly, data constraints make it difficult to ascertain the overall significance of the model with respect to other methods of business start-ups. However, there is a general assumption that majority of the Igbo businesses that exist today and spread all over Nigeria, and across the World are products of the Igbo traditional support system. Given the fact that credit and financial constraints are obvious limitations to business success in Nigeria, the Igbo society figured out a sustainable means of improving their economic well-being through the apprenticeship system reflecting a model of stakeholder capitalism. The Igbo ethnic group cultivated a culture of *love thy neighbor as thyself*, to propel a communal system of shared prosperity.

In building blocks to socio-economic development in any society, understanding the political economy of that society is very fundamental. Many indigenous societies can learn from the Igbos to build a system that encourages shared prosperity. In the literature we find that some communities do not encourage entrepreneurial growth because the period of mentor-mentee relationship is indefinite, unlike the Igbos that hold the prosperity of the community above their individual prosperity. Many ethnic communities in Africa do not provide the requisite moral and financial support to an apprentice. We therefore recommend that other ethnic groups should be encouraged to emulate the Igbo traditional apprenticeship system as a broad-based support for skill acquisition, and business development.

In addition, government should endeavor to capture the successes of these entrepreneurs into the formal economic system by providing the necessary incentives for growth. A good government policy could generate taxes from these businesses while at the same time encouraging growth through small business development programs.

Future studies on the Igbo entrepreneurship system should disaggregate the available skill sets to find areas that Igbo businesses have comparative advantage and are more likely to receive support for development. This study did not decompose the various skills and crafts, rather all the individuals were examined from the aggregate of general trade. Understanding specific trade engagements will provide the opportunity to decipher areas that policy makers will channel attention for improvement. At the national level, government policy should be implemented to reduce the level of hostilities arising from ethnic sentiments in Nigeria. Xenophobic attitude by members of other ethnic groups against the Igbos pose a serious threat to economic growth and development. Igbo resentment continues to affect the growth of the national economy, since Igbos have a stronghold on the development of small and medium scale enterprises in Nigeria.

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