

**ENTREPRENEURSHIP AS A TOOL FOR SUSTAINABLE  
EMPLOYMENT**

**BY**

**EKEH WINNER ZIMUZO  
MGS1606583**

**DEPARTMENT OF ENTREPRENEURSHIP  
FACULTY OF MANAGEMENT SCIENCES  
UNIVERSITY OF BENIN  
BENIN CITY.**

**AUGUST, 2021**

**ENTREPRENEURSHIP AS A TOOL FOR SUSTAINABLE  
EMPLOYMENT**

**BY**

**EKEH WINNER ZIMUZO  
MGS1606583**

**A PROJECT SUBMITTED TO THE  
DEPARTMENT OF ENTREPRENEURSHIP, FACULTY  
MANAGEMENT SCIENCES, UNIVERSITY OF BENIN, BENIN  
CITY.  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE  
AWARD OF BACHELOR OF SCIENCE DEGREE IN  
ENTREPRENEURSHIP**

**AUGUST, 2021**

## CERTIFICATION

We the undersigned, certify that this research was carried out by EKEH WINNER ZIMUZO with the matriculation number: MGS1606583 and is adequate in scope and quality in partial fulfillment of the requirements for the award of bachelor of science (B.SC) degree in the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin.

\_\_\_\_\_  
**Dr. Victor Amadin Idehen**

(Project Supervisor)

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Dr. A.O. Oriazowalan**

Senior Project Coordinator

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Mr. Osahon Okunbo**

Assistant Project Coordinator

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Dr. Edwin Ehiozogie Enofe, Ph.D**

Head of Department

\_\_\_\_\_  
**Date**

## **DEDICATION**

This project is dedicated to God Almighty, the father of all knowledge without whom none of my struggles would have been possible.

## **ACKNOWLEDGEMENT**

My in- depth gratitude goes to God Almighty for His blessings in my life. I am grateful for his endless Love, protection, guidance, grace, favour and shower of blessings upon me to come to the ivory tower of the academic cradle.

My sincere gratitude goes to my supervisor, whose guidance, correction, suggestion and fatherly advice has made this work a success. The way you taught us small scale business management in 300 level opened my mind to embrace entrepreneurship. May God reward you beyond measure. My inexpressible gratitude goes to my sweet and caring parents Mr. & Mrs. Paul Ngozi Ekeh for being a source of encouragement, blessing, prayers and support towards my educational pursuit. I love you always. I am grateful to my brothers and sisters Ifeanyi, Adaeze, Grace and Cherechi. A world without you is like a car without an engine, you mean a lot to me. May all your dreams come to fulfillment. To my colleagues and friends Tony, Emeka, Solo, Clara and Obehi, I appreciate you guys for the wonderful time together and assistance offered materially and otherwise.

“The acquisition of talents or skills by an individual through education or apprenticeship is a fortune not only to himself but also to the society of which he belongs” Adam Smith.

## TABLE OF CONTENT

Title page-	-	-	-	-	-	-	-	-	-	i
Cover page-	-	-	-	-	-	-	-	-	-	ii
Certification-	-	-	-	-	-	-	-	-	-	iii
Dedication-	-	-	-	-	-	-	-	-	-	iv
Acknowledgment	--	-	-	-	-	-	-	-	-	v
Table of contents-	-	-	-	-	-	-	-	-	-	vi
Abstract-	-	-	-	-	-	-	-	-	-	x

## CHAPTER ONE: INTRODUCTION

1.1	Background to the Study-	-	-	-	-	-	-	-	-	1
1.2	Statement of Research Problem-	-	-	-	-	-	-	-	-	3
1.3	Objective of the Study-	-	-	-	-	-	-	-	-	6
1.4	Research Questions-	-	-	-	-	-	-	-	-	6
1.5	Research Hypotheses-	-	-	-	-	-	-	-	-	6
1.6	Significance of the Study-	-	-	-	-	-	-	-	-	8

1.7	Scope of the Study-	-	-	-	-	-	-	8
1.8	Limitation of the Study-	-	-	-	-	-	-	8

**CHAPTER TWO: LITERATURE REVIEW**

2.1	Conceptual Framework-	-	-	-	-	-	-	9
2.2	The Concept of Economic Growth -	-	-	-	-	-	-	10
2.3	The Role of Entrepreneur in Economic Development of Nigeria							11
2.4.	Theoretical Framework-	-	-	-	-	-	-	12
2.5	Empirical Review--	-	-	-	--	-	-	13
2.6	Research Gap-	-	-	-	-	-	-	16

**CHAPTER THREE: METHODOLOGY**

3.1	Research Design-	-	-	-	-	--	-	17
3.2	Population and Sample of Study-	-	-	-	-	-	-	17
3.3	Source of Data-	-	-	-	-	-	-	17

**CHAPTER FOUR: DATA PRESENTATION, ANALYSIS**

**AND INTERPRETATION**

4.1 Presentation of Data - - -- - - - 19

4.2 Hypothesis Testing- - - - - 22

4.3 Discussion of Findings- - - - - 22

**CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION**

**AND RECOMMENDATIONS**

5.1 Summary of Findings- - - - - 24

5.2 Conclusion - - - - -- - - 24

5.3 Recommendations- - - - - 25

REFERENCES- - - - - 26

## **ABSTRACT**

Small and medium scale enterprise is meant to stimulate economic growth through its contribution to Gross Domestic Product, poverty reduction and employment creation. The study explained the impact of SME's in Nigeria on Gross Domestic Product. Secondary data were obtained from national Bureau of Statistics on Gross Domestic Product, commercial bank loans to SME's and unemployment rate for eight years 2010-2017. These data were analyzed and presented using ordinary least square method.

The study revealed that SME's funding has insignificant relationship or marginal impact on Gross Domestic Product and it was recommended that SME's contribution to Gross Domestic Product can be improved by increase in SME's access to finance through removal of encumbrances that impede access, this should be policies directive that expand and encourage SME's development.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Background to the Study**

Entrepreneurship remain an engine of economic growth through its contributions to Gross Domestic Product (GDP), Employment generation and poverty reduction in any country it has been known to stimulate productive and capacity utilization of most economic. Entrepreneurship as incubator of innovation and creativity accounts for 61.8% of new jobs, in America it represent 96% of employer firms in manufacturing industries notable in firms that manufactured computers and peripheral equipment communications equipment or semi-conductors and other electronic components. Among all U.S manufacturers 96.4 percent of manufacturing exports were small and medium sized companies (small Business and Entrepreneurship Council, 2012).

According to International Council for small Business (ICSB) Micro, small and medium size enterprises make up over 90% of all firms and

account for an average of 60% to 70% of total employment and 50% of GDP of any economy.

Nigeria is a mono economy, SME's contribution to the economy remain relatively low in terms of its contribution to GDP, low capacity utilization resulting in low production, employment while invariably affect the quality of life in the country. The un-employment rate in Nigeria increased from 18.8% in third quarter of 2017 to 23.1% in third quarters of 2018. Total combined unemployment and underemployment rate increased from 40% in third quarters of 2017 to 43.4% in third quarters of 2018. As of third quarter 2018, 55.4% of young people (15-34 years) were either underemployed or unemployed (doing nothing) The number of person in the labour force (i.e people who are able and willing to work increased from 85.1 million in third quarter of 2017 to 90.5 million in third quarter of 2018 (National Bureau of Statistics, 2018). This figure are huge and could spells potential consequences. ILO defines unemployment as person between 15-64 years who were available for work, actively seeking work but were unable to find work.

As a result of unemployment, Nigeria nation is now prone to violence, kidnapping for ransom armed bandit, armed robbery, insecurity, drug abuse, lack of access to health facilities, lack of proper medical care, hunger, starvation and low life expectancy.

Entrepreneurship occupies a central position in a market economy. It is the engine of economic growth, employment and poverty reduction. It stimulate and activate all economic activities.

It is against this background the study examined Entrepreneurship as a tool for sustainable Entrepreneurship as a tool for sustainable employment. Accordingly the study is organized into introduction; wile explained how entrepreneurship has imputed employment generation, literature review; which explained theoretical and conceptual framework and empirical review, methodology; which spelt out the method of data collection and analysis, presentation of data, summary, conclusion and recommendation.

## **1.2 Statement of the Problem**

The Nigeria government has embarked on various programme aimed at addressing this menace of unemployment like creation of industrial banks,

Agricultural banks and establishment of small and medium equity investment schemes by Nigeria banks to stimulate investment in small and medium enterprises. Despite this efforts by government, many business dies at effancy in the country, plunging the nation further into unemployment.

The contribution of SME's to industrialization and development in south east Asia has made most developing countries to pay more attention to the development of the sector as the engine of economic growth and development whose benefits includes: Source of output growth through innovation, employment generation that could lead to poverty reduction, facilitation of technology transfer, economic diversification and entrepreneurship development (CBN, 2014) The world bank (2012) posits that SME's in sub-Saharan Africa are more financially constrained than in any other developed countries only 20% can access credit from financial institution in contrast with 44% in Latin America and Caribbean and only 9% of their investment are funded by banks as against 23% in Eastern Europe an central Asia. This unfortunate situation may have been the fate of Nigeria's small and medium scale enterprises. SME's in Nigeria faces daunting challenges, the most critical is inadequate capital as they are not

able to have access to finance from banks. Firms with greater access to capital are more able to exploit growth and investment opportunities.

The World Bank (2002) however observe that credit extention to the micro small and medium (MSEM) sector is extremely low with less than 10% MSME's reportedly receiving a loan from deposit money bank (MDB) and MSME's loan accounting for approximately 5% of the DMB's lending portfolio. Central Bank of Nigeria (CBN) showed that the total loan granted by banks to micro, small and medium enterprises (MSME's) in Nigeria amounted to just over 0.1% of total bank credit to the private sector between 2005-2011 and it has continue to decline or lower in recent years which affected the ability of SME's to contribute meaningfully to Nigeria's economic growth.

In spite of the various government of Nigeria robust policies and scheme which are meant to set the pace for industrialization of the Nigeria economy, increase output and generate employment, the SME's has continue to contribute marginally to the nation Gross Domestic Product. Keynes (1936) encourage government to intervene in their economic system

by increasing the level of aggregate demand if possible through deficit financing and injection of credits to the economic system.

The monetarists believed that employment generation, wealth creation and economic development depends on availability of credit to investors and purchasing power of consumer. This is corroborated by Neo classical growth model developed by Solow (1957) in which output is expressed a function of capital, labour and technical progress  $Y = f(K, L, A)$  where Y is output, K is capital, L is Labour and A is technical efficiency.

The above concepts underpins the base for small and medium enterprises which are meant to stimulate economic growth through its contribution to gross domestic product (GDP) and to reduce poverty through employment creation and income generation whose stimulus lies on the injections of availability of funds.

The main objectives of the study therefore is to ascertain how credit to small and medium scale enterprises have impacted on the nation economic growth measured using Gross Domestic Product which invariably measured the level of employment in the country.

### **1.3 Objective of the Study**

The broad objective of this study is entrepreneurship as a tool for sustainable employment, while the specific objectives are:

- i. To examine the relationship between SME's funding and economic growth
- ii. To determine if SME's impact on poverty reduction.

### **1.4 Research Question**

In view of the above, the following research question are stated:

- a. Is there a significant relationship between SME's funding and economic growth?
- b. Does SME's impact on poverty reduction?

### **1.5 Research Hypothesis**

The research hypothesis are stated in null form

Hypothesis I

H01: There is no significant relationship between SME's funding and economic growth and poverty reduction

### **1.6 Significance of the Study**

The research is beneficial to policy makers it will acquaint them with good ideas to make policies directed at employment generation through effective SME's engagement. The study will create more business opportunities and better funding of SME's in the country.

### **1.7 Scope of the Study**

The research work is restricted to entrepreneurship as a tool for sustainable employment in Nigeria. The focus will be on bank funding for SME' s their effect on Gross Domestic Product.

### **1.8 Limitation of the Study**

The study covered the period 2010-2017. Data for the study were only available for the period. The data were all in ratios check for complications.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Conceptual Framework

The word “entrepreneur” is derived from a French word “entreprendre” meaning “to undertake”. The term “entrepreneur” seems to have been introduced into economic theory by Richard Cantillon (1755) but say (1803) first accorded the entrepreneur prominence. It was Schumpeter however who really launched the field of entrepreneurship by associating it clearly with innovation.

Sarma and Chismann (1999) identified two schools of thought on the meaning of entrepreneurship. One group focused on the characteristics of entrepreneurship (e.g. innovation, growth, uniqueness) while a second group focused on the outcome of entrepreneurship (e.g. the creation of value).

Entrepreneurship means innovation, creativity, risk taking, and constructive destruction to provide a novel solution to problems in society.

Entrepreneur are thinker, unique people, who causes fundamental changes in society, through innovative and creative ideas.

Gana (2001) defined it as willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and ran an enterprise successfully based on identified opportunities.

Hisrich and Peter (2002) simply captured the term as the dynamic process of creating incremental wealth. The phenomenon of entrepreneurship was first alluded to by Richard Cantillon in the eighteenth century (see for instance (Kilby, 1971; Carland et al., 1984; Leite, 2002)). Entrepreneurship was first used by Cantillon. However, in the Cantillon belief, entrepreneurship was allotted a position in the economic process first by Jean-Baptiste Say. Even though the original or ground-breaking work on entrepreneurship was by Cantillon (1755) and Say (1803) without doubt, the founding father of entrepreneurship is the economic thinker known as Joseph Schumpeter (Landstrom, 2005). According to Schumpeter (1934) entrepreneur is an innovator who breaks an existing state of equilibrium to create progress (as cited in Tung (2011)).

Schumpeter (1934) sees entrepreneurship as a progression of change where innovation is the most very important function of the entrepreneur (as cited in Ayogu and Ogadimma (2015)). He observed that entrepreneurship is a function to combine the inputs of production into a producing organism. His contention was to explain the role of entrepreneurship and innovation in economic development. He noted that the entrepreneur moves the economy to a new equilibrium level from its preceding one through the ushering in of new products, new production techniques, new markets, new sources of supply, and new industrial combinations. Hence, the institution of new combinations moves the economy to a new equilibrium level. The process of creative destruction commences with the institution of new combinations.

This is the opinions of Foss and Klein (2012) and Landstrom (2005) is when new forms of value creation substitute's old knowledge and organizational techniques which will in the sphere of time be imitated by competitors. In the contention of Adam Smith, entrepreneurship was a prospector capitalist, a supplier of working as a manager, intervening between the labour and the customer. As observed by Moberg (2014), Adam Smith, argued that the notion of entrepreneurship is muddled with capitalism,

whose purpose was a build-up of capital and delivery of resources for entrepreneurs. A central role was allocated to entrepreneurship in the economic development process first by Schumpeter. Entrepreneurship is fundamentally a creative activity in the Schumpeterian scheme. The entrepreneur is the innovator that initiates something new in the country. He contended that entrepreneurs are not the simple owners of capital but business leaders. They have foresight, drive and talent, can detect opportunities and speedily exploit them.

As indicated by Acs et al. (2008) entrepreneurship is an important mechanism for economic development through innovation, employment and welfare effects. As stated by Anokhin et al. (2008) entrepreneurship is recognized as a channel through which economies can develop. Also, they opined that it is another means for tackling poverty and stimulating economic development. The challenges of development and increasing levels of poverty formed the platform for this definition. Furthermore, it is a route through which opportunities are noticed and taken up by people to create value that results to the production of new products through the adoption of innovation employing available resources (Gartner, 1989;

Stevenson and Jarillo, 1990; Churchill, 1992). Anyanwu (2010) established that entrepreneurship is the imagination, development, and realization of own objectives and visions in a competition determined environment (p.49).

Additionally, Gedeon (2010) viewed entrepreneurship as a multi-directional term that is similar in meaning. Ossai (2008) echoed that entrepreneurship is the process of creating some new or different values by developing the necessary time, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of most personal satisfaction (as cited in Muogbo and John-Akamelu (2018)).

According to Ahmad (2013) entrepreneurship is a process through which opportunities to create new future goods and services are discovered, evaluated and explored. Entrepreneurship is the formation of new formal and informal business ventures (Global Entrepreneurship Monitor, 2005). As vigorously propounded by Kuratko and Audretsch (2009) entrepreneurship is globally recognized as a catalyst for economic growth and in the views of Acs and Audretsch (2010) the formations of regional businesses determine to a great extent the prosperity of every homeland. In the opinion of United

Nations Development Program (2010) entrepreneurship is the transformation of a business idea into a new venture through private ingenuity to develop and expand a current enterprise with high potentials for growth. As was observed by Ahmad and Hoffman (2008) entrepreneurship was described by the Organization for Economic Cooperation and Development (OECD) as human action in pursuit of new products, processes, or markets, whereas it was labelled by the World Bank as commercial activities in the formal sector (as cited in Badal (2010)). As was cited in Reynolds et al. (1993) entrepreneurship was defined by Global Entrepreneurship Monitor (GEM) as “any attempt at new business or new venture creation such as self-employment, a new business organization, or the expansion of an existing business.

## **2.2 The Concept of Economic Growth**

Ayres and Warr (2001), define economic growth as a rise in the total out (goods or services) produced by a country, it represent an increase in the capacity of an economy to provide goods and services, compared from one period of time to another. Economic Growth refers only to the quantity of

goods and services produced. Economic growth can be measured in nominal terms including inflation or in real terms, which are adjusted for inflation like by the percentage rate of increase in the Gross Domestic Product (GDP).

Economic growth is gradual and steady change in the long-run which comes about by a general increase in the rate of saving and population (Jhingan 2005). It has also been described as a positive change in the level of production of goods and services by a country over a certain period of time. Economic growth is measured by the increase in the amount of goods and services produced in a country.

Economic growth is typically measured by growth in the production of final goods and services in addition to the accumulation of capital. This latter concept represents the addition to a nation's wealth -- wealth that will be used to produce future output. Nations that often experience high rates of economic growth find that this growth is due to the creation of capital goods: office buildings, apartments, and houses; factories and machinery; transportation equipment and networks; and other types of public and private infrastructure. Resources are often devoted to the creation of capital goods in

the expectation of future need and demand. However, between the time resources are committed and the project is completed economic or market conditions may have changed such that the need for the project no longer exists. It may be the case that managerial or technical expertise is lacking such that productive use of these capital goods is not possible. A completed capital project for which no market demand exists can not be considered an addition to the wealth of a nation. Resources were committed and wasted.

Economic growth based on the over-accumulation of capital is not sustainable. Sustainable economic growth should be that rate that at a minimum exceeds the rate of growth in population, supports growth in living standards but is not excessive such that poor choices are made with respect to the development of the capital stock. Determination of this rate of growth is a primary consideration for any nation. Employment of Resources An economy should use its resources to attain the maximum output possible with the inputs available and, as a related issue, employment of people to allow them to privately earn an income that allows for satisfying basic needs. In addition, it should provide the incentives for individuals to produce in excess of their physical needs and human desires.

These resources should be used in an efficient and effective manner. Under-utilization of factor inputs results in an economy producing at a level below its potential. The opportunity to produce goods and services that are needed or desired is forever lost. Lost output is not the only problem with under-utilization of resources but also the real effect on human beings that cannot find work and earn a sufficient income necessary for their survival. Unemployment in labor markets takes its toll on individual workers and households. Lack of work results in lack of income to purchase needed goods and services in addition to the lack of an opportunity to contribute to the production these goods and services. Over-utilization may also be a problem in that machinery is not properly maintained and thus wears-out sooner or labor markets become so tight that wages and thus production costs increase at an undesirable rate. The proper balance in the employment of resources is dependent on an efficient functioning of labor, capital, and natural resource markets. Inefficiencies are introduced due to the information and transactions costs inherent in the functioning of these markets.

## **2.3 The Role of Entrepreneur in Economic Development of Nigeria**

The entrepreneur who is a business leader looks for ideas and put them into effect in fostering economic growth and development. Entrepreneurship is one of the most important inputs in the economic development of a country. The entrepreneur act as a trigger head to give spark to economic activities by his entrepreneurial decisions. He plays a pivotal role not only in the development of individual sector of a country but also in the development of farm and service sector (Schumpeter 1956) The entrepreneur create large scale employment opportunities. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation (Schumpeter 1956).

### **Types of Entrepreneur**

Entrepreneurship is the overall process of developing, launching and running a business, there are many different types of entrepreneurship which are:

**Small Business Entrepreneurship:** A majority of businesses are small businesses. People interested in small business entrepreneurship are most likely to make a profit that supports their family and a modest lifestyle. They aren't seeking large-scale profits or venture capital funding. Small business entrepreneurship is often when a person owns and runs their own business. They typically hire local employees and family members. Local grocery stores, hairdressers, small boutiques, consultants and plumbers are a part of this category of entrepreneurship

**Large Company Entrepreneurship:** Large company entrepreneurship is when a company has a finite amount of life cycles. This type of entrepreneurship is for an advanced professional who knows how to sustain innovation. They are often a part of a large team of C-level executives. Large companies often create new services and products based on consumer preferences to meet market demand. Small business entrepreneurship can turn into large company entrepreneurship when the company rapidly grows. This can also happen when a large company acquires them. Companies such as Microsoft, Google and Disney are examples of this kind of entrepreneurship

**Scalable Startup Entrepreneurship:** This kind of entrepreneurship is when entrepreneurs believe that their company can change the world. They often receive funding from venture capitalists and hire specialized employees. Scalable startups look for things that are missing in the market and create solutions for them. Many of these types of businesses start in Silicon Valley and are technology-focused. They seek rapid expansion and big profit returns. Examples of scalable startups are Facebook, Instagram and Uber

**Social Entrepreneurship:** An entrepreneur who wants to solve social problems with their products and services is in this category of entrepreneurship. Their main goal is to make the world a better place. They don't work to make big profits or wealth. Instead, these kinds of entrepreneurs tend to start nonprofits or companies that dedicate themselves to working toward social good

**Innovative Entrepreneurship:** Innovative entrepreneurs are people who are constantly coming up with new ideas and inventions. They take these ideas and turn them into business ventures. They often aim to change the way people live for the better. Innovators tend to be very motivated and

passionate people. They look for ways to make their products and services stand out from other things on the market. People like Steve Jobs and Bill Gates are examples of innovative entrepreneurs

**Hustler Entrepreneurship:** People who are willing to work hard and put in constant effort are considered hustler entrepreneurs. They often start small and work toward growing a bigger business with hard work rather than capital. Their aspirations are what motivates them, and they are willing to do what it takes to achieve their goals. They do not give up easily and are willing to experience challenges to get what they want. For example, someone who is a hustler is willing to cold call many people in order to make one sale.

**Imitator Entrepreneurship:** Imitators are entrepreneurs who use others' business ideas as inspiration but work to improve them. They look to make certain products and services better and more profitable. An imitator is a combination between an innovator and a hustler. They are willing to think of new ideas and work hard, yet they start by copying others. People who are

imitators have a lot of self-confidence and determination. They can learn from others' mistakes when making their own business

**Researcher Entrepreneurship:** Researchers take their time when starting their own business. They want to do as much research as possible before offering a product or service. They believe that with the right preparation and information, they have a higher chance of being successful. A researcher makes sure they understand every aspect of their business and have an in-depth understanding of what they are doing. They tend to rely on facts, data and logic rather than their intuition. Detailed business plans are important to them and minimize their chances of failure.

**Buyer Entrepreneurship:** A buyer is a type of entrepreneur who uses their wealth to fuel their business ventures. Their specialty is to use their fortunes to buy businesses that they think will be successful. They identify promising businesses and look to acquire them. Then, they make any management or structural changes they feel are necessary. Their goal is to grow the businesses they acquire and expand their profits. This kind of

entrepreneurship is less risky because they are purchasing already well-established companies.

### **Driving Force for Entrepreneurship**

According to Fintrus (2021), these elements can empower and motivate you to take risks:

**Time Freedom:** As an entrepreneur, theoretically, your time is your own. You can work when you want to! Of course, at least early on, you may end up working 24/7, but you'll escape the stress of being accountable to your boss and his or her rules. You'll have new types of stresses, with the promise of greater rewards.

**Autonomy:** Being your own boss is a heady idea that many people dream of. Entrepreneurs become independent, making their own decisions by creating something new. There's great value in being in charge of your own destiny and building your own business, despite the responsibility that you must take on.

**Team Building:** As the boss, you get to set up and define all the roles in your new business, and hire the right people. You can work with only those that you respect and genuinely like. There will still be disagreements, but for most entrepreneurs, choosing your own team is worth it.

**Financial Rewards:** There have been many mega-success stories in the entrepreneurial space, including the founders of Google, Facebook, Paypal and many more. Your great idea could become the next disruptor that brings innovation to a cumbersome industry as invisible aligners have done in the orthodontia space. You could continue to grow your business, or sell it to a big name that loves your concept, now that you've gotten it started—or wants to eliminate you as a potential competitor.

**Fame and Admiration:** As a successful entrepreneur, or even one who tried and failed, you can take pride in striking out on your own, and following your own vision. You may transform your industry, creating lasting changes that will be felt from now on. You may become the head of a well-known brand, easily recognized on the street or industry events. You may create something to hand down to your family.

## **The Role of Entrepreneurship in National Development**

According to Economics discussion (2021), Economic development essentially means a process of upward change whereby the real per capita income of a country increases over a period of time. Entrepreneur plays a vital role in economic development. Entrepreneurs serve as the catalysts in the process of industrialization and economic growth. Technical progress alone cannot lead to economic development, unless technological breakthroughs are put to economic use by entrepreneurs.

It is the entrepreneur who organizes and puts to use capital, labour and technology. Accordingly, “development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed and this requires entrepreneurial activity to a considerable extent, the diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs”. The entrepreneur is the key to the creation of new enterprises that energize the economy and rejuvenate the established enterprises that make up the economic structure. Entrepreneurs

initiate and sustain the process of economic development in the following ways:

**Capital Formation:** Entrepreneurs mobilize the idle savings of the public through the issues of industrial securities. Investment of public savings in industry results in productive utilization of national resources. Rate of capital formation increases which is essential for rapid economic growth. Thus, an entrepreneur is the creator of wealth.

**Improvement in Per Capita Income:** Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase net national product and per capita income in the country, which are important yardsticks for measuring economic growth.

**Generation of Employment:** Entrepreneurs generate employment both directly and indirectly. Directly, self-employment as an entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large and small scale business units they offer jobs to millions. Thus, entrepreneurship helps to reduce the unemployment problem in the country.

**Balanced Regional Development:** Entrepreneurs in the public and private sectors help to remove regional disparities in economic development. They set up industries in backward areas to avail various concessions and subsidies offered by the central and state governments.

**Improvement in Living Standards:** Entrepreneurs set up industries which remove scarcity of essential commodities and introduce new products. Production of goods on mass scale and manufacture of handicrafts, etc., in the small scale sector help to improve the standards of life of a common man. These offer goods at lower costs and increase variety in consumption.

**Economic Independence:** Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries. Businessmen also export goods and services on a large scale and thereby earn the scarce foreign exchange for the country. Such import substitution and export promotion help to ensure the economic independence of the country without which political independence has little meaning.

**Backward and Forward Linkages:** An entrepreneur initiates change which has a chain reaction. Setting up of an enterprise has several backward and forward linkages. For example- the establishment of a steel plant generates several ancillary units and expands the demand for iron ore, coal, etc.

## **2.4 Theoretical Framework**

Numerous models have been employed by scholars in different scientific disciplines to explain the entrepreneurship phenomenon. The diverse theories that were utilized in the literature with regard to entrepreneurship consist of the economic theory of entrepreneurship, psychological theory of entrepreneurship, sociological theory of entrepreneurship, innovation theory of entrepreneurship, Max Weber's theory of entrepreneurial growth, opportunity-based entrepreneurship theory, Hagen's theory of entrepreneurship, expose theory of entrepreneurship, Resource-based entrepreneurship theory, risk-bearing theory of Knight and Ronald Burt's theory of entrepreneurship. The innovation theory of entrepreneurship first promoted in 1934 by Joseph Schumpeter and risk-bearing theory of Knight will complement each other in forming the

theoretical foundation for this study. This is because the Schumpeterian view applies to develop countries where innovation, a strategic element in entrepreneurship is desirable and needs to be encouraged. The two theories will present strong theoretical support for examining whether entrepreneurship is a catalyst for sustainable youth employment generation.

This presents a strong theoretical underpinning for studying the role of the entrepreneurial system in using employment growth at a regional level. The human agent was once first positioned at the core of the economic development process through Joseph Schumpeter. The innovation principle of entrepreneurship confirmed how monetary improvement can be attained through the execution of new combinations of capability of production. As found by means of Schumpeter (1934) innovation entails the initiation of a new product(s), launching new production method(s), opening a new market, getting new sources of provide for untapped market and new varieties of industrial organization. Hence, entrepreneurship is seen as a catalyst that interrupts that static relationship of interdependence among the sectors in the economic system to initiate and sustain the economic improvement process.

This work is based on Keynesian theory which focuses on the sustainable economic development and the role of economic policy in the achievement of macro-economic policy in the achievement of macro-economic objectives.

The Keynesian postulation emphasis that demand management policies can and should involves setting monetary and fiscal variables in each time period at the value which are thought necessary to achieve the government objectives. This Keynes (1936) encourages government to intervene in their economic system by increasing the level of aggregate demand, if possible through deficit financing and injection of credit to the economic system. The monetarists believed that employment generation, wealth creation and economic development depends on availability of credits to investor and purchasing power of consumer.

This is corroborated by neo-classical growth model developed by Slow (1957) in which output is expressed as a function of capital, labour and technical progress  $y=f(k^{\alpha}l^{1-\alpha}, A_t)$  where  $y$  is output,  $k$  is capital,  $l$  is labour and  $A$  is technical efficiency.

## **2.5 Empirical Review**

Rasool et al. (2012) conducted a research on driver of Entrepreneurship linking with economic growth and employment generation. It was conducted using panel data analysis, stepwise least square. The results explained that research and development (R&D) activities affect economic growth both by building up entrepreneurial potential and skills and by having direct impact through increasing the value added of economic activity on large scale (that is large scale industries, firms, among others).

Fairlie (2011) conducted a research on entrepreneurship, economic conditions and the great recession. It was conducted using ordinary least square. The results point to a consistent picture- the positive influences of slack labour market outweigh the negative influence resulting in higher levels of business creation. He also found out that the predicted trend in entrepreneurship rates tracks the actual upward trend in entrepreneurship extremely well in the Great Recession.

Abdul-Kemi (2014) conducted a research on entrepreneurship and economic development in Nigeria, it was conducted using Autoregressive

integrated moving average (ARIMA) Model. The study provided evidence that SME's financing has significant impact on the economic development of Nigeria during the period under review especially when there were funding from micro finance banks.

Syed et.al. (2012) conducted research on the impact of SME's sector on the development of Pakistan economy. It was conducted using Descriptive statistics, paired simple t-test and Pearson's product movement correlation analysis. The study revealed that SME's were playing a positive and significant role for the economic progress of Pakistan especially in terms of foreign exchange as outputs were exported.

Adofu and Ocheja (2013) Investigated the conduct of skill acquisition and training in alleviating poverty and unemployment in Kogi State Nigeria. The relationship between entrepreneurship skill acquisition and poverty/unemployment was analyzed using Descriptive statistics. The Descriptive tools consisted of the use of percentages and frequencies presented in a tabular form. A chi-square test ( $\chi^2$ ) was employed to test the validity or

otherwise of the effect of entrepreneurship skill acquisition on poverty alleviation and unemployment reduction.

In Nigeria using primary data obtained in six local government areas that made up the four district of the state. The results shows that 65% of the respondents accepted that lack of entrepreneurship skill among youth is responsible for the high rate of poverty/unemployment in Nigeria. The results also revealed that at least 60% of the people that benefited from the skills acquisition programme can now afford the basic necessity of life.

Usual and Christina (2016) in their study investigated how unemployment problem is tackled through skill acquisition by the National Directorate of Employment (NDE) in Akwa Ibom state, Nigeria. Different measures have been adopted by the government to tackle the challenge with very little result. Using data obtained from both primary and secondary sources for the period 1987-2012, found that positive link exist between skill acquisition by NDE and unemployment reduction in Akwa Ibom state even though not without daunting challenge.

## **2.6 Research Gap**

Many works has been done on entrepreneurship impact on economic growth but not much Empirical work has been done on entrepreneurship as a tool for sustainable employment. This work focus on empirical evidence that entrepreneurship is a tool to sustainable employment.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Research Design**

The research design comprises of the population of the study and source of data.

#### **3.2 Population and Sample of Study**

The study is based on Gross Domestic Product in Nigeria 2010-2017, and domestic credit to private sector 2010-2017

#### **3.3 Source of Data**

The research made used of secondary data. The data were obtained from national Bureau of Statistics.

#### **3.4 Method of Data Analysis**

The study utilized secondary data obtained from national Bureau statistics. The data were analyzed using ordinary least square (OLS) estimation technique. The data Gross Domestic Product, commercial bank

loans to SME's and unemployment rate from 2010 to 2017 were utilize for analysis.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 Presentation of Data

GDP	Growth Rate
2011	5.31%
2012	4.21%
2013	5.49%
2014	6.22%
2015	2.79%
2016	-1.58%
2017	0.82%

Source: National Bureau of Statistics

Unemployment	Rate Value	Change percent
2010	5.1	-
2011	6.0	16.99%
2012	10.6	77.37%
2013	10.0	-5.78%
2014	7.8	-21.24%
2015	9.0	14.78%
2016	13.4	48.61%
2017	16.5	23.18%

Source: National Bureau of Statistics

## Domestic Credit to Private Sector

Date	Value	Change Percent
2010	15.4	-59.83%
2011	12.5	-19.10%
2012	11.8	-5.44%
2013	12.6	6.75%
2014	14.5	15.21%
2015	14.2	-2.06%
2016	15.7	10.35%
2017	14.2	-9.39%

Source: National Bureau of Statistics

## **4.2 Hypothesis Testing**

### Hypothesis I

H01 There is no significant relationship between SME's funding and Economic growth and poverty reduction.

Data on Gross Domestic Product and commercial bank loans to SME's were tested using ordinary least square to establish if there is a significant relationship between SME's funding and Economic growth and poverty reduction at 5% level of significant. It was found out that SME's funding has insignificant relationship or a marginal impact on Gross Domestic Product. This is in line with the submission of Oyeyinka (2007) who posits that SME's in Nigeria account for 1% total GDP.

## **4.3 Discussion of Findings**

Small and medium scale enterprise in Nigeria is meant to stimulate economic growth through its contribution to Gross Domestic Product unfortunately the test analysis showed insignificant relationship which means SME's in Nigeria Gross Domestic Product. Hence our SME's have

not been able to challenge the poverty level of our country because of its low capacity utilization. It was observed that increased funding of SME's stimulate economic growth, which showed between 2011-2014, 2015 and 2017 showed in significant contribution.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Summary**

The study investigates entrepreneurship as a sustainable tools for employment. Entrepreneurship insignificant impact of SME's on Nigeria Gross Domestic Product contribute largely to low employment level. The government must make adequate effort to engage the population on Entrepreneurial activities and increase funding to the sector to help stimulate economic growth which invariably will reduce the unemployment level in the country.

#### **5.2 Conclusion**

The purpose of the study is to ascertain if SME's in Nigeria can stimulate economic growth through employment creation and poverty reduction. It was observed that SME's impact on economic development through reduction in unemployment and poverty. The government may step up it's infrastructural development and increase it's funding and training to

stimulate growth and guarantee prosperity to its citizen. Accordingly entrepreneurship is a tool for sustainable employment.

### **5.3 Recommendation**

SME's contribution to Gross Domestic Product in terms of economic growth, poverty and unemployment reduction which can be improved by increase in SME's access to finance through removal of encumbrances that impede access. There should be policies directive that expand and encourage SME's development. There is need to improve on the training of its citizens on value creation and innovations.

## REFERENCES

- Abdul-Kemi, Idris, Z. (2014). Entrepreneurship and economic development in Nigeria: Evidence from small and medium Enterprises (SME's) financing. *International Journal of Business and Social Science* , 5(11) 11
- Adoju, A. & Ocheja (2013). Inpursuit of a new "Enterprise" and "Entrepreneurship" paradigm for learning: Creative deconstruction, New Values, New ways of doing things and new combinations of knowledge. *International Journal of Management Review* 4(3),233-269.
- Ahmad, N. and A. Hoffman, 2008. A framework for addressing and measuring entrepreneurship. OECD Statistics Working Papers No. 2008/02.
- Anyanwu, S.O., 2010. Student entrepreneurship and employability. A Paper Presented at the Public Launch of Venture Navigator by AfriHUB Nigeria Ltd, at RMRDC Conference Hall, Abuja, on 24 July 2010, An Unpublished Conference Paper.
- Ayres, E. & Warr, D. (2006). Entrepreneurship Education: Problem and prospects. Paper presented at the 7th Annual Conference National Association for Research Development ( NARD). Federal College of Education. Zumba
- Badal, S., 2010. Entrepreneurship and job creation: Leveraging the relationship. Washington DC: Gallup.
- Cantillon, R. (1755). *Essay on the nature of trade in general*. London: Henry Highs (edition and translation 1959).
- CBN (2014). *Credit delivery to small and medium enterprises: Post Bank Consolidation in Nigeria*

- Economicsdiscussion (2021), "Role of Entrepreneurs in Economic Development". Retrieved from <https://www.economicsdiscussion.net/entrepreneurs/role-of-entrepreneurs-in-economic-development/31496> (accessed on 24th June, 2021)
- Fairlie (2011) *The meaningful work: Technical monograph*, Toronto: Ontario, Canada
- Fintrus (2021), "The 5 Most Common Driving Forces Behind an Entrepreneur | Fintrus". Retrieved from <https://fintrus.com/the-5-most-common-driving-forces-behind-an-entrepreneur/> (accessed on 24<sup>th</sup> June, 2021)
- Gana (2001). Kaduna: Jotogan Associates G. C. Unachukwu B.C. Ijeoma (eds.) Education and Sustainable development
- Gedeon, S., 2010. What is entrepreneurship? *Entrepreneurial Practice Review*, 1(3): 16-35.
- Hisrich & Peters (2002) *Entrepreneurship* (5th Ed) Singapore; McGraw Hill Higher Education. GC Unachukwu B.C. Ijeoma (eds.) Education and Sustainable development
- Jhingan (2005) *Economic of development and planning*, Delhi: vinda publication.
- Keynes, J.M. (1936). *A General Theory of Employment Interest and Money*. London: Macmillan and co.
- National Bureau of Statistics (2018). Labour force Statistics. <https://nigerianstat.gov.ng>
- Ossai, 2008. *Entrepreneurs and entrepreneurship in Nigeria*. Lagos: Gold Land Business Co. Ltd.

- Oyeyinka, B. O. (2007). FSS 2020. International conference on SME's: Issues, Challenges and Prospect. Central Bank of Nigeria: fss202. <https://www.cbn.gov.ng>
- Say J. B. (1803) *A treatise on political economy: or the production, distribution and consumption of wealth*. New York: Augustus M. Kelley, 1964
- Schumpeter, H. (1956). *The Entrepreneur in microeconomics theory: Disappearance and explanation*. London: Rutledge.
- Schumpeter, J.A., 1911. *Theorie der wirtschaftlichen entwicklung*. Theory of economic development. A study on enterprise profits, capital, credit, interest rates and the business cycle; Published by R. OPIE, *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*, Oxford: Oxford University Press (1963 (1934)).
- Shane, T. (2003). Anord Bank Report. Global Perspective on Entrepreneurship Education and training: Global Entrepreneurship Monitoring Group.
- Sharma & Chrismann (1999). *Entrepreneurship theory and practice*, 1999
- Slow, R.M. (1957). *Technical Change and the Aggregate production function*. The MIT press.
- Small Business and Entrepreneurship council (2012). *Small Business facts and data*. <http://sbecouncil.org/about-us/facts-and-data>.
- Usual, & Christina (2016). *Skills acquisition and unemployment reduction in Nigeria: A case study of National Directorate of Employment (NDE) in Akwa Ibom state*
- World Bank Development Report in EFINA (2012). *Access to Financial Services in Nigeria 2012 survey*