

**ENTREPRENEURSHIP AND ECONOMIC GROWTH OF NIGERIA**

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**Abstract**

*Entrepreneurship has been perceived as a veritable tool in the economic growth and development of a nation and has become one of the policy thrusts of national government within the past ten years. In spite of the role entrepreneurship is supposed to play in an economy, Nigeria's economy is still witnessing unstable economic growth, ravaging and ever-increasing unemployment rate, low and fluctuating per capita income, low rate of business births and high rate of business deaths. The objectives of the study were to determine the effect of entrepreneurship on the economic growth and to ascertain the direction of causality between entrepreneurship and economic growth of Nigeria for the period 1994-2020. The data employed were secondary data sourced from the World Bank, Index Mundi, and Macrotrends for the period 1994 to 2020. This study used multiple regression models estimated with the aid of EViews application software for windows version 8. Pairwise granger causality test was also employed. The main findings were that entrepreneurship proxied by self-employed (SEMP) has positive and significant effect on the economic growth of Nigeria and does not granger cause the economic growth. The recommendations were that the various tiers of government should consistently provide appropriate policies, enabling entrepreneurial environment and adequate financial support in order to promote entrepreneurial development, boost productivity and economic growth in Nigeria.*

**Key words: entrepreneurship, economic growth, self-employed, granger causality.**

**INTRODUCTION**

Entrepreneurship has been perceived as a veritable tool in the economic growth and development of a nation. It has become one of the policy thrusts of national governments within the past ten years. It is viewed as a dynamic process for developing incremental income and customizing things of value. Entrepreneurship offers a variety of great products and services to the society as well as facilitates the growth of welfare. Entrepreneurship refers to the purposeful activity of an individual or a group of associated individuals undertaken to initiate and maintain profit by production or distribution of economic goods and services (Cole, 1959).

Entrepreneurship serves as a catalyst to economic development. The role of entrepreneurship in the economic development of a nation can be described as a cause and effect. Entrepreneurship's role in an

economy includes: creating new jobs, community development, improving the standard of living, improving per capita income, development of regions, economic independence, promotion of growth of domestic and foreign trade, export promotion, employment generation, capital formation, facilitating capital market development, expanding exiting firms and infrastructural growth (Googlesir.com, 2020).

Ideally, entrepreneurship should promote economic growth and development, create new jobs, f improve per capita income and standard of living, promote growth of domestic and foreign markets, promote export, generate employment, facilitate capital markets development in an economy such as Nigeria. In spite of the role entrepreneurship is supposed to play in an economy, our economy is still witnessing unstable economic growth, ravaging and ever- increasing unemployment rate, low and fluctuating per capita income, low rate of business births and high rate of business deaths. Even the paltry economic growth rates recorded in the economy were more or less jobless growths as unemployment problem and under development are still persisting. Nigeria's economic growth measured by GDP per capita for 1995 was 408 USD, 2,243 USD in 2008, 1,891 USD in 2009, 3,099 USD in 2014, 1,969 USD in 2017, and 2,083 USD in 2020 (Macrotrends, 2020). In the light of this unhealthy economic growth trends, this study therefore seeks to ascertain the effect of entrepreneurship on economic growth of Nigeria with a view to recommending the way forward.

The primary objective of this study was to assess the effect of entrepreneurship on the economic growth of Nigeria for the period 1994-2020. In order to achieve the primary objective, the specific objectives were: i. to determine the extent to which entrepreneurship proxied by self-employed) affect economic growth in Nigeria (GDP per capita is used as proxy for economic growth.) ii. to ascertain the direction of causality between entrepreneurship and economic growth of Nigeria (GDP per capita is used as a measure of economic growth.)

The hypotheses stated in null form were: i. Entrepreneurship does not have any significant effect on economic growth of Nigeria; ii. There is no causality link between entrepreneurship and economic growth of Nigeria. The results of this study would be of great significance to the following groups: i. Government / Policymakers as it would enable the government to formulate good policies on entrepreneurship that will promote the economic growth as well as reduce unemployment in Nigeria; ii. Unemployed Persons since the result of the study will help the unemployed youth and adults to acquire entrepreneurial skills which will enable them procure jobs in other to be self-reliant as well as contribute meaningfully to the economic growth of Nigeria; iii. Prospective researchers as the result of this study would help provide literature and theoretical framework on which future researches on entrepreneurship and economic growth can be based.

The limitations of this study were : i. Imprecise measurement of variables as getting the variables that will serve as precise measures of entrepreneurship and economic growth are limiting factors in this study; ii. Dearth of relevant up-to- date data as scanty past empirical and quantitative research studies constitutes a serious limitation in this study. Past quantitative studies are rarely found in this area of research; iii. Issue of data accuracy since the data employed in this study are obtained from secondary sources, the accuracy of the data depends on the reputation of the various sources of obtaining them and cannot be influenced or guaranteed by the researcher.

## **REVIEW OF RELATED LITERARURE**

### **Concept of Entrepreneurship**

Entrepreneurship is perceived as a necessary ingredient for stimulating economic growth and employment opportunities in societies (Ezedum, Agbo & Odigbo, 2011). It is a multidisciplinary subject. It is a process by which individuals become aware of business ownership as an option of viable alternative, develop ideas for business, learn the process of becoming an entrepreneur, and undertake the initiation and development of a business. According to Koontz and Fulmer (1978), entrepreneurship is the ability of a person to see a business opportunity, to get together the capital needed to take advantage of the opportunity, and to start a business, taking the risk of failure in the hope of reaping the rewards of success.

According to Sumit (2019); Dhaliwal (2016); and Papanek (1962), entrepreneurship plays the following role in an economy: new job creation, community development, generating a great sort of wealth, boosting

standard of living, promotes research and development, makes people to be self-reliant, facilitates the expansion of existing companies, promotes capital formation, helps improve the per capita income, aids the development of regions, aids creation and sharing of wealth facilitates, infrastructure growth, capital market growth, aids economic integration, promotes exports, helps to attract foreign capital, facilitates development in production techniques, enhances the human development index of an economy, acts as an ambassador to social changes by promoting new and creative technologies. The role also includes organizing enterprise to undertake a new production process as well as discovering new sources of natural resources.

The benefits of entrepreneurship include: independence, autonomy, competitive advantage, increased market share, employment and increased standards of living, enhanced remuneration, profits, cash flows, return on investment and increases in GDP (Luke, Verreyne & Kearins, 2007). The challenges to entrepreneurship in Nigeria are the following among others: lack of capital, difficulties in obtaining loans, poor state of infrastructure, unstable Nigerian economy and politics, inconsistent government policies, poor business knowledge and market strategy, multiple tax imposition, inadequate financial system, poor information dissemination, lack of access to the right technology and lack of support from relevant government agencies (Odimayo, 2018; Bankole, 2007 as cited in Ofili, 2014).

The proxy for entrepreneurship in this study is self-employed. Self-employed refers to those workers who are working on their own account or with one of a few partners or in cooperative hold the type of jobs defined as a self-employment jobs (International Labour Organization, 2021).

#### **Indicators for Measuring Entrepreneurial performance**

The indicators for entrepreneurial performance according to Ahmad and Hoffman (2007) are as presented below:

**Firms:** Employer firm birth rates; employer firm death rates; business churn, net business population growth; survival rate, 3 and 5 years; proportion, 3 and 5 years' survival.

**Employment:** High growth firm rate employment; gazelle rate by employment, ownership rate start-ups; ownership rate business population, employment 3 and 5 year - old firms; average firm size after 3 and 5 years.

**Wealth:** High growth rate by turnover, gazelle rate by turnover, value added by young firms, production contribution young firms, innovation, performance, young or small firms, export performance small firms.

#### **Concept of Economic Growth.**

Economic growth is the process of increasing the sizes of national economies, the macro-economic indicators, especially the GDP per capita, in an ascendant but not necessarily linear direction, with positive effects on the economic- social sector (Haller, 2012). Haller (2012) further stated that economic development shows how growth impacts on the society by increasing the standard of living. Dwivedi (2008) defines economic growth as percentage increase in GDP or GNP on year - to -year basis. It means a sustained increase in per capita national output or net national product over a long period of time. It implies that the rate of increase in total output must be greater than the rate of population growth. Economic growth can be positive, zero or negative. Economic growth is a consistent or permanent objective of economic policy and in the medium and long-run, it is reflected in the process of development.

#### **Theoretical Framework**

This study is anchored on economic and innovation theories of entrepreneurship as discussed in Aparna (n.d.), (<https://www.economicdiscussion.net/entrepreneurship/theories-of-entrepreneurship/31823>.)

##### **i. Economic Theory of Entrepreneurship**

According to this theory, an entrepreneur executes all activities due to economic incentives. The supporters of this theory claimed that profit motive is the prime driving force that changes an individual into an entrepreneur. As such an entrepreneur emerges due to incentives and economic profit. As stated by Harris (1970) and Papanek (1962), "the inner drive of a man is associated with economic gains, which drive him into economic activities. Therefore, they regard economic gains as a pre-condition for the supply of entrepreneurs." Thus, the desire of increasing actual income and economic gains exist in any type of society.

This tendency creates the spirit of economic development. They believe that the economic incentive is the basic condition of entrepreneurship.

**ii. Innovation Theory of Entrepreneurship**

According to Schumpeter (1949) as cited in Aparna (n. d.), an entrepreneur is basically an innovator and an innovator is one who introduces new combinations. In practice, new combination theory covers five cases which are given as: i. the introduction of a new good which consumers are not yet familiar with or a new quality of a good. ii. the introduction of a new method of production, that one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially; iii. the opening of a new market i.e. a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before; iv. the conquest of a new source of supply of raw materials or half manufactured goods, irrespective of whether this source already exists or whether it has first to be created; v. the carrying out of the new organization of any industry like the creation of a monopoly position (for example, through trustification) or the breaking up of a monopoly position. Thus, sustainable development of entrepreneurship in Nigeria with regards to SMEs development will facilitate the economic growth of the nation..

**Empirical Review**

Salami and Akinbode (2014) carried out a study on the impact of entrepreneurship on economic development in Nigeria using field survey proportion test on the hypothesis. The result showed that: i. entrepreneurship is the bedrock of any economy, and ii. It facilitated the achievement of equitable and sustainable industrial diversification and job creation.

Abdul-Kemi (2014) conducted a study on entrepreneurship and economic growth in Nigeria using secondary data for the period of 22 years (1992-2013). The result showed that microfinance banks' financing in the area of transportation and commerce; manufacturing and fund processing and other activities have significantly impacted on economic growth and development of Nigeria during the period. They also found that aggregate commercial bank financing of SMEs has significant positive impact on the economic growth and development of Nigeria.

Stoica, Roman and Rusu (2020) carried out a study on the nexus between entrepreneurship and economic growth: a comparative analysis of groups of countries using a sample of 22 European Union members combined according to the availability of data for the variables considered in the analysis. Panel data which covered the period 2002-2018 were employed in the study. The results suggest that all the three types of entrepreneurship (early-stage entrepreneurship, opportunity-driven entrepreneurship, and necessity-driven entrepreneurship) have a greater impact on economic growth for the entire sample of European countries. The estimation also shows the opportunity-driven entrepreneurship would have a greater impact in transition countries, while necessity-driven entrepreneurship would have a stronger influence in the innovation-driven countries.

Ogbo and Nwachukwu (2012) conducted a study on the role of entrepreneurship in economic development: the Nigeria perspective using the Statistical Package for Social Sciences (SPSS) which generated the frequency distribution, means, standard deviation, chi-square statistics, and analysis of variance. The result showed the growth of development and industrialization of many economies the world over.

Anah and Asogwa, (2017) investigated the impact of entrepreneurship development on economic growth of Enugu state: a study of registered entrepreneurs in Enugu state, Nigeria. The data collected were analyzed with chi-square ( $\chi^2$ ). The result showed that entrepreneurial activities create job opportunities which subsequently enhance the standard of living of the people of Enugu; and therefore concluded that the role of entrepreneurial activities on economic development cannot be over-emphasized because it enhances the socio-economic well-being of the people.

In Nigeria, Adesoji (2015) carried out a study on entrepreneurship as a driver of economic growth: evidence from enterprise development in Nigeria. The study also assessed the one where the country has developed enterprises and innovations. The result revealed that credit to SMEs is statistically significant in the determination of economic growth. It implies that increase in entrepreneurial finances has significant effect on economic growth in Nigeria.

Njogo (2012) examined the impact of small and medium scale enterprises in the generation of employment in Lagos State. Secondary and primary data were employed in the two statistical methods used to analyze the data. The tools were simple percentage and chi-square ( $\chi^2$ ). The result showed that small and medium scale enterprises and sustainable development of the economy are related just as promotion of SMEs and improvement in employment generation are related.

Tuk, Etuk and Baghebo (2014) conducted a study on small and medium scale enterprises (SMEs) and Nigeria economic development. The study found that small and medium scale enterprises (SMEs), if fully developed had been identified as being beneficial in alleviation of poverty through wealth and job creation. The study used descriptive analysis. The study showed that the corporate world could also gain from specialized goods and services of SMEs and the healthy market competitiveness. This would eventually engender a strong private driven economic sector with entrepreneurs springing up.

Adijat and Bibiana (2017) carried out a study on impact of small and medium enterprises in the generation of employment in Lagos state. The instrument used to gather information for this study includes questionnaire and interview. Two different statistical methods were employed to analyze the data for the study. The tools were simple percentage and chi-square ( $\chi^2$ ). The result showed that small and medium scale enterprises with sustainable development in the Nigeria economy are related just as promotion of SMEs and improvement in employment generation are related.

Afolabi (2015) investigated the effect of entrepreneurship on economic growth and development in Nigeria. The methodology adopted was narrative-textual case study (NTCS). Simple percentage, graph and chart were used in analyzing and interpreting results. Secondary data were employed in the study. It was found that Nigeria's economy has continued to grow over the last decades with the GDP growth rate hovering around 7%. It was also found that entrepreneurship can enhance economic growth and development primarily by generating employment, and fostering the growth of micro, small and medium enterprises in Nigeria.

Syed, Ahmadani and Shaikh (2012) examined the role of SMEs for the economic development of Pakistan using primary data collected from field survey of 50 small and medium sized textile units. The data were analyzed by descriptive statistics, paired sample t-test, and Pearson's product moment correlation. The results revealed that SMEs are playing a positive and significant role for the economic progress of Pakistan. Adelekan, Arogundade and Dansu (2016) investigated entrepreneurship and economic growth in Nigeria: evidence from small and medium scale enterprises financing using secondary data and adopting Asymmetric Autoregressive Distributed Lag in data analysis carried out with the aid of EViews9.5. The results revealed an insignificant direct relationship between positive and negative component of finance for SMEs and real gross domestic products.

## **RESEARCH METHODOLOGY**

Ex-post factor research design was adopted in this study. Secondary data used in this study were obtained from: the World Bank (2021), Index Mundi (2019), and Macro trends (2021). The study covered a period of 27 years from 1994 to 2020. The variables used in this study were drawn based on the objectives, research questions and the hypotheses to be tested. The population of this study was all self-employed persons in Nigeria which was used as a proxy for entrepreneurship in Nigeria. The sample size is all self-employed persons in Nigeria and it is the same as the population of the study. The choice of sample size was based on data availability.

**Description of Variables**

**Dependent Variable for the Model**

Dependent variable for the model used in this study is gross domestic product per capita (GDPC).

**Independent Variables for the Model**

The main independent variable employed in this study is self-employed total (total of employment) while the control variables are bank maximum lending rate (MBLR), and exchange rate (ERN).

Dependent Variable	Symbol	Description	Apriori expectation
Economic Growth proxy by Gross Domestic Product per capita.	GDPC	GDPC per capita is the sum of market value of goods and services produced within the national boundary, averaged across every one who lives within this territory.	
<b>Independent variables;</b> <b>Main Independent Variable:</b> Self-employed total(% Total employment)	SEMP	Self-employed are those workers who work on their own account or with one or two partners or in co-operatives.	+
<b>Control Variables</b>			
Bank Maximum Lending Rate	MBLR	This is the bank rate that usually meets the short and medium term financing needs of the private sector.	-
Exchange rate	ERN	Exchange rate is the price of one currency expressed in terms of another i.e. the number of units that may be exchanged for one unit of another currency. This is related to UD Dollar.	+

Source: Author’s compilation

**Model Specification**

A model is specified if it is in a form that can enable the unique estimate of the parameters to be subsequently estimated from a sample data. This study uses multiple regression models. The model used by Abdul-Kemi (2014) is adapted in this research work with modification. The modification is in the variables employed in the model.

The functional form of the model is:  $GDPC = f(SEMP, ERN, BLR)$ .

The operational form of the model is as follows;

$$GDPC = b_0 + b_1 SEMP + b_2 ERN + b_3 MBLR + e_i$$

Where  $b_0$  = intercept;  $b_1, b_2, b_3$  = coefficients of the explanatory variables;  $e_i$  = error term which represents omitted variables in the specified model.

GDPC = Gross domestic product per capita

SEMP = self- employed total

ERN = Exchange rate

MBLR= Bank maximum lending rate

The above multiple regression model (MR) will be used to estimate the extent of the effect of Entrepreneurship proxy by Self-employed total and control variables of ERN and MBLR on GDP per capita for the period 1994-2020.

## RESULTS AND DISCUSSION

### Analyses of Results

#### Descriptive Statistics

**Table 4.2:** Descriptive Statistics of the Variables Employed on the Effect of Entrepreneurship on Economic Growth of Nigeria for the Period 1994-2020

Variable	GDPG	SEMP	ERN	MBLR
Mean	15.55852	85.20481	18.15852	1.463341
Median	18.83000	85.30000	17.59000	1.312700
Maximum	30.99000	89.68000	24.77000	3.588000
Minimum	3.210000	79.87000	11.35000	0.218800
Std. Dev.	9.122603	3.469982	2.718234	0.924925
Skewness	0.025887	-0.006078	0.225268	0.654185
Kurtosis	1.559389	1.405993	3.865656	2.920063
Jarque-Bera	2.337796	2.858632	1.071384	1.933001
Probability	0.310709	0.239473	0.585264	0.380412
Sum	420.0800	2300.530	490.2800	39.51020
Sum Sq. Dev.	2163.769	313.0601	192.1087	22.24265
Observations	27	27	27	27

**Source:** Author's extraction from output of EViews8.

The descriptive statistics supply information about the mean, median, maximum and minimum values, as well as, the standard deviation, skewness and kurtosis of the variables used in the regression model. Economic growth proxy by GDP per capita (GDPG) has a mean of 15.56 median value of 18.83 and maximum and minimum values of 30.99 and 3.21 respectively during the period 1994 to 2020. The standard deviation of 9.12 was high, which is a reflection of wide variation in the GDP per capita growth in Nigeria. The average value of the main explanatory variable which is, entrepreneurship proxy by self-employment (SEMP) has an average value of 85.20, median value of 85.3, maximum value of 89.68 and minimum value of 79.87. The low standard deviation of 3.46 for SEMP is an indication that self-employment in Nigeria does not grow rapidly as it is evident by the growing number of unemployed in Nigeria.

#### Normality Test

Jarque-Bera is a goodness - of- fit test of whether the sample data have the skewness and kurtosis matching a normal distribution.

Table 4.2 above contains the Jarque - Bera test results and the corresponding p-values for all the variables used in the regression model. The decision criteria for Jarque-Bera is to reject the null hypothesis,  $H_0$ , which states that the residuals of a series are normally distributed, if p-value of Jarque-Bera is less than 0.05 at 5% level of significance. Otherwise, do not reject. The Jarque – Bera p-values in table 4.2 are all above 0.05. We therefore do not reject the null hypothesis that the series are normally distributed. It then means that the variables are normally distributed and can therefore be used for explanation and prediction of the variables.

**Multicollinearity Test Results**

Table 4.3 is the correlation matrix of the variables of economic growth, entrepreneurship proxy by self-employed (SEMP) and the control variables of exchange rate (ERN) and maximum bank lending rate (MBLR). Multicollinearity test is done to ensure that the independent variables are not correlated. Complete elimination of multicollinearity is not possible but the degree of multicollinearity can be reduced by model specification eliminating the variable. Collinearity refers to the correlation of the independent variables among themselves. When there are two or more independent variables that correlate among themselves, we then have a situation known as multicollinearity. High multicollinearity is present when the correlation between the independent variables exceeds 0.8 (Gujarati and Porter, 2009). Since we don't have more than two independent variables that correlate with each other at level of 0.8, we can safely say that there is no serious multicollinearity problem. It then suggests that the model on which the objectives are anchored is good for regression analysis.

**Table 4.3: Correlation Matrix of the Variables**

	GDPC	SEMP	ERN	MBLR
GDPC	1.000			
SEMP	-0.928467543	1.0000		
ERN	-0.692574414	0.744611130	1.0000	
MBLR	0.635323296	0.823028672	0.576310671	1.0000

**Source:** Author's extraction from output of EViews8.

**Regression Results of the Model Estimation**

**Table 4.4: Regression Results on the Effect of Entrepreneurship on the Economic Growth of Nigeria**

Dependent Variable: GDPC

Method: Least Squares

Date: 07/29/21 Time: 21:01

Sample: 1994 2020

Included observations: 27

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SEMP	-3.371643	0.348333	-9.679370	0.0000
ERN	0.101564	0.309057	0.328625	0.7454
MBLR	-3.972375	1.067384	-3.721598	0.0011
C	306.8074	28.04284	10.94067	0.0000
R-squared	0.913902	Mean dependent vary	15.55852	
Adjusted R-squared	0.902672	S.D. dependent vary	9.122603	
S.E. of regression	2.846016	Akaike info criterion	5.065671	
Sum squared resid	186.2956	Schwarz criterion	5.257647	
Log likelihood	-64.38656	Hannan-Quinn critter.	5.122756	
F-statistic	81.37943	Durbin-Watson stat	0.783308	
Probe(F-statistic)	0.000000			

**Source:** Author's extraction from output of EViews8



The regression results showed that all the variables except entrepreneurship revealed their a priori expectation signs. At 5% level of significance, the coefficient of entrepreneurship proxied by SEMP was -3.371643 with p-value of 0.0000. It then means that entrepreneurship has significant negative effect on economic growth in Nigeria. The control variable of maximum bank lending rate (MBLR) with coefficient of -3.972375 and p-value of 0.0011 is significant and negative while exchange rate (ERN) with coefficient of 0.101564 and p-value of 0.7454 is insignificant and positive. The significant negative effect of MBLR suggests that banks maximum lending rate is highly limiting the economic growth of Nigeria. The effect of exchange rate on economic growth in Nigeria was not substantial. The significantly negative effect of entrepreneurship on economic growth implies that many self-employed persons rather than engage in economic activities that promote productivity, exports, and economic growth involve themselves in activities which limit the growth of our economy such as illegal bunkering, round tripping and fraudulent activities.

**Hypothesis One.**

**H<sub>0</sub>:** Entrepreneurship has no significant effect on economic growth of Nigeria

**H<sub>1</sub>:** Entrepreneurship has significant effect on economic growth of Nigeria

**Decision Rule:** At significance level of 0.05 or 5% reject the null hypothesis if the p-value of t-statistic in the variable is less than 0.05 ( $p < 0.05$ ) otherwise do not reject.

From the result of table 4.4 above, the coefficient of SEMP which is the proxy for entrepreneurship is -3.137164 and p-value is 0.0000. Since the p-value is less than 0.05, we then reject the null and accept the alternate which states that entrepreneurship has significant effect on economic growth in Nigeria.

**Hypothesis Two**

**H<sub>0</sub>:** Entrepreneurship does not granger cause economic growth in Nigeria

**H<sub>1</sub>:** Entrepreneurship granger causes economic growth in Nigeria

**Table 4.5: Granger Causality test results on the Causality Link between Entrepreneurship and Economic Growth in Nigeria**

Pairwise Granger Causality Test Results

Date: 07/29/21 Time: 20:56

Sample: 1994 2020

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
SEMP does not Granger Cause GDPC	25	0.74814	0.4860
GDPC does not Granger Cause SEMP		2.86485	0.0805

**Source:** Author’s extraction from output of EViews8

**Decision Rule:** If the p-value of the f-statistics is less than 5 % level of significance, then the null hypothesis will be rejected. If p-value is greater than 5% level of significance ( $p > 0.05$ ), then the null hypothesis cannot be rejected.

Granger Causality test is run to find out if two variables are related at an instantaneous moment in time. It is a statistical hypothesis test for determining whether one-time series is useful in forecasting another. In other words, it is a statistical concept of causality that is based on prediction. From table 4.5 above, the F-Statistic for entrepreneurship is 0.74814 while the p-value is 0.4860. Since the p-value of 0.4860 is greater than 0.05 at 5% level of significance, we cannot reject the null hypothesis which states that entrepreneurship does not granger cause economic growth. It then indicates that entrepreneurship proxy by self-employment does not granger cause economic growth in Nigeria.

### **Discussion of Results**

The testing of hypothesis one revealed that entrepreneurship proxy by self-employment (SEMP) has significant negative effect on economic growth. The sign is contrary to the a priori expectation which was a positive sign. The significant negative effect is an indication that economic growth decreases as the level of Self-employed rises. The result suggests that many self-employed persons in Nigeria engage in business activities that do not promote economic growth like bunkering, illegal mining of minerals, round tripping and other fraudulent activities.

The result of hypothesis two testing shows that entrepreneurship proxied by self-employment does not granger cause economic growth in Nigeria. This suggests that self-employment which is a proxy for entrepreneurship may not be very vital in predicting economic growth in Nigeria. We can therefore infer, based on the finding, that entrepreneurship does not have precedence over other variables in predicting economic growth in Nigeria.

The control variable of maximum bank lending rate has a negative and significant effect on economic growth. The expected negative sign was revealed by the regression result. It therefore implies that an increase in maximum bank lending rate would lead to a decrease in economic growth in Nigeria as many borrowers of funds would be unable to access credit at high interest rates. The monetary authorities should endeavor to determine monetary policy rate at a level that would not push other lending rates too high to enable uses of funds access finance for investments and increase productivity in order to enhance economic growth. The other control variable of exchange rate has insignificant positive effect on economic growth of Nigeria. The monetary authorities in Nigeria need to judiciously manage the exchange rates by applying measures that would lead to reasonable appreciation of the price of Naira against other major currencies in order to promote business activities, productivity and economic growth of Nigeria

### **CONCLUSION AND RECOMMENDATIONS**

This study empirically assessed the effect of entrepreneurship on economic growth of Nigeria for the period 1994-2020. The analyses conducted in this study include regression estimation, grange causality test, descriptive statistics and correlation analysis.

#### **Summary of Findings**

1. Entrepreneurship represented by self-employed (SEMP) has positive and significant effect on the economic growth of Nigeria.
2. Entrepreneurship does not granger cause the economic growth of Nigeria for the period 1994-2020.
3. The control variables of maximum lending rate has significant negative effect on Nigeria's economic growth while the exchange rate has insignificant negative effect on economic growth of Nigeria for the period 1994-2020.

#### **Conclusion**

In general, entrepreneurship is significant and has positive effect on the economic growth of Nigeria. However, it needs to be consistently promoted and supported by appropriate policies, financial support and enabling entrepreneurial environment in order to drive sustainable economic growth.

#### **Policy Recommendations**

1. Since entrepreneurship has significant positive effect on economic growth of Nigeria, the various tiers of government should consistently provide appropriate policies, enabling entrepreneurial environment and adequate financial support in order to promote entrepreneurial development, boost productivity and economic growth in Nigeria.
2. The control variables of maximum bank lending rate which has significant and negative effect on the economic growth of Nigeria should be sustained and regularly monitored to ensure that it strongly supports the economic growth of Nigeria at all times. The exchange rate which has insignificant and positive effect on Nigeria's economic growth should be supported by dynamic exchange rate policies and management by the government and regulatory authorities to ensure that it strongly and positively influences the growth of Nigeria's economy.

3. Since entrepreneurship does not granger cause economic growth, it is, therefore, suggested that the government should formulate robust and sustainable entrepreneurial policies which would facilitate consistent entrepreneurial growth and development, continually boost productivity, promote exports and guarantee sustainable economic growth in Nigeria. This recommendation would help ensure that entrepreneurship granger causes economic growth in Nigeria.

#### **Contribution to Knowledge**

The main gap filled by the study is in understanding the effect of entrepreneurship on economic growth of Nigeria using quantitative data to facilitate prediction and explanation. This is rarely found in the past studies especially in Nigeria. Most studies conducted in the past used primary data (collected from field survey and use of questionnaires). The present study is novel in this direction.

#### **Suggestion for Further Studies**

Further studies should use some other proxies such as firm birth rates, firm death rates, and number of enterprises to ascertain the effect on economic growth. In addition, the dependent variable which is economic growth can be proxied by GDP annual growth rate instead of GDP per capita in further studies to ascertain whether the effect will vary from the result of this study.

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