

Entrepreneurship Development and Sustaining Economic Growth in Nigeria

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ABSTRACT

This study examines the relationship between entrepreneurship development and sustaining economic growth in Nigeria. Simple random sampling technique is used to select 105 entrepreneurs from the three senatorial zones of Osun State. Questionnaire is designed to elicit information on entrepreneurship development, employment generation and poverty reduction. Pearson Product Moment Correlation Coefficient (PPMCC) is used to analysis the data. Results reveal among others that entrepreneurship development is positively and significantly related with the employment generation and poverty reduction respectively. The study concludes that entrepreneurship development leads to sustainable economic growth through job creation and poverty reduction. The implication of the study shows that entrepreneurship development invariably leads to job creation which consequently leads to economic growth and development. The study therefore recommends that federal government should provide enabling environment for entrepreneurship development by provide necessary basic amenities and infrastructural facilities that will enable entrepreneurs to thrive in their various places of operation in the country.

Keywords: *Entrepreneurship, employment generation and poverty reduction*

INTRODUCTION

Entrepreneurship is the willingness and ability of an individual to seek for investment opportunities, to establish and to run an enterprise successfully. UNDP (2010) stresses that entrepreneurship involves the process of using private initiative to transform a business concept into a new venture or to grow and diversify an existing venture or enterprise with high growth potential. Entrepreneurship according to Baba (2013) is the act of starting a company, arranging business deals and taking risks in order to make profit through the education skills acquired. The entrepreneurship spirit is a prerequisite to an entrepreneurial society and culture. This spirit is required for the overall economic growth of any nation especially developing ones like Nigeria. Tijani-Alawiye (2004) also defines entrepreneurship as the process of increasing the supply of entrepreneurs or adding to the stock of existing small, medium and big enterprises available to a country by creating and promoting many capable entrepreneurs, who can successfully run innovative enterprises, nurture them to

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growth and sustain them, with a view to achieving broad socio-economic developmental goals. One of these goals is sustaining employment. Furthermore, Acs and Szerb (2007) note that entrepreneurship revolves around the realization of existence of opportunities in combination with decision to commercialize them by starting a new firm. This is in line with the view of Ojeifo (2013) that entrepreneurship is the willingness and the ability of an individual or a firm or an organization to identify an environmental change and exploit such an opportunity to produce goods and services for public consumption. According to Aruwa (2004), it is the ability of some people to accept risk and combine factors of production in order to produce goods and services. It can also be seen as the willingness and ability of an individual to seek out investment opportunities in an environment, and be able to establish and run an enterprise successfully based on the identified opportunities.

Suleiman (2006) opines that entrepreneurship is the willingness and ability of an individual to seek investment opportunities to establish and run an enterprise successfully. The most critical of entrepreneurship is the creation of new business. This could be sustained through youth empowerment by government at all levels. Creation of new business is the force behind the introduction of certain entrepreneurial skills. More importantly, Baba (2013) justifies the need for promoting entrepreneurship culture on the grounds that youth in all societies have sterling qualities such as resourcefulness, initiative, drive, imagination, enthusiasm, zest, dash, ambition, energy, boldness, audacity and courage which are all valuable traits for entrepreneurship development. Supporting this assertion, Tende (2013) maintains that governments, NGOs and international bodies seeking to improve youth livelihoods could best pursue their empowerment objective by tapping into the dynamism of young people and builds on their strong spirit of risk taking through entrepreneurship development. Entrepreneurship development has also led to employment generation, growth of the economy and sustainable development.

Al-Dajani and Marlow (2013) develop an empirically informed conceptual framework to analyze the gender relationship between empowerment and entrepreneurship within the lives of displaced Palestinian migrant women operating home-based enterprises in Amman, Jordan. They find that marginalized subordinated women were empowered through their home-based enterprises. Ogundele, Akingbade and Akinlabi (2012) try to investigate the intensity of entrepreneurship training and education as strategic tools for poverty alleviation in Nigeria. They select 250 entrepreneurs from five recognized local government areas in Lagos State, South Western Nigeria. They used stratified random sampling technique through a self-monitored survey questionnaire to collect data and simple regression analysis to test the relationship between the entrepreneurship training and education and poverty alleviation. They found that entrepreneurship training and education were significantly related to the youth empowerment and social welfare services. They also found that youth empowerment was influenced by their acquired technical skill.

Mensah and Benedict (2010) conduct desk research and quantitative analysis from the poorest regions of South Africa to find out the impact of government initiative for alleviating poverty through entrepreneurship development. They find out that the training in entrepreneurship and provision of other facilities could give poor owners of micro and

small enterprises opportunities to grow their businesses and get themselves and others out of poverty. Akhuemonkhan, Raimi and Sofoluwe (2013) examine the plausibility of deploying entrepreneurship education as mechanism for employment stimulation in Nigeria. They discover quantitative research method, specifically linear multiple regression model (LMRM) for analyzing the data. They found that entrepreneurship development is a key tool for poverty reduction; stimulating employment as well as fast-tracking realization of universal primary education and promoting gender equality.

Tende (2013) examines government initiatives toward entrepreneurship development in Nigeria and evaluates the job creation capacity of the entrepreneurship development programs on Nigerians. Random samples of 1,159 beneficiaries were selected from the six geo-political zones and structured questionnaire was used to obtain information from the selected beneficiaries. He finds that government credit policies have no significant effect on the development of entrepreneurial activities in the country and mostly the beneficiaries do not derive maximum satisfaction from government programs and policies. Adofu and Akoji (2013) assess the impact of entrepreneurship skill acquisition on poverty in Kogi State of Nigeria. They used structured questions for collecting primary data from six Local Government Area of the State and used descriptive statistics like frequencies and percentage to analyse the data. They find that 65% of the respondents accepted that lack of entrepreneurship skills among youth is responsible for the high rate of poverty in Nigeria. The result also reveals that at least 60% of the people that benefitted from the skill acquisition programme can afford the basic necessity of life.

Ali D. and Ali Y. (2013) identify the relationship between entrepreneurship development and poverty reduction at Benadir Region in Somalia. The study discovers that the significant value was less enough, suggesting that the two variables indicated that the computed R-value -0.195; this implies that there was weak positive correlation between entrepreneurship development and poverty reduction. Ayatse (2013) holds that entrepreneurship is a key driver of economy; wealth and a high majority of jobs are created by small business started by entrepreneurially-minded individuals, many of whom go on to create big businesses. According to the author, there is more creative freedom for people who are exposed to entrepreneurship education. There is higher self-esteem, and an overall greater sense of control over their lives. It is the believe of many experienced business people, political leaders, economists and educators that fostering a robust entrepreneurial culture will maximize individual and collective economic and social success on a local, national, and global scale. It is on the background of the above that this study tends to examine the relationship between entrepreneurship development and sustaining economic development in Nigeria.

Major Objectives of Entrepreneurship Development

Oborah (2006) cited in Okoli D. and Okoli E. (2013) outlines the objectives of entrepreneurship development to include the following:

1. To provide meaningful education for the youths, which could make them self-reliant and subsequently encourage them to derive profit and be self dependent.

2. To provide small and medium sized companies with the opportunities to receive qualified graduates who will receive training and tutoring in the skills relevant to the management of the small business centres.
3. To provide graduates with the training and support necessary to help them establish a career in small and medium sized businesses.
4. To provide graduates with training in skills that will make them meet the manpower needs of the society
5. To provide graduates with enough training that will make them creative and innovative in identifying new business opportunities.
6. To provide graduates with enough training in risk management to make uncertainty almost possible and easy
7. To stimulate industrial and economic growth of rural and less developed areas.

Challenges of Entrepreneur in Nigeria

The challenges faced by entrepreneurs in developing countries as identified by Okezie, Alex and Asoluka (2013) are as follows :

1. ***Lack of Credit Facilities:*** Potential Nigeria entrepreneurs go through many hardships when trying to access credit for their businesses.
2. ***Corruption:*** Widespread and all present corruption that makes the procurement of licenses, permits, goods and services from government agencies and even the payment of taxes and levies difficult without playing the game i.e. paying bribes and kickbacks.
3. ***Inconsistent Government Policies:*** Government inconsistency is really a challenge an entrepreneur will have to tackle if he must succeed in Nigeria. Governance is something entrepreneurs have no control over; all entrepreneurs can do is to influence government's policy with respect to enacting favourable business laws.
4. ***Multiple Taxation:*** One other sensitive challenge that is encountered by majority of Nigerian entrepreneurs is multiple taxation.
5. ***Poor State of the Country's Infrastructure:*** The state of Nigeria's infrastructure can be deemed to be a nightmare to both entrepreneurs and the rest of the country's population. With the existing infrastructure deteriorating and in some places it is non-existent; the cost of doing business has tremendously gone up.
6. ***Failure to Adapt to the Changing Business Environment:*** Majority of those who venture into MSMEs (Micro, Small and Medium Enterprises) do so because of their need to make money and in almost all cases, such entrepreneurs lack relevant and adequate information about the businesses they engage in.
7. ***Low Standard of Education:*** There is no gainsaying the fact that education is the key to knowledge and that it plays a strong role in forming the burgeoning entrepreneur. The world today is a global village and since an intending entrepreneur must be conversant and in tune with events around and about him, education becomes a critical factor in preparing and empowering the entrepreneur with the qualities required of him.

8. **Security Issues:** When there is no guarantee of security of lives and property, it is difficult to run a successful venture.
9. **Venture Capital:** Getting venture capital to finance entrepreneurial endeavour in Nigeria is very difficult because of the political and economic instability.
10. **Government Policies:** The policies of the Nigerian government are a barrier to the success of large-scale entrepreneurial success for many Nigerians. The government is plagued by corruption and greed. The government systematically ignores laws that are already in place to promote free enterprise.

Based on the above empirical review, it is therefore hypothesized that:

- H₀1: There is no relationship between entrepreneurship development and sustaining economic growth measured by employment generation and poverty reduction.

METHOD

This study centres on entrepreneurship development and sustaining economic growth in Nigeria. The population of the study comprises all entrepreneurs registered with Osun State Ministry of Commerce and Industry. One hundred and five (105) entrepreneurs were randomly selected from the three senatorial zones of the State. Structured questionnaire was used to collect data from respondents using a 5-point Likert scale developed by the researchers. Questionnaire was designed to elicit information on entrepreneurship development, employment generation and poverty reduction. The instruments used in this study were submitted to a panel of experts for validation. The panel carried out a content analysis on each of the items in the questionnaire and eliminated items found to be irrelevant to the research problem. After necessary modifications, the panel of experts recommended the use of the instruments for the study. The result of the reliability test was 0.85 indicating that the instrument is reliable. Pearson Product Moment Correlation Coefficient (PPMCC) was used to analysis the data.

RESULTS AND DISCUSSION

Table 1 shows that entrepreneurship development was significantly related with the employment generation. It was revealed that entrepreneurship development ($r = 0.741^{**}$) was positively and significantly related to the employment generation. The relationship was positive, indicating that entrepreneurship development has favourable influence on employment generation. This implies that entrepreneurship development is a mechanism for employment generation. The study is consistent with Tende (2013) who affirms that entrepreneurship development has strong influence on job creation. Result is also in agreement with Akhuemonkhan, Raimi and Sofoluwe (2013) that entrepreneurship development is a key tool for poverty reduction; stimulating employment as well as fast-tracking realization of universal primary education and promoting gender equality. Table 2 reveals that entrepreneurship development ($r = 0.597^{**}$) has significant relationship with poverty reduction. The relationship was positive which implies that the more youths are

empowered with entrepreneurial skills, the more poverty reduction in our society. The study conforms to the work of Adofu and Akoji (2013) that lack of entrepreneurship skills among youth is responsible for the high rate of poverty in Nigeria. However, this result is not consistent with Ali D. and Ali Y. (2013) who find that there was weak positive correlation between entrepreneurship development and poverty reduction. Therefore, the null hypothesis which states that there is no relationship between entrepreneurship development and sustaining economic growth measured by employment generation and poverty reduction in Nigeria is rejected, meaning that there is a relationship between entrepreneurship development and sustaining economic growth measured by employment generation and poverty reduction in Nigeria.

Table 1: Hypothesis Test of the relationship between entrepreneurship Development and Sustaining economic development measured by employment generation

Model	Mean	SD	r-value	p-value	Remark
Entrepreneurship Development	79.54	22.045	0.741*	0.000	S

S = Significant; ** = significant at 1% level

Source: Data Analysis, 2015

Table 2: Hypothesis Test of the relationship between entrepreneurship Development and Sustaining Economic Development Measured by Poverty Reduction

Model	Mean	SD	r-value	p-value	Remark
Entrepreneurship Development	41.12	5.981	0.597**	0.000	S

S = Significant; ** = significant at 1% level

Source: Data Analysis, 2015.

CONCLUSION AND RECOMMENDATIONS

Entrepreneurship development leads to sustainable economic growth through job creation and poverty reduction. This study clearly shows that entrepreneurship development invariably leads to job creation which consequently leads to economic development. Therefore, it can be inferred that through entrepreneurial skills and financial youth empowerment, the economy of nations will prosper. The youths will go into massive production which enhances growth in the Gross Domestic Product (GDP) as well as boost international trade and foreign reserve where certain local produce are exported for income. The country will realize good amount of money per year. This will make the government to make a better budget. From this, the masses will enjoy a better life because there will be more cash flow occasioned by more productive ventures. Based on the above, this study recommends that federal government should provide enabling environment for entrepreneurship development by providing necessary basic amenities and infrastructural facilities that will enable entrepreneurs to thrive in the country. Youths should also as a matter of necessity be ready to acquire entrepreneurial skills that will make them job creators rather than job seekers.

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