

IMPACT OF BUSINESS AND ENTREPRENEURSHIP DEVELOPMENT IN ENHANCING ECONOMY GROWTH OF ANAMBRA STATE.

AUTHOR(S): ¹CHUKWUDUBEM CHARLES ILOKA; ²UZUAKPUNWA, V.E.
¹fitzdubus@gmail.com (08032723598) and ²Edozienvictor2001@gmail.com; 08062090672

^{1,2}DEPARTMENT OF MARKETING SCHOOL OF BUSINESS STUDIES, FEDERAL
POLYTECHNIC, OKO

ABSTRACT

The aim of this study was to critically assess the Impact of Business and Entrepreneurship Development in enhancing economy of Anambra State. The literature reviewed brought into limelight the effect of business and entrepreneurship development on the Nigeria Economy. The major purpose of this study was to examine the impact of business and entrepreneurial development in revamping Nigerian Economy. The specific objectives are: to examine the extent of business and entrepreneurial development in Nigeria job creation and innovation, to examine whether business and entrepreneurial development promotes the economic growth rate of Nigerian economy through self reliance and to examine the impact of business and entrepreneurial development on the economic growth of the country using Anambra State as the area of the study. The study used survey research design of which structured questionnaires were administered to the sample drawn from the population of the study. The data collected were analyzed with chi-square (X^2). The study discovered that business and entrepreneurial activities create job opportunities which subsequently enhance the economic growth and development of the people of Anambra State and therefore recommended that the government should revamp the initiated programmes (Micro finance bank, Bank of industry (BOI) etc.) by appointing men of good will that have passion for entrepreneurship to head some of the establishments in an attempt to enhance their activities taking cognizance of the vital role it plays on the economic development of the State.

Keywords: Business, Entrepreneurship Development, Economic Growth, Entrepreneurs, Programmes.

Introduction

In recent times entrepreneurs have been referred to as necessary necessity to mobilize capital, exploit natural resources and make markets to carry out or hold unto trade (Zubin *et al.*, 2014). Entrepreneurs are agents who perform a significant role in the economic process of a country and are linked to the general industrial

development of a nation. Business and Entrepreneurship are crucial for the economy as entrepreneurship is an engine of economic progress, job creation as well as social adjustment (Duniya, 2010). The growing need to hasten economic development by generating new ideas and to translate into profitable ventures makes entrepreneurship an attention for the

scholars as well as the policy makers. Entrepreneurship, with all attendant ingredients, is one of the best means of triggering socio-economic development in developing nations like Nigeria, thus catalysing the process of entrepreneurship in developing countries will accelerate the process of economic growth and social development (Thomas & Mueller, 2001). The importance of entrepreneurship development through new business formation for economic growth has been recognized since 1934 by economist named Schumpeter. Entrepreneurship is powerfully linked to small and medium scale enterprises (SMEs), which are the most developing force of the developed market economies that provides the spring board for industrial development and economic growth. Ogundele, *et al.*, (2008) argue that entrepreneurial activities are very fundamental to any meaningful development of an economy. The great need for entrepreneurial development in Nigeria today, more than ever, is necessitated by the rate of unemployment and its effect on both the people and the nation and the need for small and medium enterprises. In spite of the fact that entrepreneurial development has been regarded as the bulwark for employment generation and technological development in Nigeria, the sector nevertheless has had

its own fair share of neglect with concomitant unpleasant impacts on the economy (Okpara, 2011). The vital contribution to SME in economic development is a reality unanimously recognized. Showing their economically and socially beneficial effects led to the

consideration of the SME sector as a field of strategic interest for the economy (Neagu, 2016). Besides, economic development or under-development is the reflection of the abundance or scarcity of entrepreneurship in any society.

Statement of the Problem

Business and entrepreneurial development heretofore has been proven to be a catalyst of a sustainable economic growth of a nation (Ebiringa, 2012). To this effect, the federal government had on several occasions initiated various programmes in a bid to empower and encourage entrepreneurial activities, taking cognizance of the pivotal role it plays in economic development necessary for enhancing the standard of living of the people. Yet, the aim for creating the aforementioned programmes was defeated by the inability of those

initiated programmes in providing the necessary financial assistance to entrepreneurs. Entrepreneurs/business owners are experiencing difficulties in borrowing money from banks because of their stringent policy on lending. The borrowing conditions of the banks had discouraged many entrepreneurs from borrowing of which some who may have conceived creative idea that would have enhanced the economic growth could not put it into use due to dearth of finance.

Purpose of the Study

The major purpose of this study was to examine the impact of business and entrepreneurial development in enhancing the Nigerian Economy using Anambra State as a case study. Other specific objectives of the study were:

1. To examine the extent of business and entrepreneurial development in job creation and innovation
2. To examine whether business and entrepreneurial development promote the economic growth rate of Nigerian economy.

3. To examine the impact of business and entrepreneurial development on the economic growth of the country using Anambra State as a case study.

Research Questions

1. To what extent has the business and entrepreneurial development help in job creation and innovation?
2. Has business and entrepreneurial development promoted the economic growth rate of Nigerian economy?
3. What is the impact of business and entrepreneurial development on the improvement economic growth of the country?

Research Hypotheses

Hypothesis 1

H₀: Business and entrepreneurial activities does not promote the economic growth rate of Anambra State.

Hypothesis 2

H₀: There is no impact of business and entrepreneurial development in improving the economic growth of the Anambra State.

Conceptual Framework

Concept of Entrepreneurship

Entrepreneurship is an age long concept that is both simple and complex at the same time. Conceptualization, definitions and understanding of the phenomenon, have attracted scholars and practitioners for a very long time. While authors struggle to try and capture it, as writers seem to get closer to a satisfactory resolution, the concept continues to evolve (Solomon *et al*, 2002).

Filion (2011) opined the definition of entrepreneurship should have six main components: innovation, opportunity recognition, risk management, action, use of resources and added value.

Roles of Entrepreneurship to Economic Development

The following are the roles of entrepreneurship in economic development of any country:

- **Bridging the gap between Science and Market Place:** Scientist is individuals that invent electricity, computer, transistor radio, television, camera, calculator etc. These scientists are

inventors whose inventions had commercial value until entrepreneurs came in to knit social need and technology (Udu *et al*, 2008, Ogbonnia & Brooke, 2022). It is therefore the entrepreneurs through entrepreneurship who successfully found a way of introducing an invention into the realm of human needs.

- **Employment Generation/Reduction of Unemployment:** Unemployment is one of the macro-economic problems which every responsible government is expected to monitor and regulate. The process of entrepreneurship activity reducing unemployment situation in the economy is termed “Schumpeter effect” (Duniya, 2010). A low rate of entrepreneurship culture and skills in any society may be a consequence of the low economic growth, which also reflects higher levels of unemployment. In the same vein, Udu *et al*. (2008) observed that entrepreneurs are greatest employer of labour. Employment generation therefore will reduce the level frustration and consequently crime rate.

- **Wealth Creation and Poverty Reduction:**

Duniya (2010) argued that entrepreneurship enables individuals to use their potentials and energies to create wealth through the creation of goods and services. Poverty is a condition of living that is characterized by lack of the basic necessities of life. Bougeoise (2012) observed that one of the major causes of poverty is unemployment and since entrepreneurship is preoccupied with employment

generation, then by extension, the generation of employment will therefore reduce the level of poverty. Wealth if created will definitely reduce the incidence of poverty by empowering the citizens and increasing their access to basic necessities of life (food, clothing, shelter, security and education).

Economic Growth

Economic growth is the growth in the inflation-adjusted market value of the goods and services produced by an economy for a time frame. It is usually measured as the percent rate of increase

in real gross domestic product (GDP), generally in per capita terms (IMF, 2011). Economic growth is seen as the increase and advancement in the production of the economy than it did in the preceding period (Mladen, 2015). To be precise, the evaluation must eliminate the effects of inflation. If an economy is producing more, then businesses are more lucrative and stock prices will rise. This enables companies/industries to have the capital to invest and hire more employees (creation of more jobs).

According to Mladen (2015) economic growth is a vital policy goal of every government.

Theoretical Framework

The work was anchored on Resource Based theory propounded by Penrose (1959) in her work, “The theory of the Growth of the firm”. The resource based view of firm is based on two assumptions: Resource diversity and Resource immobility.

Resource diversity: This pertains to whether a firm owns a resource or capability that is also owned by numerous other competing firms, if not, then that resource cannot provide a competitive advantage (Penrose, 1959)

Resource immobility: This refers to a resource that is difficult to obtain by competitors, because the cost of developing, acquiring or using that resource is too hard. The aforementioned assumptions are used to determine whether an entrepreneur is able to create a sustainable competitive advantage by providing a framework for determining whether a process or technology provides a real advantage over the market place. The resource based view hold that small scale enterprise is facilitated when there are capabilities and resources which the entrepreneur either possesses or can acquire and deploy in sustainable manner. Penrose (1959) argued that it is only with appropriate resources and capabilities that can be

deployed in a sustainable manner over a long term that entrepreneurs achieve sustainable competitive advantage and success. In the light of the foregoing, small scale businesses that wish to survive in a changing business environment must possess an exceptional skill that would guarantee good understanding of the economic environment in attempt to achieve a sustained competitive advantage.

Keynesian Theory

One of the common theories of economic growth and development is Keynesian theory propounded in the year 1936. The theory focuses on the sustainable economic development and the role of economic policy in the achievement of macroeconomic objectives. The Keynesian postulations emphasize that demand management policies can and should be used to improve

macroeconomic performance and sustainability. That is, macroeconomic policies should involves setting

monetary and fiscal variables in each time period at the values which are thought necessary to achieve the government's objectives (Abata, *et al.*, 2012). Although Keynesian theory is of the view that the private sector is inherently unstable, it is subject to frequent and quantitatively important disturbances in the components of aggregate demand.

Empirical Review

Stella and Okafor (2021) empirically examined the relationship between informal entrepreneurship, employment and inclusive growth in Southeastern Nigeria based on the neo-Schumpeterian framework. 500 respondents were randomly selected across the states in the southeastern region using a structured questionnaire. The Ordinary Least Square (OLS) technique was employed in analyzing the data. Informal sector entrepreneurship was measured by the number of business ownership, while employment was captured by informal wage and self-employment. An index of inclusive growth was constructed using income growth and equity in income distribution. Per capita household income growth was used as income growth and the

differences in average income were used to capture equity in income distribution among the population of the study. The results of the study showed that informal sector entrepreneurship increases informal employment and directly impacted on inclusive growth. The study recommended formalization of the informal sector; however, the formalization process should not be directed towards controlling and regulating. Instead, it should be enabling and supporting informal enterprises.

Abiola (2014) carried out a study on Small and Medium Scale Enterprises in Nigeria; the problems and prospects. The objective of the study was to examine the role of Small and Medium Scale Enterprises in Nigeria in relation to those challenges which affect SMEs from

developing capacity to realizing its full potentials as well as the prospect for improvement and development for employment generation, economic growth and national development. The study employed a descriptive research such that structured

questionnaire was administered to the sample drawn from the population of the study. The data collected were analyzed with Chi-square (X^2). It was revealed that small and medium scale enterprises plays a pivotal role in the socio-economic well being of the citizenry if properly and carefully managed. From the findings, the study therefore concludes that invigorating Small Medium Scale Enterprises (SMEs) with strengthened commitment to economic reform would offer a turning point in facilitating the recovery of Nigeria economy and national development.

Ayozie (2013) conducted a study on the implications of Small and Medium Scale Enterprises (SMEs) on socio-economic development in Nigeria. The objective was to determine the effect of Small and Medium Scale Enterprises (SMEs) on Nigerian economy. The study employed a survey research design of which structured questionnaire was administered to the sample drawn from the population of the study. The data collected were analyzed with chi-square (X^2) and it was found that Small and Medium Scale Enterprise (SMEs)

assist in promoting the growth of the country's economy, hence all the levels of government at different times has policies which promote the growth and sustenance of SMEs, and therefore concludes that Small scale industry orientation is part of the Nigerian history. Evidence abound in the communities of what successes our great grandparents, made of their respective trading concerns, yam barns, cottage industries, and the likes.

Kriss (2012) conducted a study on the Impact of Small and Medium scale enterprises on the Economy. The study was aimed at determining the impact of small and medium scale enterprises on the economy. The study employed a survey research design of which questionnaire was administered to the sample drawn from the population of the study. The data collected were analyzed with Chi-square (X^2). It was found that the contributions of small

scale enterprises to the economy cannot be over-emphasized because it provides job employment for the people and enhance their standard of living. Therefore concludes that the Government at all levels should provide succor to the small scale enterprises by way of advancing loan, sensitization programmes to encourage entrepreneurs.

Methodology

The study employed a survey research design. Structured questionnaire designed in 5-likert scale were administered on the sample of three hundred and thirty (330) entrepreneurs, three hundred and twenty (320) questionnaires were returned and ten questionnaires (10) were not returned drawn from the population of one thousand, nine hundred (1900) obtained randomly from different entrepreneurs in Anambra State. The researcher used Taro Yamane’s (1967) formula to determine the sample size from the population.

Taro Yamane’s formula is given as:

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size

N = population

e = level of significance

1 Constant

The researcher used 5% ‘level of significance to determine the sample size.

$$n = \frac{N}{1 + N(0.05)^2}$$

$$n = \frac{1900}{1 + 1900(0.05)^2}$$

$$n = \frac{1900}{1 + 1900(0.0025)}$$

$$n = \frac{1900}{1 + 4.75} = 330$$

Data collected were analyzed with Chi-Square (X²)

$$X^2 = \frac{\sum (O-E)^2}{E}$$

Where X²= Chi-square

O_i= observed value

E_i = expected value

From table 1 below, the X² cal. > X² critical table (41.5739>5.996), therefore the null hypothesis was rejected that business and entrepreneurial activities does not promotes the economic growth rate of Anambra State and accept its alternate that business and entrepreneurial activities has a significant promotion of economic growth of Anambra State . This was shown from the result of X²= 41.5739

which shows a strong and perfect fit on the studied variables under investigation.

Results: Table 1: Table depicting test of hypothesis 1

Questions	O	E	O-E	(O-E) ²	O-E ²
1. Agree Disagree	290	273	17	289	1.0586
	30	47	-17	289	6.1489
2. Agree Disagree	240	273	-33	1.089	3.9890
	80	47	33	1.089	23.1702
3. Agree Disagree	290	273	17	289	1.0586
	30	47	-17	289	6.1489
Total	960	960	0	5.700	41.5739

$$X^2 = \frac{\sum (O-E)^2}{E} = 41.5739$$

Table 2 below, shows the X^2 cal. > X^2 critical table (46.7412 > 5.996), therefore the null hypothesis was rejected that entrepreneurial activities does not have a significant impact on the economic development of Anambra State, and accept its alternate that entrepreneurial activities has a significant impact on the economic growth of Anambra State. This was shown from the result of $X^2=46.7412$ which shows a strong and perfect fit on the studied variables under investigation.

Table 2: Table depicting test of Hypothesis 2

Questions	O	E	O-E	(O-E) ²	O-E ²
1. Agree Disagree	290	267	23	529	1.9812
	30	53	-23	529	9.9811
2. Agree Disagree	230	267	-37	1.369	5.1274
	90	53	37	1.369	25.8301

3. Agree	280	267	13	169	0.6329
Disagree	40	53	-13	169	3.1886
Total	960	960	0	4.134	46.7412

$$X^2 = \sum \frac{(O-E)^2}{E} = 46.7412$$

E

Conclusion and Recommendations

The conclusion was based on the perspective of analysis on the questionnaire administered to respondents. Significant respondents widely agreed that business and entrepreneurship plays a significant role in enhancing economy development. Notably, 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 endeavours be encouraged by the government and agencies.

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.

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.

In conclusion, the impact of business and entrepreneurial activities on economy development cannot be over-emphasized because it enhances the socio-economic well-being of the people, it aids in job creation thereby helping in enhancing the economy growth in Anambra State. This is predicative of the fact that, as more and more people are involved in business and entrepreneurial activities, there will be room for job creation, innovation, self reliance and less attention would be given to illicit activities in the State. It was found that entrepreneurial activities create job opportunities which subsequently enhance the standard of living of the people of Anambra State.

Recommendations

The study therefore made the following recommendations:

- a. The government should revamped the initiated programmes by appointing men of good will that have passion for entrepreneurship to head

some of the establishments in an attempt to enhance their activities taking cognizance of the vital role it plays on the economic development of the State.

- b. The Federal Government should create more entrepreneurial and skill acquisitions centers which can be a medium for creation of ideas that can revamp the economy.
- c. More importantly, there should be a drastic reduction in tax and lending interest rate for SMEs to encourage large-scale industrial investor's interest.
- d. Diversifying the economy is apparently another thing to be considered because the country's economy is monotonous. 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 for SMEs.
- e. Above all, This study on the impact of business and entrepreneurship in enhancing 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

- Abata, M. A., Kehinde, J. S. & Bolarinwa, S. A. (2012) Fiscal/Monetary Policy and Economic Growth in Nigeria: A Theoretical Exploration, *International Journal of Academic Research in Economics and Management Sciences*, 1(5): 35-45
- Abiola, R. (2014), Small and Medium Scale Enterprises in Nigeria: The problems and Prospects . *Journal of Management Science*, 4(3):242-253.
- Ayozie, H. (2013) Implications of Small and Medium Scale Enterprises (SMEs) on Socio-Economic Development in Nigeria. *Journal of Business Studies*, 3(2):207-214.
- Baumol, W.J. (2012), Entrepreneurship: Productive, unproductive and Destructive. *Journal of Business Venturing*, 11(4): 3-22.
- Bougeoise, L. J. (2012) Strategy and Environment,. A Conceptual Integration. *Academy of Management Journal*, 9 (2): 401-425.
- Duniya, A. S. (2010). *Challenges of Entrepreneurship Development in Agriculture for Job Creation in Nigerian*. Proceedings of the 24th Annual National Conference of Farm Management Association of Nigeria held at Adamawa State University, Mubi between 11th – 14th October, 2010. 1 – 4.
- Ebiringa, T. (2012). Perspectives: Entrepreneurship development and growth of enterprises in Nigeria. *Entrepreneur Practice Review*, 2(2): 31-35.
- Filion, L. (2011). *Defining the Entrepreneur*. *World Encyclopaedia of Entrepreneurship*, 41–52.
- International Monetary Fund (2011) *World Economic Outlook*, Washington
- Kriss, E. (2012) Impact of Small and Medium Scale Enterprises on the Economy, *Ebsu Journal of Business Education*, 2(2):50-75

- Mladen M. I. (2015). Economic Growth and Development. *Journal of Process Management New Technologies, International*, 3(1):102-131
- Neagu, C, (2016), The importance and role of small and medium-size businesses, *Theoretical and Applied Economics*, 23(3): 331-338
- Ogbonnia, O. O., & Brooke, C. (2022). Centralized Online Transcript Verification System for Nigeria Tertiary Institutions. A propositional Model. *ijaem. net* OO Ogbonnia, EC Brookeijaem. net, 4, 264.
- Ogundele, O. J. K., & Abiola, J. O. (2006). Entrepreneurship and National Development: A Proposal for Evangelistic Agenda. *European Scientific Journal*, 8(6):40- 70
- Ogundele, O. J., Olajide, B. D., & Ashamu A. R. (2008). *Introduction to Entrepreneurship Development, Corporate Government and Small Business Management*. Lagos: Molofin Nominees.
- Okpara, J. O. (2011). Factors Constraining the Growth and Survival of SMEs in Nigeria: Implications for Poverty Alleviation. *Management Research Review*, 34: 156-171.
- Penrose, E. T. (1959). *The Theory of the Growth of the Firm*. New York: John Wiley.
- Solomon, G. T., Duffy, S., & Tarabishy, A. (2002). The state of entrepreneurship education in United States: A nationwide survey and analysis. *International Journal of Entrepreneurship Education*, 1(1): 65-86.
- Stella I. M. & Okafor J. C. (2021) Informal Sector Entrepreneurship, Employment and Inclusive Growth In Southeastern Nigeria. *International Journal of Business Management and Economic Review*. 4 (5): 101-145
- Thomas, A. S., & Mueller S. (2001) Culture and Entrepreneurial Potential: A Nine Country Study of Locus of Control and Innovativeness, *Journal of Business Venturing*, 16(1):51-75.
- Ubong, B. (2013) Entrepreneurship and Nation Building in a Changing Environment. 4 (16): 115–135.
- Udu, A. A., Udu. G. O. C & Eze, F. C (2008) *Entrepreneurship*. Enugu: Rhyce K
- Zubin S., Rosalind J., & Richard Edwards (2014) Indigenous and non-indigenous entrepreneurs: the significance of business and social contexts. *Journal for Global Business Advancement*. 7(4): 325-354