

Impact of Entrepreneurship on Economic Growth and Development

¹Adegbola, Muritala Makinde, ²Aladesoun, Caroline Bunmi, ³Ayoade, Abayomi Adewuyi, ⁴Olaniyan, Ibunkunoluwa Hannah, ⁵Akinde, Blessing Onyi

1Office of Accountant General, Osun State, Nigeria

makindemuritala4real@gmail.com

2Olagunju & Co Chartered Accountant and Audit

aladesounb@gmail.com

3Yomlead Enterprise

abayomiayoade@gmail.com

4Busary Department, Osun State University, Osogbo, Osun State, Nigeria

ibunkunoluwa.olaniyan@uniosun.edu.ng

5Nigerian Prison Service, Osun State, Nigeria

+ blessakinde@gmail.com

Corresponding Author: Adegbola, Muritala Makinde, Phone; +2347069413562, E-mail; makindemuritala4real@gmail.com

Abstract: This work is targeted at examine the impact of entrepreneurship on economic growth. The objectives of this study include: to examine the impact of entrepreneurship on economic development; determine the role of entrepreneurship on economic development; evaluate the application of entrepreneurship as a remedy for economic growth; and determine the challenges business start-up faces in an economic challenges. The study employed a descriptive and cross-sectional survey design. The area of the study is Osun State College of Technology Esa Oke, Osun State, staff and students are the respondent. The instrument used for this study is primary data. The primary data was obtained through properly structured questionnaire. A total number of one hundred and fifteen questionnaires were distributed but only ninety were retrieved. The study found that significant respondents widely agreed that entrepreneurship plays a significant role in economic development. The study discovered that in the developing economies like Nigeria, there exist a positive relationship between entrepreneurship and economic growth. Hence, it is a potential remedy for Nigeria economic crisis. The study also found out that Nigeria has depended on oil for more than 90 percent of its foreign exchange income for far too long and for the country to come out of its current economic crisis there has to be an aggressive diversification of the economy. The study recommended that reforms in institutions such as the education system's curriculum are necessary to encourage self-reliance and vocational skills. Also, there is a need to revitalize infrastructure such as the country's power sector owing to its enormous impact on primary activities that can enhance development. More importantly, there should be a drastic reduction in tax and lending interest rate for SMEs to encourage large-scale industrial investor's interest.

Keywords: Entrepreneurship, Economic growth, Development, Business, Primary data, Questionnaire

1. INTRODUCTION

Entrepreneurship plays an increasingly important role throughout the world and it has been considered an important mechanism to achieve economic growth (Urbano & Aparício, 2016). It promotes economic growth and development by enabling the introduction of innovations, by fostering competition and change, and by increasing rivalry (Vivarelli 2013). The impact of entrepreneurship on economic development has received considerable attention over the years (Fernandes & Raposo, 2017). Taking into account the importance of entrepreneurship and despite the well-known challenges and risk involved in the entrepreneurial process, governments increasingly deploy incentives and support programs to encourage and stimulate individuals to become entrepreneurs (Uhlener & Stride, 2015).

There is no generally accepted definition of entrepreneurship (Autio & Hay 2005). It can be defined, in a stricter sense, as the creation of new enterprises (Reynolds, 1999; Wong et al., 2005), more rigorously, the process by which new enterprises are founded and become feasible (Vivarelli, 2013) or, in a broader understanding, as the process by which individuals take advantage and pursue opportunities (Szirmai et al., 2011).

Currently, some dispute exists on whether and which types of entrepreneurship (necessity vs opportunity) matters most for economic growth and development (Urbano & Aparicio, 2016). 'Opportunity entrepreneurship' occurs when individuals want to take advantage of a unique market opportunity and it is related to innovative entrepreneurship; in contrast, 'necessity entrepreneurship' results from market friction and it is generally related to non-innovative firms (Urbano & Aparicio, 2016). Analyzing a panel with 43 (25 OECD and 18 non-OECD) countries over the period from 2002 to 2012, Urbano & Aparicio (2016) evidenced that both opportunity and necessity entrepreneurship are significantly related to high levels of economic growth;

notwithstanding, the effect of necessity entrepreneurship is smaller than that of opportunity entrepreneurship. In contrast, other studies (Ghotbi, & Rajaie, 2013) indicate that relationships between necessity-driven entrepreneurship and economic growth are insignificant or negative, while the relationship between opportunity-driven entrepreneurship and growth is positive.

Although many specific studies related to entrepreneurship and economic growth have been made (Acs et al., 2012), no evidence seems to exist on how, over time, the type of entrepreneurship, intermediated by human capital, impacts on a given country's economic growth. We content that the creation of new enterprises might not be in itself sufficient for fostering economic growth; rather, investment in human capital might be necessary to reap or is likely to enhance the benefits of entrepreneurship and, ultimately, create, maintain and ensure sustainable economic growth (Petkovová, & Blatná, 2014).

Global Entrepreneurship Monitor (GEM) in 2012 has identified Nigeria as one of the most entrepreneurial countries in the world. The research demonstrated that thirty-five out of each hundred Nigerians (over a third) is into entrepreneurial activities. Therefore, it is imperative not to evaluate the principles of entrepreneurship alone but pertinent to examine the practice and its impact in fostering economic growth and development during the economic Challenges.

1.1 Statement of the problem

Presently, there are quite a lot of works and studies on the link between entrepreneurship and economic growth, but there is still the need to assess the case of the Nigerian economy. Notably, at a period the country is seeking alternative sources of economic revenue to come out of current economic challenges. The current situation in the country has eaten up the economy and there is an increase dwindling in economy on daily basis. Over reliance on petroleum and other natural resources has contributed in negative ways to the present crisis and if adequate steps are not taken at re- channel and redirect efforts towards agriculture, entrepreneur and others sectors that are beneficial and where present loopholes can be filled, the current problems will continue at geometrical rate and may eventually end up on a sad note. The country's GDP indicated a negative 1.7 percent and 2.06 percent in the first and second quarter of 2016. This economic crisis was analyzed to have been caused mainly by dependence on crude oil for revenue, so when the global crude oil price fell it affected the country's income. (Osolor, 2016a) These statements prompt the question of what the contributions and challenges of business start-ups in the nation are and can focus on entrepreneurship lead to economic growth. Against this submission, the primary objective of this study is to examine the impact of entrepreneurship on economic growth through employment generation, the creation of added value, increasing gross domestic products, more export activities, and so on.

1.2 Research Objectives

The main objective of this study is to examine the impact of entrepreneurship on economic growth. These specific objectives include to:

- i. examine the impact of entrepreneurship to the economic development;
- ii. determine the role of entrepreneurship in economic development ;
- iii. evaluate the application of entrepreneurship as a remedy for economic growth; and
- iv. determine the challenges business start-up faces in an economic recession.

1.3 Research Questions

The study will be guided by the following research questions:

- i. What are the impacts of entrepreneurship on economic development?
- ii. Does entrepreneurship play any significant role in economic development during a recession?
- iii. Does the application of entrepreneurship serve as a potential remedy to present Nigeria economic problems?
- iv. What are the challenges of business Start-ups / SMEs in Nigeria?

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Entrepreneurship as an Engine of Growth

Globally, entrepreneurs are widely considered to be of immense importance to the economy as their activities act as economy's engine, enacting and empowering all monetary action. Entrepreneurial revolution has driven the economic success and impressive growth of nations worldwide. A society is prosperous as much as it compensates and empowers entrepreneurial movement because it is the entrepreneurial activities that are the fundamental determinant of the level of achievement, development and opportunity in any economy. The most potent societies are the ones that have the most entrepreneurs in addition to the financial and legitimate structure to urge and propel business visionaries to more prominent activities (Ashraf, 2017).

Entrepreneurs are as catalyst agent for expansion and promotion of economic activities in every sphere of economic life of a country. They are known for introducing new combinations, improving on already existing productive resources, proper utilisation of resources, and creation of employment opportunities. Thus, well-planned and well-coordinated actions of entrepreneurs in a country can bring about a high economic growth rate and development. From research, it is apparent that it is through entrepreneurship that essential innovations enter the market leading to new products or operation method which will eventually increase efficiency by bringing market competition (Ubong 2013).

From studies, it is notable that countries like USA; Canada and Australia economies are ranking very high partly because they understand the impact entrepreneurs play in the growth of their economy. Their GDP is always on the increase as they support their entrepreneurs by providing assistance in respect to business formation, expansion and growth and also financing new businesses through venture capital to early-stage, high-potential and riskier start-up companies. From their examples, the future of African nation's economy depends mainly on its entrepreneurs as well as government approach to entrepreneurship (Osolor 2016b).

2.1.2 The relationship between entrepreneurship and economic growth

Many scholars over the years have attempted to understand the role of entrepreneurship in economic growth, and many believe that entrepreneurship is beneficial for economic growth. Ubong (2013) asserts that there is a definite relationship between entrepreneurship and economic development. Entrepreneurship has been highlighted as significantly related to the development of a given economy, and thus numerous referred to as a source of employment generation. Studies have established its positive relationship between entrepreneurship characteristics such as reactivity, innovativeness, risk taking with economic development (Carree & Thurik, 2010).

The thought that business entrepreneurship and economic growth are quite firmly and positively linked together has indeed advanced since the early works of historical authors like Schumpeter. A rise in the number of entrepreneurs leads to an increase in economic growth. This impact is a consequence of the robust articulation of their skills, and even more unequivocally their ability to innovate.

However, there are diverse thoughts and debates on entrepreneurship link to economic growth, but it is necessary to understand that entrepreneurship brings about economic growth by combining existing resources with innovative ideas. Adding value to the commercialization of inventions create wealthy, new jobs, and industries. The entrepreneur plays both roles in creating innovations and encouraging market competition to expand the economy. Carree and Thurik (2010) explained that the concept of entrepreneurship is multidimensional and mostly ill-defined. Understanding the role of entrepreneurship in the process of economic growth will, therefore, require a structure because of the type of intermediate variables and connections which exist. The best cases of these intermediate variables include innovation, competition mainly characterized by exit and entry of firms, a variety of supply and energy and efforts invested by entrepreneurs.

2.1.3 Impact of entrepreneurship on economic growth in developing countries

According to the research by Iman and Nagia on seven emerging countries (Egypt, Hungary, India, Mexico, Indonesia, Turkey and Romania) over the period 2004-2014 and other previous studies on entrepreneurship. Necessity entrepreneurship is indicated to have no adverse effect on economic development as the marginal productivity is zero or even negative. Necessity entrepreneurship means having to become an entrepreneur because there are no other better job opportunities (Acs 2006). Apparently, most emerging countries have more necessity entrepreneurs who are forced to be self employed and fewer opportunity entrepreneurs because of the high youth unemployment rate, low income level and uneasy entrepreneurial environment. Opportunity entrepreneurs are entrepreneurs who make a deliberate choice to start a new enterprise; they demonstrate innovative capabilities and exploit unidentified opportunities (Acs 2006). However, the research concluded that there is a significant negative relationship between entrepreneurship and economic growth, while both labour productivity and level of economic development shows a positive relationship with economic growth. This statement implies that entrepreneurship has excellent benefits for the economy of the nation if the government can encourage business start-ups, improve the business environment, provide necessary infrastructure as well as create a fair taxing system and business regulation. (Iman & Nagia 2016)

2.1.4 Impact of entrepreneurship on economic growth in developed countries

According to Stel, Carree and Thurik (2005), there exist a positive impact of entrepreneurial activity on subsequent economic performance. They believe in developed countries that entrepreneurial activity is related to economic development. These means that the entrepreneurial activities in such countries can contribute to the economic growth of such country which affirms the notion that the difference in economic growth rates of countries is due primarily to the quality of their entrepreneurs. Entrepreneurs in developed countries are mostly opportunity entrepreneurs who are highly creative and innovative. They employ all factors of production (land, labour and capital) for productive ventures and in most cases, their government provide an enabling environment for business to thrive as such most start-ups in no time become a more substantial corporation and enjoy economies of scale.

China's explosive economic development over the past twenty-five years is as a result of the removal of bureaucracy, government encouragement, and support for the entrepreneurial activity of the people. In the United States, the world's biggest economy, seventy-five percent of the sixteen million businesses operate as a sole proprietorship with enormous support from the government and in turn, show how these entrepreneurial activities have helped create jobs and moved the country out recession to growth. Also, at the heart of other rapidly growing economies such as India and Brazil are numerous SMEs manufacturing, retail, IT, technical, and financial firms who are providing jobs, creating products and services and bringing about competition, innovation and growth (Osolor, 2016b). In developing countries, the entrepreneurial activities of the population are a determinant of economic growth. The well-planned and well-coordinated activities of entrepreneurs in a nation can bring about a high economic growth rate. (Yusuf & Albanawi, 2016)

2.2 Empirical Review

Wong et al (2005) investigated technological innovation and firm formation as independent determinants of economic growth. They analyzed the contrast between different classes of entrepreneurship activities as determined using opportunity TEA, necessity TEA, high growth potential TEA, Total Entrepreneurial Activity (TEA) rates and overall TEA. The result of their study concluded that only high growth potential entrepreneurship has significant impact on economic growth of the four types of entrepreneurship evaluated.

In their paper Acs et al (2006) identified entrepreneurship as an instrument to facilitate the knowledge spillover. For the study, they used a panel of entrepreneurship data for 18 countries. The findings of their analysis have shown that entrepreneurial activity helps to promote economic growth beside measures of human capital and R&D.

Stel et al (2005) investigated the effect of total entrepreneurial activity (TEA) on GDP using the data of 36 economies. They analysed if this impact depends on the level of economic development measured as GDP per capita. They adjusted data by consolidating incorporating the Growth Competitiveness Index to generate a range of alternative interpretation on economic growth. The results of their study has shown that entrepreneurial activity by owner/managers of young businesses and nascent entrepreneurs has impact on economic growth, however this impact depends upon the level of per capita income which This imply that different stages of economic development influence the role of entrepreneurship in the host country.

In their study, Acs and Varga (2005) developed an empirical model which indigenize cluster effects on knowledge spillovers beside entrepreneurial activity within a Romerian framework. They used the model to measure the level of entrepreneurship in particular economies using their GEM cross-national data. Findings of the study introduced that cluster effects and entrepreneurial activity have a statistically significant and positive effect on technological change in the countries of the European Union.

Using GEM micro and macro data, Acs and Szerb (2007) carried out an analysis to determine the effect of entrepreneurship on economic growth. They based their study upon development level criterion for the countries. Their study ended up with the policy recommendations such as concentrating on supporting enterprise development, upgrading technology availability and increasing human capital for middle income countries, and reducing entry regulations' not resulting in more high-potential start-ups for developed economies.

In their study, Bowen and Clercq (2008) empirically tested if the institutional characteristics affect the allocation of entrepreneurial effort. The findings of the study proved that positive relationship between allocation of entrepreneurial efforts of a country toward high-growth activities and the level of financial capital supports the aspect that financial pressures can be harmful to entrepreneurs who intend to raise their business

3. METHODOLOGY

The study employed a descriptive and cross-sectional survey design. The descriptive and survey design is appropriate for this study because it involves field work by collecting data over a period of time (Asika 2005). The targeted population of this research study consists of staff and students of Osun State College of Technology Esa Oke, Osun State. The staff and students of Osun State College of Technology Esa Oke were randomly chosen for this research work due to logistics constraints and in a bid to collect relevant and timely data within a short period. This study utilized primary data. Primary data obtained from staff and students of Osun State College of Technology Esa Oke, Osun State through copies of administered questionnaire

The questionnaire for this work was structured and prepared to gather the respondent opinion centered on the topic under investigation. A total number of one hundred and fifteen questionnaires were distributed among the staffs and students while ninety questionnaires were retrieved. Therefore, the number of surveys obtained represents the base for the population preceded on for analysis and conclusion on the research. In all, a random sample of 90 staff and students of Osun State College of Technology Esa oke, constitute the sample size of this study. Stratified random sampling Technique was used to select the sample. Strata are a probability sampling technique that guarantees equal chances of all the data in the sample.

The study utilized structured questionnaires that drawn from the critical variables of the study. The questionnaire divided into two sections. Namely, section A and section B. Section A comprised items relating to respondent's demographic data while B consisted statements that explained essential variables of the study. Each statement had a close-ended structure with five scale levels that arranged as follows; strongly agree, agree, undecided, disagree, and strongly disagreed upon which each respondent is expected to rate himself or herself opinion to these questions. The Likert scales and their ratings provided on the questionnaire as indicators for appropriate responses.

The instrument (questionnaire) used for data collection was subjected to the validation test by experts in accounting and other related fields and to determine the reliability of the instrument, the external consistency method was used, the test was conducted using 5% of the sample size which is 6. Six copies of questionnaires were used for this test and administered to 6 people, with an introductory letter stating and highlighting the basis of the study. Results were collated and a re-test was conducted after two weeks on the sample size. For the first test, the six copies of the questionnaire were all retrieved. The result of the retest conducted correlated with the earlier test conducted, confirming the reliability of the tests. The questionnaires were administered to 115 respondents that are staff and students of Osun State College of Technology, Esa oke, Osun State, 115 were adequately filled, returned and but ninety were accepted and eventually used for the analysis. The questionnaire was analyzed using simple frequency and percentages.

4. RESULTS AND DISCUSSION

4.1 Socio-Economic Characteristics of Respondents

Socioeconomic Characteristics of the Respondents were identified and described: Gender, Education level, Age, Marital Status and Religion amongst others.

Table 1: Socio-Economic Characteristics of Respondents

S/N	CLASSIFICATION	ITEMS	FREQUENCY	PERCENTAGE%	TOTAL%
1	Gender	Male	28	31.1	100
		Female	62	68.9	
2	Education Level	O Level	08	8.9	100
		ND/HND	36	40	
		B.Sc/M.Sc	46	51.1	
3	Age	20 yrs below	17	18.9	100
		21- 40 years	65	72.2	
		41 yrs and above	08	8.9	
4	Marital Status	Single	45	50	100
		Married	41	45.6	
		Divorced	4	4.4	

5	Religion	Islam	65	72.2	100
		Christian	25	27.8	

Source: Field Survey 2020

The above table (1) shows socio-economic characteristics of sample population which is believed to have played a vital role on their manner of response to certain extent. Female gender had highest proportion of respondents of 62 (68.9 %) compared to female counterpart with 28 (31.1 %). The education status of the respondents was highlighted in the table. It shows that majority which is no fewer than 46 (51.1%) are B.Sc / M.Sc holders, followed by 36 (40%) and the remaining 8 (8.9%) are high school graduate (o' level) respondents who represent the smaller proportion of all.

4.2 Impacts of entrepreneurship on economic development in Nigeria

To capture diverse perspective on the issue that relates to the Impacts of entrepreneurship on economic development in Nigeria, the statement questions are designed in the table below.

Table 2: Impacts of entrepreneurship on economic development

S/N	Statement	SA	A	SD	D	U
1	Entrepreneurship reduce unemployment	30 (33.3%)	60 (66.7%)	0 (0%)	0 (0%)	0 (0%)
2	Entrepreneurship creates room for innovation	23 (25.6)	47 (52.2%)	0 (%)	0 (0%)	20 (22.2)
3	Entrepreneurship serve as the key to self-reliance	5 (5.6)	30 (33.3)	12 (13.3)	0 (0%)	43 (47.8%)
4	Entrepreneurship facilitates economic growth	3 (3.3%)	18 (20%)	34 (37.8%)	5 (5.6%)	30 (33.3)
5	Entrepreneurship play the sole engine of Nigeria workforce	28 (31.1)	37 (41.1%)	12 (13.3%)	4 (4.4%)	9 (10%)

Source: Field Survey 2020

Note: SA= strongly agree A=Agree, SD =strongly agree, D=Disagree, U=Undecided

Table 2 above shows that 30 (33.3%) of the respondents strongly agreed that entrepreneurship reduces unemployment while the remaining 60 (66.7%) were those that agreed. None of the respondent responds to strongly disagreed, disagreed and undecided. From the submission of respondents, they all believe that entrepreneurship reduces unemployment. 23 (25.6%) of the respondents strongly agreed that entrepreneurship creates room for innovation while 47 (52.2%) of respondent agreed, and the remaining 20 (22.2%) were those that are undecided. The respondents that agree that entrepreneurship has a profound influence on innovation creation are much more significant when compared to those that disagree. 30 (33.3%) of respondents agreed on to entrepreneurship as the key to self-reliance, and only 3 (3.3%) strongly agree. A significant portion of 43 (47.8%) could not decide, and 12 (13.3%) strongly disagreed respectively. 3 (3.3%) of the respondents strongly agreed that entrepreneurship facilitates economic growth, 18 (20 %) agreed and 30 (33.3%) undecided While 34 (37.8%) strongly disagreed and 5 (5.6%) of respondent disagreed. The statement that entrepreneurship is the engine room of workforce was strongly agreed on by 28 (31.1%) of the respondent, 37 (41.1%) agreed while 9 (10%) of the respondents were undecided, and 12 (13.3%) as well as 4 (4.4%) were strongly disagreed and agreed respectively.

4.3 Entrepreneurship plays a significant role in economic development

Table 3: Entrepreneurship plays a significant role in economic development

S/N	Statement	SA	A	SD	D	UD
1	Entrepreneurship the key to Nigeria revival from current problems	18 (20%)	40 (44.4%)	15 (16.7%)	3 (3.3%)	14 (15.6%)
2	Entrepreneurship reduce stagnation and promote economic development	13 (14.4%)	34 (37.8%)	13 (14.4)	6 (6.7%)	24 (26.7%)
3	Entrepreneurship creates room for a substantial	12	44 (48.9)	8 (8.9%)	2	24

	number of opportunities	(13.3%)			(2.2%)	(26.7%)
4	Entrepreneurship creates room for ideas generation	14 (15.6%)	40 (44.4%)	16 (17.7%)	2 (2.2%)	18 (20%)

Source: Field Survey 2020

Note: SA= strongly agree A=Agree, SD =strongly agree, D=Disagree, U=Undecided

From table 3 above, 18 (20%) of respondents strongly agreed that entrepreneurship is the key to Nigeria revival from the current predicament while 40 (44.4%) of respondents agreed. 15 (16.7%) and 3 (3.3%) of respondents strongly disagreed and disagreed to the statement while 14 (15.6%) are undecided. 13 (14.4%) of the respondents strongly agreed that entrepreneurship could reduce stagnation of economic development while 34 (37.8%) were those that agreed. Then, 13 (14.4%) and 6 (6.7%) are strongly disagreed and disagreed as well while 24 (26.7%) were undecided. Also, 12 (13.3%) and 44 (48.9%) of the respondents strongly agreed and agreed that entrepreneurship creates room for a substantial number of opportunities. 8 (8.9%) and 2 (2.2%) of respondents were strongly disagreed and disagreed to the statement while 24 (26.7 %) of respondents were undecided. To the statement that entrepreneurship creates room for ideas generation, 14 (15.6%) of respondents strongly agreed, 40 (44.4%) agreed, 16 (17.7 %) strongly disagreed, 2 (2.2%) disagreed while 18 (20%) of respondents were no decided.

4.4 The application of entrepreneurship serves as a potential remedy to present Nigeria economic challenges

Table 4: Application of entrepreneurship to present economic challenges

S/N	Statement	SA	A	SD	D	UD
1	Entrepreneurship serve as a strategy for rapid economic development	30 (33.3%)	43 (47.8%)	7 (7.8%)	4 (4.4%)	6 (6.7%)
2	Entrepreneurship development is the key to poverty eradication	12 (13.3%)	35 (38.9%)	13 (14.4%)	2 (2.2%)	28 (31.1%)
3	Entrepreneurship promotes development of small and medium scale enterprises (SMEs)	20 (22.2%)	43 (47.8%)	12 (13.3%)	4 (4.4%)	11 (12.2%)

Source: Field Survey 2020

Note: SA= strongly agree A=Agree, SD =strongly agree, D=Disagree, U=Undecided

The statement entrepreneurship serves as a strategy for rapid economic development was strongly agreed by 30 (33.3%) of the respondent and agreed by 43 (47.8%) of respondents. 7 (7.8%) of the respondents as well as 4 (4.4%) were strongly disagreed and disagreed respectively. 6 (6.7%) of respondents were undecided (Table 4). 12 (13.3%), 35 (38.9%), 13 (14.4%), 2 (2.2%) and 28 (31.1%) of respondents were strongly agreed, agreed, strongly disagreed, disagreed and undecided to statement that entrepreneurship development is the key to poverty eradication. To the statement that entrepreneurship promotes development of small and medium scale enterprises, 20 (22.2%) of respondents strongly agreed, 43 (47.8%) agreed while 12 (13.3%) were strongly disagreed and 4 (4.4%) disagreed while 11 (12.2%) of respondents were undecided.

4.5 The challenges of business Start-ups / SMEs in Nigeria

Table 5: challenges of business Start-ups / SMEs

S/N	Statement	SA	A	SD	D	UD
1	Finance is a major challenge for business Start-ups / SMEs in Nigeria	37 (41.1%)	35 (38.9%)	4 (4.4%)	1 (1.1%)	13 (14.4)
2	Inadequate infrastructure affects business Start-ups / SMEs in Nigeria	18 (20)	42 (46.7%)	6 (6.7%)	2 (2.2%)	22 (24.4)
3	Government policies and process make it difficult to start a business in Nigeria	22 (24.4%)	46 (51.1%)	7 (7.8%)	3 (3.3%)	12 (13.3%)
4	Insecurity one of the challenges faced by SMEs in Nigeria	17 (18.9)	25 (27.8)	18 (20)	6 (6.7)	24 (26.7)

Source: Field Survey 2020

Note: SA= strongly agree A=Agree, SD =strongly agree, D=Disagree, U=Undecided

From the table 5 above, 37 (41.1%) of the respondent strongly agreed on the statement on finance as a significant challenge for business Start-ups / SMEs in Nigeria, 35 (38.9%) of responses agreed, 4 (4.4%) strongly disagreed, 1(1.1%) disagreed while 13 (14.4%) of the respondents were undecided. The statement on inadequate infrastructure affects business Start-ups / SMEs in Nigeria was strongly agreed by 18 (20%) of the respondent, 42 (46.7%) agreed, 6 (6.7%) strongly disagreed, 2 (2.2%) disagreed while 22 (24.4%) of the respondents were undecided. The statement on government policies and process make it difficult to start a business in Nigeria was strongly agreed by 22 (24.4%) of the respondent, 46 (51.1%) agreed while 12 (13.3%) of the respondents were undecided, and 7(7.8%) as well as 3 (3.3%) of respondents strongly disagreed and disagreed with the statement. The table also shows that 17 (18.9%) of the respondent strongly agreed on the statement on insecurity one of the challenges faced by SMEs in Nigeria, 25 (27.8) percent agreed while 24 (26.7%) percent of the respondents were undecided, and 18 (26.7%) strongly disagreed while 24 (26.7%) disagreed.

5. CONCLUSION AND RECOMMENDATION

The conclusion from the perspective of analysis on the questionnaire administered to respondents. Significant respondents widely agreed that entrepreneurship plays a significant role in economic development. Notably, during the economic crisis as it fosters job creation, reduces unemployment, and eradicates poverty and creating value. Therefore, it is necessary for youth to be encouraged to start their businesses and entrepreneur endeavors be encouraged by the government and agencies. This study was set out to explore the role of entrepreneurship in achieving economic growth during the economic crisis and the impact of entrepreneurship on nation's development. The study discovered that in the developing economies like Nigeria, there exist a positive relationship between entrepreneurship and economic growth. Hence, it is a potential remedy for Nigeria economic crisis. Entrepreneurship is known to encourage skill acquisition, creative thinking, product development, marketing, leadership training and wealth creation which in return results in flourishing micro, small and medium enterprises (MSMEs) that generates gainful employment, creates wealth, diversify the economy and consequently grow the economy.

The study also found out that Nigeria has depended on oil for more than 90 percent of its foreign exchange income for far too long and for the country to come out of its current economic crisis there has to be an aggressive diversification of the economy. A conscious effort needs to be made to develop other sectors of the economy such as mining, agriculture, manufacturing so they can as well translate to foreign exchange income for the country. Also, from this study, it could be inferred that entrepreneurship entails identifying, utilising and maximising profitable venture opportunities in a viable manner that can advance the economic development of a community or nation. However, in the current economic situation, only entrepreneurship revolution in Nigeria can enable necessary dynamics of economic life, stop migrations towards abroad, improve the quality of life and, in general, set the new standards of social stratification based on knowledge and productivity.

Despite the massive benefits entrepreneurship can proffer to the Nigerian economy. The government policies and dominant factors in a business environment can impede the significant impact of entrepreneurship on economic growth. Hence, observation during this study connotes that government should assess and ensure proper economic policy coordination throughout each fiscal year to achieve policy stability. Secondly, reforms in institutions such as the education system's curriculum are necessary to encourage self-reliance and vocational skills. Also, there is a need to revitalize infrastructure such as the country's power sector owing to its enormous impact on primary activities that can enhance development. More importantly, there should be a drastic reduction in tax and lending interest rate for SMEs to encourage large-scale industrial investor's interest. Diversifying the economy is apparently another thing to be considered because the country's economy is monotonous. Much emphasis based on oil exploration being the primary source of revenue. The economy needs diversification in a manner that other areas such as agriculture, manufacturing, information technology and fashion thrive. Nonetheless, it is advisable that government consider reduction on import duties for essential raw materials.

Above all, this study on entrepreneurship and economic growth reflected the fact that entrepreneurship is the key to propel expected economic growth in a short-term or long-term period. Hence, further research is recommended and focus towards benefits of using SMEs as a stimulator for economic growth

REFERENCES

- Acs, Z.J, Szerb, L., 2007, Entrepreneurship, Economic Growth and Public Policy. *Small Business Economics*, 28, pp.109-122
- Acs, Z.. 2006. How Is Entrepreneurship Good for Economic Growth? Tagore LLC Innovations: Technology, Governance. *Globalization 1* (1) 97–107. <http://www.mitpressjournals.org/doi/10.1162/itgg.2006.1.1.97>
- Acs, Z.J., Audretsch, D. B., Braunerhjelm, P., & Carlsson, B. (2012). "Growth and entrepreneurship", *Small Business Economics*, Vol. 39 (2), pp. 289–300.

- Acs, Z.J., Audretsch, D., Braunerhjelm, P., Carlsson, B., 2006, Growth and Public Policy Growth and Entrepreneurship: An Empirical Assessment. Discussion Papers on Entrepreneurship, Growth and Public Policy, 3205, pp.1-29
- Acs, Z.J., Varga, A., 2005, Entrepreneurship, Agglomeration and Technological Change. Small Business Economics, 24, pp.323–334
- Ashfar M. 2017. EDITOR'S PICKS Entrepreneurship : Engine of Growth.1-7. The nation. Available: <http://nation.com.pk/09-Jun-2017/entrepreneurship-engine-of-growth> Accessed 19 September 2017
- Bowen, H.P., Clercq, D., 2008. Institutional Context and the Allocation of Entrepreneurial Effort. Journal of International Business Studies, Vol. 39, No. 4, pp.747-768
- Carree, M. & Thurik, R. 2010. The Impact of Entrepreneurship on Economic Growth. Z.J. Acs, D.B. Audretsch (eds.), International Handbook of Entrepreneurship Research, (pp. 557–594). New York, NY: Springer New York. https://doi.org/10.1007/978-1-4419-1191-9_20
- Iman M. & Nagia H. 2016. Entrepreneurship Impact on Economic Growth in Emerging Countries. The Business and Management Review Volume 7 Number 2 International Conference on Globalization, Entrepreneurship & Emerging Economies. 30-36.
- Osalar, P. 2016a. Nigerian Economic Recession and Entrepreneurial Revolution. Vanguard Newspaper, <https://www.vanguardngr.com/2016/09/nigerian-economic-recession-entrepreneurial-revolution/> Accessed on 20th July 2017.
- Osalar, P. 2016b. The impact of entrepreneurship on economic growth, Development. Vanguard Newspaper, in business. Available: <https://www.vanguardngr.com/2016/10/impact-entrepreneurship-economic-growth-development/> Accessed on 21st July 2017
- Stel, A., Carree, M., Thurik, R., 2005. The Effect of Entrepreneurial Activity on National Economic Growth, Small Business Economics, 24, pp.311–321
- Szirmai A., Naudé W., & Goedhuys M. (2011), “Entrepreneurship, innovation, and economic development: An overview”, Entrepreneurship, Innovation, and Economic Development, Edited by Adam Szirmai, Wim Naudé, and Micheline Goedhuys, pp. 3-32. Oxford: Oxford University Press.
- Ubong, B. 2013. Entrepreneurship and Nation Building in a Changing Environment. 4 (16): 115–135. doi:10.5901/mjss.2013.v4n16p115.
- Urbano, D., & Aparicio, S. (2016). “Entrepreneurship capital types and economic growth: International evidence”, Technological Forecasting and Social Change, Vol. 102, pp. 34– 44
- Vivarelli, M. (2013). “Is entrepreneurship necessarily good? Microeconomic evidence from developed and developing countries”, Industrial and Corporate Change, Vol. 22 (6), pp. 1453–1495
- Wong, P.K., Ho, Y.P., Autio, E., 2005. Entrepreneurship, Innovation and Economic Growth: Evidence From GEM Data. Small Business Economics, 24, pp.335–350\
- Yusuf, N. & Albanawi, N. 2016. The Role of Entrepreneurship in Economic Development in Saudi Arabia. Business Economic Journal (7) 1–6. Acceded on September 24th, 2017. Available: <http://dx.doi.org/10.4172/2151-6219.1000204>