

**EMPIRICAL ANALYSIS OF THE IMPACTS OF ENTREPRENEURSHIP ON
ECONOMIC DEVELOPMENT IN NIGERIA**

ADEGBITE TAJUDEEN ADEJARE*

ANENE E.C., Ph.D**

ABSTRACT

This study empirically evaluation of the influence of entrepreneurship on economic development in Nigeria. In line with the objectives of this study, a descriptive design such as personal interviews and questionnaire were employed as the major techniques for primary data collection. Data collected were analyzed using both the qualitative and quantitative methods. The descriptive statistics used were tables and percentages. Chi- square and multivariate analysis of variance and covariance (MANOVA) were employed to analyze data through STATA 10 version.

Following the outcome of this study, it is therefore concluded that that there is a strong positive relationship between entrepreneurship and economic development in Nigeria. Increases in the levels of entrepreneurship are the rescue and deliverance for economies struggling with declining economic development rates and employment (poverty reduction) rates in Nigeria. This implies that an increase in entrepreneurship creates wealth and growth of new and small businesses and help in reducing poverty.

It is recommended that Government should come up with effective and efficient entrepreneurial policies reforms which can ensure business sustainability in Nigeria.

Key words: *Entrepreneurship; Economic development; Poverty reduction; Challenges;*

***DEPARTMENT OF MANAGEMENT AND ACCOUNTING, LADOKE AKINTOLA
UNIVERSITY OF TECHNOLOGY, OGBOMOSO. P.M.B. 4000, OGBOMOSO. OYO
STATE, NIGERIA.**

****DEPARTMENT OF MANAGEMENT AND ACCOUNTING, LADOKE AKINTOLA
UNIVERSITY OF TECHNOLOGY, OGBOMOSO. P.M.B. 4000, OGBOMOSO. OYO
STATE, NIGERIA.**

INTRODUCTION

Background to the study

Entrepreneurship activities are very fundamental to any meaningful development of an economy. Many well meaning people and leaders in the societies always clamour for the development of entrepreneurs that would bring a turnaround in the economy. This explains the reason behind the government conscious policy statements that are often made in this direction. However, it has to be noted that the benefit and relevance of entrepreneur to accelerated economic growth cannot be achieved in isolation without the existence of the right opportunities that serve as the wheel of its development (Ogundele, Olajide and Ashamu 2008). For countries to accelerate their economic growth and development, it is necessary for them to build up the critical mass of first generation entrepreneurs because development is now being linked more and more to entrepreneurship. Entrepreneurship is an enterprise's efforts to ceaselessly look for business opportunities, with a view to continuing to improve its performance and to fostering its own growth. There are various ways in which entrepreneurship may affect economic growth. Entrepreneurs may introduce important innovations by entering markets with new products or production processes (Acs and Audretsch, 1990). They may increase efficiency by increasing competition and enhance knowledge of what is technically viable and what consumers prefer by introducing variations of existing products and services in the market. The resulting learning process speeds up the discovery of the dominant design for product-market combinations. Knowledge spillovers play an important role in this process (Audretsch and Feldman, 1996; Audretsch and Stephan, 1996). They may be inclined to work longer hours and more efficiently as their income is strongly linked to their working effort. Entrepreneurship of social enterprise as the competence to exploit progressively new products and services, and not only predict future demand of market, but also immediately seize new opportunities in high risks (Frishammar, and Horte 2007). Entrepreneurial activity, so-called "new entry" in existing, large firms, often mimics smallness. Newness achieved through the creation of startups and through innovations, as well as through competition, is the most relevant factor linking entrepreneurship to economic growth. While managerial business owners fulfill many useful functions in the economy, such as the organization and coordination of production and distribution, they cannot be viewed as the engine of innovation and creative destruction. Entrepreneurship, which also refers as innovative individuals who observe business opportunities and create business opportunities which they exploit in order to provide products or services to the society at a benefit to the entrepreneur. Without the opportunity, there cannot be entrepreneurship but where entrepreneurs observe there are no opportunities, they will create one to make themselves relevant (Abdullahi 2012). The environment shaping the economy affects the dynamics of entrepreneurship within any given country. This environment is marked by interdependencies between economic development and institutions, which affect other characteristics, such as quality of governance, access to capital and other resources, and the perceptions of entrepreneurs. Young (1998) discover and clarify that the traditional production factors of labour and capital are not sufficient in explaining long-term growth. Knowledge becomes a vital factor in indigenous growth models. Technological development is seen as exogenous in the earlier neoclassical growth theory. That is why the long-term growth of labour productivity remains unexplained. Knowledge has typically been measured in terms of R&D, human capital, and patented inventions.

Statement of the Problem

Economic importance attributed to “the entrepreneur” and concurrent policy interest in his/her activities has exploded in recent years. This combination suggests that public policy needs to be informed by the dynamics of entrepreneurship and economic development, as well as relevant local institutional conditions and context-specific variables. Researchers and policy makers has devoted a lot of attention to the role of entrepreneurship for economic growth. But there is need to examine empirically the impact of entrepreneurship on the poverty reduction and economic development in Nigeria.

Objective of the study

The main objective of the study is to empirically evaluate the influence of entrepreneurship on economic development in Nigeria. Other specific objectives are:

- i to examine the effect of entrepreneurship on economic development.
- ii to determine the impacts of entrepreneurship on Poverty Reduction
- iii to investigate the challenges facing the entrepreneurship development in Nigeria.

Research Hypotheses

These hypotheses to be testing are stated in the null form.

H₀₁ -There is no significant relationship between entrepreneurship and poverty reduction in Nigeria.

H₀₂ -There is no significant relationship between entrepreneurship and economic development in Nigeria.

LITERATURE REVIEW

Concept of Entrepreneurship

According to Mbaebgu (2008), entrepreneurship refers to the activities of the entrepreneur as the initiator, organizer, innovator and risk bearer in production or business. The entrepreneur is the person whose activities create wealth and employment which can be measured either directly or through economic growth rates. Entrepreneurship can also be referred as the process of using private initiative to transform a business concept into a new venture or to grow and diversify an existing venture or enterprise with high growth potential. Entrepreneurs identify an innovation to seize an opportunity, mobilize money and management skills, and take calculated risks to open markets for new products, processes and services (UNDP 1999). Gana (2001) defined entrepreneurship as the willingness and ability of an individual to seek out investment opportunities in an environment, and be able to establish and run an enterprise successfully based on the identified opportunities. Entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations to perceive and create new economic opportunities (new products, new production methods, new organizational schemes, and new product–market combinations), and to introduce their ideas to the market in the face of uncertainty and other obstacles by making decisions on location, form and the use of resources and institutions (Wennekers & Thurik, 1999). Entrepreneurship is also a behavioral characteristic of individuals. It should be noted that entrepreneurship is not an occupation and that entrepreneurs are not a well defined occupational class of persons. Even obvious entrepreneurs may exhibit their entrepreneurship only during a

certain phase of their career and/or with reference to a certain part of their activities. One of the goals of economic development strategies pursued by successive Nigerian Governments has been the reduction of poverty through job creation. Many government policies over the years for the achievement of the objective have been based on the development of indigenous entrepreneurship Abdullahi (2012).

Varga (2005) studied 11 countries and found that opportunity entrepreneurship has a positive significant effect on economic development, whereas necessity entrepreneurship has no effect. Abdullahi (2008) identifies entrepreneurship as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. However, the acceptance of entrepreneurship as a central development force by itself will not lead to economic development and the advancement of private enterprises until an enabling environment necessary for entrepreneurship to be rewarding is created within communities. Wong et al. (2005) define high growth potential entrepreneurs using the following characteristics: who have employment growth potential, have effect on the market have a global customer base and use new technology. They find that high growth potential entrepreneurship does have a positive effect on economic growth. The relationship between opportunity-based entrepreneurship and growth seems to decrease over time while the relationship between necessity-based entrepreneurship and growth tends to increase over time (Reynolds et al. 2004). Baumol (1990) argues strongly for his hypothesis that the total amount of entrepreneurs in a society may vary but that the allocation between productive, unproductive and even destructive entrepreneurship vary much more. Banerjee and Newman (1993) develop a model in which the distribution of wealth plays a central role. They argue that occupational decisions are dependent upon the distribution of wealth because of capital market imperfections. The latter imply that poor agents can only choose to work for a wage, while wealthy agents become entrepreneurs. The initial distribution of wealth determines whether in the long run an economy develops to feature only self-employment in small-scale production (“stagnation”) or to include an active labor market where both large- and small-scale production prevail (“prosperity”). Banerjee and Newman(1993) stress that the model implies the initial existence of a population of dispossessed individuals whose best choice is to work for a wage as the condition needed for an economy to achieve the stage of prosperous capitalism.

Iyigun and Owen (1999) focus on the element of risk. They distinguish between two types of human capital: entrepreneurial and professional. Entrepreneurial activities are assumed to be more risky than professional activities. Entrepreneurs in the model accumulate human capital through a work experience intensive process, whereas professionals’ human capital accumulation is education-intensive (Iyigun and Owen (1999). The models predict that as technology improves, individuals devote less time to the accumulation of human capital through work-experience and more to the accumulation of human capital through professional training. Lloyd-Ellis and Bernhardt (2000) also derive the scarcity or abundance of entrepreneurial skills as the defining variable behind the equilibrium development process. In their model, individuals may choose between working as entrepreneurs, as wage laborers in industry or in subsistence agriculture. According to Lloyd-Ellis and Bernhardt (2000), the average firm size increases quickly in the first stages of the development process but then decreases in the later stages of the development process. The number of entrepreneurs (outside agriculture) as a fraction of the population may rise in each of the stages Acs and Armington (2004) link a measure of entrepreneurship to growth at the Labor Market Area level. Their measure of entrepreneurial activity is the new-firm birth rate in each of these local economies. They test the hypothesis that

increased entrepreneurial activity leads to higher growth rates for local economies. They find that higher levels of entrepreneurial activity are strongly and positively associated with higher growth rates, even after controlling for establishment size and agglomeration effects. Mueller (2007) stresses the importance of startup activity in technology- and knowledge-intensive industries rather than just that of increases in general entrepreneurship.

Kirzner (1979) argues that the main driving force behind entrepreneurship is people noticing and taking advantage of previously unrecognized price differentials. The obvious policy implication derived is the facilitation of the spillover and commercialization of knowledge through the encouragement of entrepreneurship. Acs and Armington (2005) also examined the relationship between entrepreneurship and economic growth, using the Census Business Information Tracking Series (BITS) dataset. These data cover US private sector businesses and track their employment and firm ownership. They were used to estimate a regression model of regional variation in rates of employment growth as determined by entrepreneurship. Economic growth was represented by average annual employment growth while entrepreneurial activity was measured using the formation rate of firms with less than 500 employees and the business-owner share of the labor force. In addition, measures of agglomeration effects and human capital were included in the model. As hypothesized, the results revealed a positive and statistically significant coefficient on the firm birth rate.

Effects of Entrepreneurship on economic development in Nigeria

Entrepreneurship is “at the heart of national advantage” (Porter, 1990). Carlsson (1992) provide evidence concerning manufacturing industries in countries in varying stages of economic development. Carlsson advances two explanations for the shift toward smallness. The *first* deals with fundamental changes in the world economy from the 1970s onward. These changes relate to the intensification of global competition, the increase in the degree of uncertainty and the growth of market fragmentation. The *second* deal with changes in the character of technological progress. He shows that flexible automation has various effects, resulting in a shift from large to smaller firms. According to Gajanayake (2010), regardless of small business, entrepreneurship is the backbone of the economic and social structure. The rationale for the development of micro, small and medium enterprises lies in the important contribution that they make towards

- i Employment generation. The strength of the micro and small enterprises lies in the fact that they can provide full time employment or absorb part time labour. The surplus labour from agriculture can be successfully absorbed into this sector providing additional income.
- ii Generation of new product ideas and innovation;
- iii Distribution of wealth in society. If well managed these could form a barrier against concentration of wealth;
- iv Development of the private sector and enhancing private sector initiatives.
- v Development of an entrepreneurial class. Experience has indicated that many of the larger more successful entrepreneurs have grown from small beginnings.
- vi Poverty alleviation.
- vii Rural industrialization and social development. SMEs can be effectively operated in urban and rural settings;
- viii From the point of view of the government, new businesses and enterprises render increased revenues, reduce poverty, social tension and improve the standard of living;

- ix For industries, SMEs offer specialized skill in particular areas, sub-contracting facilities and even function as primary customers. Economically, they mobilize savings, utilize indigenous resources and contribute towards fostering an indigenous entrepreneurial class;
- x They also form the incubators for the development of larger enterprises

According to Bednarzick (2000), the following are seven main factors that influence entrepreneurship in a given country:

- ❖ the opportunities for entrepreneurship present,
- ❖ the demographics,
- ❖ the level of education,
- ❖ the entrepreneurial capacity,
- ❖ the infrastructure,
- ❖ the extent to which culture encourages entrepreneurship, and
- ❖ whether or not capital is controlled chiefly by banks or public markets (Bednarzick 2000)

With new business formations and the growth of existing ones, the most obvious contribution of entrepreneurship to increased welfare in the society is the creation of new jobs and additional income due to multiplier effects (Robinson, Dassie, and Christy, 2004). Entrepreneurship creates new wealth opportunity for country and to the communities by taking innovations to the market and commercializing new ideas. Many scholars and professionals believe that entrepreneurship is critical to maintain an economy's health and that business creation in low income areas is essential for economic development (Goetz and Freshwater, 2001). Entrepreneurs are catalysts for economic growth as they generate a network for innovations that promotes the creation of new ideas and new market formations (Minniti 1999). Understanding economic development and identifying appropriate policies to foster development requires an understanding of entrepreneurship in a particular environment. Exploring the characteristics of entrepreneurship and its contributions to the local economy can help develop a map for designing specific development policies for Nigeria.

Impacts of Entrepreneurship on Poverty Reduction

According to Hwang and Powell (2000), entrepreneurship refers to the creation and growth of new and small businesses driven by the desire for reward; the term also denotes the desire for independence, self-realization and creative activity. Entrepreneurship can be said to negatively correlate with poverty. That is, an increase in entrepreneurship will lead to a decrease in poverty. Entrepreneurship has positively affected the level of poverty prevalence by helping in reducing poverty considerably. Some of the positive effects of entrepreneurship on the level of poverty are:

- It leads to creation of more jobs, thereby reducing the rate of unemployment in the economy.
- Boosts the Gross Domestic Product (GDP) and Gross National Product (GNP) of a country.
- Leads to an improvement in social well being and standard of living of the people in a community or country.
- Leads to the availability of more goods and services at an affordable rate and.
- Can also boost the level of economic growth and development in a country.

Challenges to Entrepreneurship development in Nigeria

According to Amali (1996) the following are the challenges to entrepreneurship development in Nigeria

- inadequate finance,
- infrastructural constraints,
- inadequate and incompetent manpower,
- implementation of government policies,
- poor manpower training and development,
- entrepreneur's personal problems and identifying and
- satisfying the real needs and wants of the customers.

According to Santhi and Kumar (2011), the following are the challenges to entrepreneurship development

- **Family Challenges:** Convincing to opt for business over job is easy is not an easy task for an individual. The first thing compared is – Will you make more money in business of your choice or as a successor of family business. This is where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your Dad is doing.
- **Social Challenges:** Family challenges are always at the top because that is what matter the most but at times social challenges also are very important
- **Technological Challenges:** According to Santhi and Kumar (2011), education system lags too much from the Job industry as a whole but then it lags even more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively?
- **Financial Challenges:** (Difficulty in borrowing fund): Financial challenges are a lot different in India especially for online entrepreneurs. Many such non technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes challenging. The other option you can think of is loan but bank loan is not at all an option in India for new online entrepreneurs.
- **Policy Challenges:** Now and then there is lot of changes in the policies with change in the government.
- **Others are;** problems of raising equity capital, problems of availing raw-materials, problems of obsolescence of indigenous technology, increased pollutions Ecological imbalanced and exploitation of small and poor countries, etc.

METHODOLOGY

Research Design

A combination of descriptive and cross sectional research designs was considered to be the most appropriate. This enabled the researcher to collect as many options as possible from the respondents.

Study Population.

The population was comprised of 160 people. These were selected depending on the type of business in which the respondents are in, that is small and medium businesses.

Sampling Method

Stratified sampling was used to determine the sample size. Respondents were grouped in strata. Purposive sampling was used in each strata to get the information from small scale business owners and simple random sampling was used to limit on the biasness of purposive sampling.

Sampling Size

Samples of 160 respondents were considered amongst the selected small and medium businesses.

Method of data collection

To achieve the objectives of the study, a descriptive design such as personal interviews and questionnaire were employed as the major techniques for primary data collection. In addition, information was obtained from books, magazines, journals, research works and even from the internet. A total of one hundred and sixty (160) questionnaires were distributed amongst the staff of some selected organizations, but only one hundred and twenty five (125) were filled-in and returned.

DATA ANALYSIS TECHNIQUES

Data collected were analyzed using both the qualitative and quantitative methods. The analytical tools used in analyzing the data collected for the study include descriptive statistics, chi-square and multivariate analysis of variance and covariance (MANOVA). The descriptive statistics used were tables, percentages. Chi-square and multivariate analysis of variance and covariance (MANOVA) were used to test the hypothesis formulated through STATA 10 version.

. The formulae for chi-square used is

$$X^2 = \sum_{i=1}^k \left(\frac{O_i - e_i}{e_i} \right)^2$$

Where $i=1$, O_i = observed frequency, e_i = expected frequency.

The degree of freedom= $(r-1) (k-1)$

PRESENTATION AND ANALYSIS OF DATA**Table 1- Distribution of responses on the effect of entrepreneurship on economic development in Nigeria**

S/N	QUESTIONS	SA	A	N	D	SD	TOTAL
1	Entrepreneurship generates a network for innovations that promotes the creation of new ideas and new market formations	50 (40.00)	48 (38.4)	02 (1.60)	15 (12.00)	10 (8.00)	125 (100)
2	Entrepreneurship creates more jobs, thereby reducing the rate of unemployment in the economy	35 (28.00)	78 (62.40)	02 (1.60)	06 (4.80)	04 3.20	125 (100)
3	Improvement in social well being and standard of living of the people in a community or country	42 (33.60)	55 (44.00)	10 (8.00)	13 (10.40)	05 (4.00)	125 (100)
4	Development of the private sector and enhancing private sector initiatives.	15 (12.00)	82 (65.60)	05 (4.00)	20 (16.00)	03 (2.40)	125 (100)
5	Entrepreneurship promotes capital formation by mobilizing the idle savings of public	64 (51.20)	45 (36.00)	03 (2.40)	09 (7.20)	04 (3.20)	125 (100)
6	Removal of regional disparities through setting up industries in Nigeria and backward areas.	29 (23.20)	72 (57.60)	10 (8.00)	12 (9.60)	02 (1.60)	125 (100)
7	Entrepreneurship promotes a country's export trade thereby reduces concentration of economic power	12 (9.60)	79 (63.20)	15 (12.0)	08 (6.40)	11 (8.80)	125 (100)
8	Increasing gross national product and per capital income and facilitates overall development	19 (15.20)	59 (47.20)	12 (9.60)	05 (4.00)	30 (24.00)	125 (100)

Note: - The bracket figures indicate the percentage and figures not bracket indicate frequency. **Source:** - author's field survey (2013).

From table above, 40.00% of the respondents strongly agree that entrepreneurship generates a network for innovations that promotes the creation of new ideas and new market formation, 38.4% agree, 1.60% were not sure, 12.00% disagree, and 8.00% strongly disagree. This indicates that entrepreneurship generates a network for innovations that promotes the creation of new ideas and new market formation.

Furthermore, 28% of the respondents strongly agree that entrepreneurship creates more jobs, thereby reducing the rate of unemployment in the economy, 62.40% agree, 1.60% not sure, 4.80% disagree and 3.20% strongly disagreed. This indicates that Entrepreneurship creates more jobs, thereby reducing the rate of unemployment in the economy.

In addition, 33.60% of the respondents strongly agree that entrepreneurship Improves social well being and standard of living of the people in a community or country, 44.00% agree, 8.00%

were not sure, 10.40% disagree, and 4.00% strongly disagree. This indicates that Entrepreneurship Improves social well being and standard of living of the people in a community or country.

Moreover, 12.00% of the respondents strongly agree that entrepreneurship develops private sector and enhances private sector initiatives, 65.60% agree, 4.00% were not sure, 16.00% disagree, and 4.00% strongly disagree. This indicates that entrepreneurship develops private sector and also enhances private sector initiatives.

More so, 51.20% of the respondents strongly agree that entrepreneurship promotes capital formation by mobilizing the idle savings of public, 36.00% agree, 2.40% were not sure, 7.20% disagree and 3.20% strongly disagreed. This implies that entrepreneurship promotes capital formation by mobilizing the idle savings of public.

However, 23.20% of the respondents strongly agree that entrepreneurship removes regional disparities through setting up industries in Nigeria and backward areas, 57.60% agree, 8.00% were not sure, 9.60% disagree and 1.60% strongly disagreed. This implies entrepreneurship removes regional disparities through setting up industries in Nigeria and backward areas in the country.

Also, 9.60% of the respondents strongly agree that entrepreneurship promotes a country's export trade thereby reduces concentration of economic power, 63.20% agree, 12.00% were not sure, 6.40% disagree and 8.80% strongly disagree. This indicates that entrepreneurship promotes a country's export trade thereby reduces concentration of economic power which invariable brings economic development.

Lastly, 15.20% of the respondents strongly agree that entrepreneurship increases gross national product and per capital income and facilitates overall development, 47.20% agree, 9.60% were not sure, 4.00% disagree, and 24.00% strongly disagree. This indicates that entrepreneurship increases gross national product and per capital income and facilitates overall development.

Test of Hypotheses

Hypothesis 1

Table 2- Analysis of the significant relationship between Entrepreneurship and poverty reduction by Chi – square.

S/N	Relationship	Pearson chi-square	Pr (value)	Remark
1	Q1 vs Q2	209.5620	0.000	Significant
2	Q1 vs Q3	281.1597	0.000	Significant
3	Q1 vs Q4	215.7304	0.000	Significant
4	Q2 vs Q3	253.1024	0.000	Significant
5	Q2 vs Q4	184.1389	0.000	Significant
6	Q3 vs Q4	269.3184	0.000	Significant

Decision : From table 2, minimum pearson chi-square calculated($x^2 - cal$) is **184.1389** and the maximum pearson chi-square calculated is **281.1597**. Chi – square tabulated ($x^2 - tab$) is 30.578 at 0.01 level of significance. Since ($x^2 - cal$) are greater than ($x^2 - tab$) which make all the figures to be highly significant with probability of Pr(value) equal to 0.000. collectively, the null

hypothesis is rejected. Therefore the alternative hypothesis is accepted that there is significant relationship between Entrepreneurship and poverty reduction

Table 3- Analysis of the significant relationship between Entrepreneurship and poverty reduction by MANOVA

Source	Statistic		Df	F(df1, df2)	=	F	Prob>F
Entrepreneurship	W	0.1277	4	4.0 120.0		204.88	0.0000 e
	P	0.8723		4.0 120.0		204.88	0.0000 e
	L	6.8295		4.0 120.0		204.88	0.0000 e
	R	6.8295		4.0 120.0		204.88	0.0000 e
Residual			120	Number of obs =		125	
Total			124				

Dependent variable - Poverty reduction (proxied by Employment generation).

Source : MANOVA using STATA 10

W = Wilks' lambda, L = Lawley-Hotelling trace, P = Pillai's trace, R = Roy's largest root, e = exact, a = approximate, u = upper bound on F

To confirm the significant relationship between entrepreneurs development and the Poverty reduction (proxied by Employment generation) by the outcome of Chi-square stated above, the multivariate analysis of variance and covariance (MANOVA) was also employed. From table 3 above, according to Wilks' lambda(W) statistic, 1% increases in entrepreneurs development increases the rate of poverty reduction (employment opportunity) by 0.12%. also, with reference to Pillai's trace statistic, 1% increase in entrepreneurs development increases the rate of poverty reduction (employment opportunity) by 0.82%. in addition, with the outcome of Lawley-Hotelling trace (L) and Roy's largest root (R) statistic, 1% increases in entrepreneurs development also increases the rate of poverty reduction (employment opportunity) by 6.82%. All the statistic outcome suggest the positive significant relationship between entrepreneurs development and the rate of poverty reduction that is employment generation. This also supported by F statistic and probability of F (**Prob>F**) equal to **0.0000e**. An increase in entrepreneurship will create wealth and growth of new and small businesses and help in reducing poverty.

Hypothesis 2**Table 4- Analysis of the significant relationship between Entrepreneurship and Economic development by Chi – square.**

S/N	Relationship	Pearson chi-square	Pr (value)	Remark
1	Q1 vs Q5	215.7304	0.000	Significant
2	Q1 vs Q6	201.4185	0.000	Significant
3	Q1 vs Q7	235.8449	0.000	Significant
4	Q1 vs Q8	232.3431	0.000	Significant
5	Q5 vs Q6	189.3825	0.000	Significant
6	Q5 vs Q7	256.3646	0.000	Significant
7	Q5 vs Q8	259.8499	0.000	Significant
8	Q6 vs Q7	222.2706	0.000	Significant
9	Q6 vs Q8	196.8560	0.000	Significant
10	Q7 vs Q8	209.5889	0.000	Significant

Decision :From table 4, minimum pearson chi-square calculated($x^2 - cal$) is 189.3825 and the maximum pearson chi-square calculated is 259.8499. Chi – square tabulated ($x^2 - tab$) is 37.566 at 0.01 level of significance. Since ($x^2 - cal$) are greater than ($x^2 - tab$) which make all the figures to be highly significant with probability of Pr(value) equal to 0.000. collectively, the null hypothesis is rejected. Therefore the alternative hypothesis is accepted that is there is significant relationship between Entrepreneurship and Economic development.

Table 5- Analysis of the significant relationship between Entrepreneurship and Economic development by MANOVA

Source	Statistic	Df	F(df1, df2)	=	F	Prob>F	
Entrepreneurship	W	0.3760	4	4.0	120.0	49.78	0.0000 e
	P	0.6240		4.0	120.0	49.78	0.0000 e
	L	1.6593		4.0	120.0	49.78	0.0000 e
	R	1.6593		4.0	120.0	49.78	0.0000 e
Residual		120	Number of obs = 125				
Total		124					

Dependent variable - Economic development. Source : MANOVA using STATA 10

W = Wilks' lambda, L = Lawley-Hotelling trace, P = Pillai's trace, R = Roy's largest root, e = exact, a = approximate, u = upper bound on F

To authenticate the significant relationship between entrepreneurship development and the economic development by the outcome of Chi-square stated above, the multivariate analysis of variance and covariance (MANOVA) was also employed. From table 5 above, according to Wills' lambda(W) statistic, 1% increases in entrepreneurship development increases the rate of economic development by 0.37%. also, with reference to Pillai's trace statistic, 1% increase in

entrepreneurship development also increases the rate of economic development by 0.62%. in addition, with the outcome of Lawley-Hotelling trace (L) and Roy's largest root (R) statistic, 1% increases in entrepreneurship development leads to increase in the rate of economic development by 1.65%. All the statistic outcome suggest the positive significant relationship between entrepreneurship development and the rate of economic development. This also supported by $F(49.78)$ and probability of F (Prob>F) equal to 0.0000e. The economic development of a country is directly and highly correlated to the level of entrepreneurial activity in industrialized countries. Increasing gross national product and per capital income and facilitates overall development.

SUMMARY AND CONCLUSION

This study empirically evaluate the impact of entrepreneurship on poverty reduction and economic development in Nigeria. The study concluded that there is a strong positive relationship between entrepreneurship and poverty reduction in Nigeria. That is as the rate of entrepreneurship development increases so also employment generation increases. This implies that an increase in entrepreneurship creates wealth and growth of new and small businesses and help in reducing poverty. In addition, there is also a positive significant relationship between entrepreneurship development and economic development. According to the study, the economic development in Nigeria is directly and highly correlated to the level of entrepreneurial activity in industrialized in Nigeria. Increases in the levels of entrepreneurship are the rescue and deliverance for economies struggling with declining economic development rates and employment (poverty reduction) rates. Therefore, entrepreneurship is significant to maintain an economy's health and fosters the business creation in low income areas for economic development as supported the view and opinion of Goetz and Freshwater, (2001).

RECOMMENDATIONS

Based on the findings made in this study, the following recommendations are hereby suggested:

1. There should be policies to strengthen the legal framework for venture capital, investment funds and support to the merged Nigerian banks to provide adequate and more relevant credits to small scale and medium –sized enterprises purely on commercial and long term.
2. Government should come up with effective and efficient entrepreneurial policies reforms which can ensure business sustainability in Nigeria.
3. The various tiers of government in Nigeria should urgently design and implement entrepreneurs support incentives for indigenous entrepreneurs. For example, tax reduction/ waiver on purchased machinery and equipments, bulk purchase of SME's products and services by government are good market incentives for enhancing entrepreneurship.

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