

## **ENTREPRENEURSHIP DEVELOPMENT AND EMPLOYMENT GENERATION: AMICRO, SMALL AND MEDIUM ENTERPRISES PERSPECTIVE IN NIGERIA**

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**Abstract:** The study examined the effect of entrepreneurship development on employment generation in Nigeria, using selected MSMEs in Anambra State. The study adopted descriptive survey design because the result was to be generalized for the entire population of interest. From a population 524, a sample of 227 was determined using Taro Yameni's statistical formula. Major tools of analysis were summary statistics, Pearson Correlation and Multiple regression analysis. Preliminary results indicated that overall, the model is statistically significant through the F-value of 22.789. Regression coefficient of 0.691 showed that 69.1 percent relationship exists between dependent and independent variables. Similarly, coefficient of determination represented by ' $R^2$ ' showed that 65.6 percent variation in the dependent variable can be explained by the independent variables. The study concluded that development of entrepreneurial skills and creation of enabling business environment will enhance the employment generation capacity of the MSMEs sector in Nigeria. It was recommended among others that both the practicing and prospective entrepreneurs should endeavour to develop the requisite entrepreneurial skills to be effective in the management of their businesses.

**Keywords:** Entrepreneurship, Development, Employment Generation, Micro, Small and Medium Enterprises.

## 1. INTRODUCTION

### 1.1 Background of the Study

Unemployment has assumed an unimaginable proportion in Nigeria such that it has constituted a huge problem to both the government and the people of Nigeria. It has taken a cumulative trend, that is, as institutions of higher learning turnout graduates annually, they add up to the existing stock of the unemployed (Ekong & Ekong, 2016). The government appears to be helpless and overwhelmed by the menace. It is apparent that the rate at which young school leavers and graduates from tertiary institutions in Nigeria are seeking paid employment continuously, far outpaces the capacity of the Nigerian economy to cope with at the moment (Adetayo, Oke & Aderonmu, 2015).

In the opinion of Anayaogu (2009), the scourge of graduate unemployment in Nigeria is fully blamed on the curricular of learning at all levels of education. This, according to him is because the curricular are designed and geared towards stereotyped goals and jobs without adequate practical contents. In other words, students from the nation's universities and other tertiary institutions acquire knowledge without acquiring entrepreneurial skills that could have enabled them to become self-employed and self-reliant on graduations so that they can participate fully in facilitating economic growth and development in the country (Tulgan, 2009).

Entrepreneurship development has been conceived by successive governments in Nigeria as a programme of activities capable of enhancing knowledge and skills acquisition, change in behaviour and attitudes of individuals or groups towards assuming the role of entrepreneurs. To achieve this goal, the Federal Government (FG) of Nigeria has adopted several strategies and policies towards entrepreneurial development in Nigeria by establishing institutions and agencies to respond to the prevailing economic realities in the country such as the menace of graduate unemployment which has reached an alarming rate. According to Owualah (2009), the situation in Nigeria is comparable to nowhere else in the world.

Apparently, the need for developing entrepreneurship skills in Nigeria has become more imperative in view of the rapid expansion of the educational institutions at all levels occasioned by the deregulation of education industry in Nigeria. Nigeria as at 2012 has 124 universities of which Federal Government owned 37 while state governments and private controlled 37 and 50 respectively (National Universities Commission, 2012). The universities and other tertiary institutions turnout graduates into the labour market every year without corresponding job opportunities in the country. The experiences of the developed economies in relation to the roles played by entrepreneurship buttresses the fact that the importance of entrepreneurship skills development cannot be overemphasized, especially among the developing countries. It has been aptly referred to as a veritable source of employment generation in many economies that have developed it (Oluremi and Gbenga, 2012).

Currently, entrepreneurship education is being offered in all public tertiary institutions across the country. Its inclusion in the curricular of learning is a welcome development because as expected, it would foster self-employment, self-reliance and ultimately poverty reduction among the people (Okah and Odelola, 2009). In the light of the above, the study sets out to examine the effectiveness of entrepreneurship development in combating the rising rate of unemployment in Nigeria. Specifically, it evaluates the effect of entrepreneurial skills acquisition such as business decision-making and financial management skills as well as;

provision of basic infrastructure and incentive structures on employment generation by MSMEs in the country.

### **1.2 Statement of the Problem**

Unemployment rate in Nigeria has become very alarming. In response to the situation, government have at various times established intervention agencies such as the National Directorate of Employment (NDE), the defunct National Poverty Eradication Programme (NAPEP), the Entrepreneurship Education Programme (EEP) among others. But it looks like the situation has defied all known solutions because unemployment has continued to be on the increase (Ogunyomi and Oginni, 2013). Nevertheless, entrepreneurship development appears to be the most favoured option in the fight against the problem in the country but its implementation appears to be fraught with problems which manifest in the area of inadequate funding, lack of government incentives measures, infrastructure and generally lack of commitment on the part of government.

Past studies in the area had reported conflicting results. For instance, Onyeizugbe, Orogbu and Oyigbo (2015) found that innovativeness and creativity have no significant relationship with employment generation. On the other hand, Ekong and Ekong (2016) found that positive link exists between skills acquisition and unemployment reduction in Akwa Ibom State, Nigeria. Given the conflicting results, it has become necessary to carry out another study that can mediate between the conflicting results in addition to identifying the common factors that can enhance job creation through entrepreneurial activities in the country.

### **1.3 Objectives of the Study**

The main objective of the study is to examine the effect of entrepreneurship development on employment generation in Nigeria, using MSMEs in Anambra State as the study area. However, the specific objectives are to:

- (i) Determine the effect of acquiring entrepreneurial skills (business decision-making, financial management, etc) on employment generation in Nigeria.
- (ii) Ascertain the effect of provision of basic infrastructure on employment generation in Nigeria.
- (iii) Evaluate the effect of provision of government incentive structure to small businesses on employment generation in Nigeria.

## **2. REVIEW OF THE RELATED LITERATURE**

### **2.1 Entrepreneurship**

It is not easy defining entrepreneurship because there are almost as many definitions of the concept as there are authors and books (Byrd, 2007). To some authors, entrepreneurship means primarily innovation, to others, it means risk-taking, yet to others, it is a market stabilizing force and yet to others, it means starting, owning and managing a business concern. Entrepreneurship, according to Solomon (2007), is the willingness and ability of an individual to seek for investment opportunities, to establish and to run an enterprise successfully. To Omolayo (2013) and Baba (2013), it is the act of starting a company, arranging business ideas and taking risks in order to make profit through the education skills acquired. More formally, Gana (2008) defines entrepreneurship as the willingness and the

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.

## 2.2 Entrepreneur

Hardeep and Anupama (2013) have stated that the word entrepreneur came from the French word 'entreprendre', which means to do something and in the middle era, it was originally used in the sense of a person who is active, who get things done. Richard Cantillon was the first philosopher to use the term in 1755 in his essay on 'The Nature of Commerce.' In his opinion, an entrepreneur is the one who buys factor services at certain prices in order to combine them to produce a product and sell it at certain prices at the moment at which he/she commit him/herself to his/her costs. From the definitions, it is apparent that entrepreneurs have the willingness to bear risks. From the report of different social researches, entrepreneurs are people who change raw materials in combination with other factors of production, into goods and services to make profit. He/she uses his/her ability to organize a business venture to achieve the set goals (Bheemappa, 2013).

## 2.3 Entrepreneurial Skills Acquisition

Entrepreneurial skills are said to be the necessary skills required by an entrepreneur in order to be successful in the day-to-day running of an enterprise (Agu, Chiaha and Ikeme, 2013). They argue that acquisition of skills must be nurtured through proper education so that it can be directed to respond to as well as enrich small business endeavours that will benefit the individuals and the communities in which the entrepreneurs live. Entrepreneurial skills acquisition can also be defined as those skills that entrepreneurs need to enable them succeed in the management of their enterprises. It can also be seen as the ability to create something new with value by devoting the necessary time, effort and resources, assuming the accompanying financial psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich and Peters, 2002).

## 2.4 Micro, Small and Medium Scale Enterprises (MSMEs)

In Nigeria, before the launch of the National Policy on MSMEs in 2007, various institutions across the country have adopted varying definitions according to their perception of the concept. For the purposes of this study and coherent national policy, the standard definition in order to provide a common object of reference by stakeholders in Nigeria today as contained in the National Policy on MSMEs in Nigeria. SMEDAN (2007) gave a standard definition of MSMEs and we intend to adopt it in this study. The definition/classification is presented in Table 2.4. The National Policy Document States that, where there exist a conflict in classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7m) but employs 7 persons), the employment based classification will take precedence and the enterprise would be regarded as micro (Evbuomwan, Ikpi, Okoruwa and Akinyosoye, 2013). This is because employment-based classification tends to be relatively more stable a definition given that inflationary pressure may compromise the asset based-definition.

**Table 2.1: Classification of MSMEs in Nigeria**

<b>Size Category</b>	<b>Employment (in Persons)</b>	<b>Assets (Nmillion) excluding cost of land and building</b>
Micro enterprises	Less than 10	Less than 5
Small enterprises	10 – 49	5 less than 50
Medium enterprises	50 – 199	50 less than 500

*Source: Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2007), Abuja*

### **2.3 Theoretical Framework**

The study adopted McClelland's Need for Achievement Theory. McClelland explained in 1961 that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel. While there is no research result or evidence to support personality traits, there is enough evidence for the relationship between achievement motivation and entrepreneurship (Johnson, 1990 in Kwabena, 2011). In his opinion, achievement motivation may be the only convincing personological factor related to new ventures' creation. In addition, Mohar, Singh and Kishore (2007) note that risk taking and innovativeness, need for achievement and tolerance for ambiguity had positive and significant influence on entrepreneurial inclination. In the final analysis, entrepreneur's need for achievement is a strong motivation for success in entrepreneurship.

### **2.4 Theoretical Exposition**

Prospective entrepreneurs and the existing ones could be made to acquire managerial skills through formal education or vocational training depending on the need. Uloko and Ejinkeonye (2010) note that when people are empowered through the acquisition of entrepreneurial skills, there is the possibility that they will use the skills to establish new ventures for wealth creation. In their opinion, it involves education and training and such skills acquisition process opens one's eyes to forecast business opportunities. Ola-Adebayo (2013) opines that such skill acquisition project is better achieved through entrepreneurship education.

In particular, certain skills/competencies are very crucial for the establishment and successful management of an enterprise and such skills include but not limited to business decision-making skills, financial management skills, etc. Inyang and Enuoh (2010) note that many people are not able to bring their ideas to the market because they lack the capacity to make enduring decisions. Due to fear of the unknown, many ideas which would have transformed into big business opportunities have remained unrealized. In the opinion of Nwachukwu (2005), one thing is to make a business decision and it is another to make right decision. He stresses that decision making is at the heart of entrepreneurial activities as one wrong business decision is capable of bringing a going concern to its knees. The same goes for financial management competency/skill. To Ejike (2016), to be able to determine the level and amount of capital needed in a business requires some expertise in financial management. This is because the operator of small business should be able to anticipate, acquire and effectively allocate funds for optimum utilization in a business. It should be understood that when fund is accessed, it must be put to use in a way that it can improve the fortunes of the business (Inegbenbor, 2006).

Another critical factor that is necessary for development and sustenance of entrepreneurship is the provision of basic infrastructure. In Nigeria, near absence of basic infrastructure has hurt the MSMEs sector more than any other known factor. In fact, it has been a source of huge discouragement to both the practicing and prospective entrepreneurs. The micro, small and medium scale enterprises in Nigeria have been operating in an environment characterized by poor infrastructure which constitutes barrier to entry and hinders international competitiveness. In many state in the country, non-existence of infrastructural facilities such as power and water supply, roads network, etc, hinder the development of entrepreneurship

thereby preventing the MSMEs sector from playing the leading role in creating jobs and stimulating the economy to growth (Nwabufo and Mamman, 2015).

Similarly, MSMEs need government incentive structures to make the operating environment conducive so that entrepreneurial activities can grow and develop in the country. In particular, government policy with respect to taxation has not been favourable. Ocheni and Gemade (2015) observe that there is a negative relationship between taxes and the businesses' ability to sustain itself and achieve the necessary expansion desirable for value and wealth creation. Government should be able to grant tax holiday to young entrepreneurs as well as make credit available at single digit rate to give access to a reasonable percentage so that investment can be increased. The problem is that government's appreciation of the relevance of the MSMEs sector in generating employment has always been restricted to the pages of the budget presentations and submissions at various fora without actually turning words into action (Iwuji, 2013).

## **2.5 Empirical Review**

Many scholars have carried out studies in this area and the review in this section of the literature is directed at such studies. Accordingly, Etonyeaku, Kanu, Ezeji and Chukwuma (2014) examined the entrepreneurial skills need of secretarial education graduates of colleges of education for self-sustainability in Enugu State, Nigeria. The study adopted descriptive survey design, findings showed that 40 entrepreneurial skills were required by the graduates for self-reliance. It was concluded that acquisition of entrepreneurial skills enhances the self-employment endeavour of the graduates who want to be self-sustaining. In a similar vein, Akpotohwo, Seidougha and Ogeibiri (2016) studied entrepreneurial skills needed by business education students for self-sustainability in Bayelsa State. The study adopted descriptive survey design. Findings indicated that the acquisition of entrepreneurial skills by the prospective entrepreneurs is a major pre-condition for successful entrepreneurship. The study concluded that entrepreneurial competences are required for effective business operations.

Obokoh and Goldman (2016) did a study to determine the effect of infrastructural deficiency on business development in Nigeria's liberalized economy. Longitudinal survey approach was adopted for the study. The result showed that deficiency in infrastructural facilities negatively impacted the profitability and general performance of businesses in the study area due to high costs incurred by the business owners in self-provision of essential infrastructures. The study concluded that in spite of the claim of government to have successfully completed the privatization process of electricity production in November, 2013, there is still no significant improvement in the supply in Nigeria. In another study, Ocheni and Gemade (2015) examined the effect of multiple taxation on the performance of small and medium scale business enterprises in Benue State, Nigeria. Descriptive survey design was used for the study. Findings suggested that multiple taxation has negative effect on MSMEs survival and that the relationship between MSMEs size and its ability to pay taxes is positive and significant. The study concluded that multiple taxation affects the survival and expansion growth of MSMEs in Benue State, Nigeria.

In a related study, Nwabufo and Mamman (2015) examined the suitability of entrepreneurship education as a panacea for curbing graduates' unemployment in Nigeria. The study which was designed as content analysis showed that entrepreneurship education is capable of reducing graduates unemployment and poverty through the acquisition of requisite entrepreneurial skills and consequently the establishment of small businesses. The study



concluded that the government should rethink entrepreneurship education as a viable option for combating the menace of graduate unemployment in Nigeria. Similarly, Mohammed (2017) did a study that assessed the impact of MSMEs on employment generation in Nigeria. The study covered the 36 states of Nigeria, including Abuja, the Federal Capital Territory. The study which was designed as content analysis found that lack of adequate financing, poor managerial ability, corruption, infrastructural inadequacy, insecurity, were some of the challenges that are hindering the MSMEs sector from impacting unemployment and the economy generally.

### 3. METHODOLOGY

#### 3.1 Research Design

The study adopted descriptive survey design because the data were principally from the primary source and the intention is to generalize the results of the study for the entire population of interest. The study took place in Anambra State, Nigeria, covering all registered MSMEs in the industrial axis of Onitsha and Nnewi in the State. The following figures were identified from the respective zones as the population, 281 and 243 thus showing a total population of 524 of firms that employed 5 persons and above the figures were identified from the directory of MSMEs domiciled in the Ministry of Commerce and Industry the State. In determining the sample size for the study, Taro Yameni's statistical formula was deployed and sample size arrived at is 227 (Nearest whole number). In terms of sampling technique used, we made use of systematic sampling method given its unique attributes of random start and sampling interval which enables the method to evenly spread the sample across the population of interest. For data collection, an item structured instrument designed to reflect the modified five (5) point Likert scale was used to elicit information from the respondents. The instrument was both face and content validated. The reliability test was also carried out through the method of test re-test. The reliability test returned coefficients of 0.80, 0.73 and 0.90 for the three research questions thus giving an average coefficient of 0.81 which means that the instrument is 81 percent reliable and it was considered very adequate. Direct questionnaire distribution was employed by the researcher so as to assess whether the respondents actually understood the questionnaire items. Out of the 227 copies of the questionnaire that were issued out, 221 were completed and returned thus showing a response rate of 97.4 percent which is considered to be adequate. With respect to method of data analysis, summary statistics, Pearson correlation and multiple regression analysis were the statistical tools deployed to analyze the data quantitatively. All tests were carried out at 0.05 level of significance.

#### 3.2 Model Specification

The relationship between the dependent and independent variables were specified as follows:

$$EG = F(ESD, PBI, PGI) \quad (1)$$

Specifying econometrically, we have:

$$EG = \alpha_0 + \alpha_1 ESD + \alpha_2 PBI + \alpha_3 PGI + \mu_t \quad (2)$$

Where:

EG	=	Employment Generation
$\alpha_0$	=	The intercept
$\mu_t$	=	Stochastic error margin
ESD	=	Entrepreneurial skills development
PBI	=	Provision of basic infrastructure
PGI	=	Provision of government incentives

While  $\alpha_1, \alpha_2, \dots, \alpha_n$  are the coefficients of the variables to be estimated.

The *a priori* or expected signs of the coefficients are as follows:

$$\alpha_1 > 0, \alpha_2 > 0 \text{ and } \alpha_3 > 0$$

or

$$\alpha_i's > 0$$

As could be seen from the above functional equation, the dependent variable is employment generation while independent variable is the entrepreneurship development proxied by entrepreneurial skills development, provision of basic infrastructural facilities by the government and government incentive measures.

#### 4. DATA PRESENTATION AND ANALYSIS

##### 4.1 Demographic Characteristics of the Respondents

Respondents' personal data such as gender, age, educational attainment and length of time in business were discussed in this section of the analysis with the sole aim of assessing their suitability in effectively discussing all issues relating to the subject matter of the investigation.

**Table 4.1: Demographic Characteristics of the Respondents**

S/N	Demographic Features	Frequency	Percentage of Total
1.	Gender: Male	145	65.6
	Female	76	34.4
	<b>Total</b>	<b>221</b>	<b>100.0</b>
2.	Age: 18 – 27	18	7.9
	28 – 37	43	19.6
	38 – 47	78	35.1
	48 – 57	49	22.3
	58 and above	33	15.1
	<b>Total</b>	<b>221</b>	<b>100.0</b>
3.	Educational Attainment:		
	WAEC	32	14.3
	OND/NCE	69	31.1
	HND/First degree	90	40.9
	Masters	12	5.4
	Professional Cert	18	8.0
	Ph.D	1	0.4
<b>Total</b>	<b>221</b>	<b>100.0</b>	
4.	Organizational Tenure:		
	Below 5 years	38	17.3
	5 – 10 years	71	32.1
	11 – 15 years	90	40.5
	16 years and +	22	10.1
<b>Total</b>	<b>253</b>	<b>100.0</b>	

**Source: Field survey, 2020**

As could be seen from Table 4.1, 145 (65.6 percent) of the respondents are male and 76 (34.4 percent) are female. It shows also that 203 (92 percent) of them are within the age bracket of 28 years and above. In terms of educational background, 32 (14.3 percent) of them have school certificate (WAEC) while the rest have from Ordinary National Diploma (OND) or



National Certificate of Education (NCE) and above. Thus showing that the sample consists of those who are fairly literate. Concerning organizational tenure, more than 50 percent of them have been in business for upward of eleven years and above. The implication of the results of the analysis is that the respondents have enough capacity to effectively discuss the issues surrounding the subject-matter of the study.

**Table 4.2: Correlation Matrix**

Variables		Correlation Analysis			
		Employment Generation	Entrepreneurial Skill Development	Provision of Basic Infrastructure	Provision of Govt. Incentives
Employment Generation	Pearson Correlation	1	.7253**	.511**	.409*
	Sig. (2-tailed)		0.000	.016	.000
	N	221	221	221	221
Entrepreneurial Skills Development	Pearson Correlation	.725**	1	.508**	.625**
	Sig. (2-tailed)	.000		.000	.000
	N	221	221	221	221
Provision of Basic Infrastructure	Pearson Correlation	.511**	.508**	1	.501**
	Sig. (2-tailed)	.000	.000		.001
	N	221	221	221	221
Provision of Government Incentives	Pearson Correlation	.409*	.625**	.501**	1
	Sig. (2-tailed)	.000	.000	.001	
	N	221	221	221	221

**Source: Field survey, 2020**

\*\* Correlation is significant at 0.05 level (2-tailed).

\* Correlation is significant at 0.01 level (2-tailed).

Table 4.2 shows that positive and strong relationships exist between and among variables in some cases while positive and weak relationships exist in others. However, there was no case of multicollinearity or orthogonal relationship in the data.

**Table 4.3: Summary of Analysis of Variance (ANOVA) for the Model**

ANOVA <sup>b</sup>					
Source of Variation	Df	Sum of Squares	Mean Square	F-ratio	Sig.
Regression	4	168.729	42.182	22.789	.000 <sup>a</sup>

Residual	70	129.537	1.851	-
Total	74	298.266	-	

**Source: Field survey, 2020**

- a. Predictor: (constant), entrepreneurial skills development, provision of basic infrastructure and provision of government incentives.
- b. Dependent variable: Employment Generation.

The result of the analysis presented in Table 4.3 shows that F-Statistic is 22.789 and it is statistically significant because 0.000 is less than 0.05. Therefore, overall, the model is said to be significant, stable, valid and fit for predictions.

**Table 4.4: Summary of Regression Results**

Model	R	R.Square	Adjusted R-Square	Standard Error of the Estimate
I	0.691	0.656	0.590	0.52657

**Source: Field survey, 2020**

- a. Predictor: (constant), entrepreneurial skills development, provision of basic infrastructure and provision of government incentives.

The regression result as presented in Table 4.4 shows that regression coefficient represented by ‘R’ with a value of 0.691 means that 69.1 percent relationship exists between the dependent and independent variables. Similarly, the coefficient of determination represented by ‘R<sup>2</sup>’ with the value of 0.656 means that 65.6 percent variation in the dependent variable can be explained by the independent variables.

**Table 4.5: Summary of Regression Coefficients, t-value and Probability Level**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	-.059	.207	-	-816	.268
Entrepreneurial Skills Development	.618	.055	.710	10.218	.000
Provision of Basic Infrastructure	.517	.068	.695	3.625	.003
Provision of Govt. Incentives	.126	.054	.673	2.514	.020

**Source: Field survey, 2020**

- a. Dependent Variable: Employment Generation

**4.2 Test of Hypotheses**

In this section of the analysis, the hypotheses were re-stated and tested at 0.05 level of significance as follows:

1. H<sub>0</sub>: Acquisition of entrepreneurial skills (business decision making, financial management, etc) does not have positive and significant effect on employment generation in Nigeria.

2.  $H_0$ : Provision of basic infrastructure does not have positive and significant effect on employment generation in Nigeria.
3.  $H_0$ : Provision of government incentive does not have positive and significant effect on employment generation in Nigeria.

### 4.3 Interpretation of Regression Coefficients

The interpretation is based on t-values and their corresponding probability levels as shown in Table 4.5. Decisions on null hypotheses were equally taken based on the regression outcomes as follows:

Accordingly, the coefficient of entrepreneurial skills development as presented in Table 4.5 is represented by  $\alpha_1$  and it has a value of 0.710 which means that when it is increased by additional one unit, employment generation in the MSMEs sector will increase by 71 percent when other variables in the model are held constant. From the t-value of 10.218 and the corresponding significance level of 0.000, the coefficient is significant because 0.000 is less than 0.05. Consequently, the null hypothesis was rejected while the alternative which suggests that acquisition of entrepreneurial skills have positive and significant effect on employment generation was accepted.

In the same vein, the coefficient of provision of basic infrastructural facilities is represented by  $\alpha_2$  in the model and it has a value of 0.695 which means that when the variable is increased by one unit, employment generation will increase by 69.5 percent if other variables in the model are held constant. The t-value of 3.625 and the corresponding probability level of 0.003 shows that the coefficient is significant because 0.05 is greater than 0.003. Therefore, the null hypothesis was rejected while the alternative which suggests that provision of basic infrastructure to the MSMEs in Nigeria will have positive and significant effect on employment generation was accepted.

Finally, the coefficient of provision of government incentive measures was represented in the model by  $\alpha_3$  and it has a value of 0.673 which means that when it is increased by one additional unit, employment generation will increase by 67.3 percent when other factors in the model are held constant. Similarly, the t-value of 2.514 and its corresponding probability level of 0.020 shows that the coefficient is significant because 0.020 is less than 0.05. It was concluded therefore that the provision of government incentive measures to the MSMEs sector will have positive and significant effect on employment generation in the country.

**Table 4.6: Eigen Values, Condition Index and Variance Proportion**

Model	Eigen Value	Condition Index	Variance Proportion			
			Constant	ESD	PBI	PGI
1	4.617	1.003	.00	.00	.00	.00
2	.065	6.558	.08	.09	.16	.35
3	.087	7.145	.07	.15	.07	.06
4	.049	10.102	.06	.64	.23	.25

**Source: Field survey, 2020**

a. Dependent Variable: Employment Generation

Specifications: The rule is that eigen values that are close to zero indicates dimension that explain little variance. For the condition index, when the values are more than 15 for any of the variables, then there is a possibility of multicollinearity relationship in the data. In Table

4.6, the values of 2, 3 and 4 in the model are close to zero thereby expressing very little variance in the model. Concerning the values of condition index, they are in the range of 1.003 to 10.102 thus indicating no presence of multicollinearity between dependent and independent variables.

#### **4.4 Discussion of Research Results**

The result of the first test of hypothesis showed that development of requisite entrepreneurial skills have positive and significant effect on employment generation in the MSMEs sector of the economy. The result is consistent with that of Ekong and Ekong (2016) when they found from their study of skills acquisition and unemployment reduction that positive and significant link exists between skills acquisition and unemployment reduction in Akwa Ibom State of Nigeria. The result has underscored the need for acquisition of skills such as business decision-making skills, financial management skills among others. The development of such relevant skills will enable the operators to manage their businesses effectively to achieve growth so that employment may be created. It must be understood that to establish business is one thing and to nurture it to growth and sustainability is another. An entrepreneur must be adequately equipped with the managerial ability so that he/she can take business decisions that will not hurt the business and be able to manage the finances in such a way that funds are always allocated in the business for optimum results. This way, businesses will expand and more hands would be employed to reduce the rate of unemployment in the economy.

The result of the second test of hypothesis showed that provision of basic infrastructural facilities will positively and significantly influence employment generation in the economy. The result is in line with that of Oseni and Pollitt (2013) when they found that the greatest challenge facing small and medium scale business, preventing them from performing the role of employment creation is irregular power supply. But apart from poor electricity supply, the shortfall in the provision of other basic social infrastructure is not only a problem to the practicing entrepreneurs but also a huge source of discouragement to the prospective ones. Therefore, without adequate provision of infrastructural facilities by the government, the existing businesses will continue to be stifled while the intending ones would be foot dragging in joining, thereby hindering the creation of new jobs in the economy. As the result in this section has shown, government provision of the basic infrastructure is key to successful entrepreneurship for employment generation and wealth creation.

The result of the third test of hypothesis equally suggests that the provision of incentives by the government will enhance employment generation of small businesses in the economy. The result is consistent with that of Iwuji (2013) when he found that government incentives will create the necessary enabling environment for businesses to thrive. Incentives in the area of tax holiday for new businesses, especially those in the MSMEs sector and interest rate that is within the region of one digit would improve the investment climate that would 'crowd out' the volume of enterprises that can create the needed jobs to reduce unemployment in the country. The government can also reduce the length of time it takes to register new business, particularly within the micro, small and medium enterprises sector because experience from other countries that have successfully implemented such policies has shown that the sector holds the key for employment and wealth creation in any country and Nigeria cannot be an exception.

#### **4.5 Summary of Findings**

Preliminary results from the analysis of data showed that F-Statistic of 22.789 is statistically significant and valid for predictions. The regression coefficient of 0.691 showed that 69.1 percent relationship exists between employment generation and entrepreneurship development proxied by acquisition of requisite entrepreneurial skills, provision of basic social infrastructural facilities and the provision of government incentives measures necessary to create the enabling business environment. Similarly, the coefficient of determination represented by 'R<sup>2</sup>' in the model with a value of 0.656 shows that 65.5 percent variation in the dependent variable can be explained by the independent variables. The rest of the findings are summarized as follows:

1. Development of entrepreneurial skills (business decision-making, financial management, etc) have positive and significant effect on employment generation in Nigeria.
2. Provision of basic social infrastructural facilities have positive and significant effect on employment generation by the MSMEs sector in Nigeria.
3. Provision of government incentives (tax holiday, low interest rates, etc) have positive and significant effect on employment generation by the MSMEs sector in Nigeria.

## 5. Conclusion

The study examined the effect of entrepreneurship development on employment generation in Nigeria, using the MSMEs in Anambra State as the study area. It was found that many of the operators in the MSMEs sector do not have the necessary managerial skills but the importance of such competencies for achieving successful entrepreneurship cannot be overemphasized. Such limitations hinders the expected growth in the sector. The provision of social infrastructure is very necessary because lack of it has been a major source of business failure and poor performance. As it is, businesses cannot grow to engage more hands under the heavy burden of cost of self-provision which leads to uncompetitive prices of the products. Similarly, provision of government incentives will create enabling business environment that can crowd out the required volume of investments that can generate enough employment opportunities in the economy.

### 5.1 Recommendations

Based on the findings and the conclusions drawn from the study, the following recommendations were made:

1. Practicing and prospective entrepreneurs should endeavour to develop entrepreneurial skills to enable them manage their business effectively.
2. Government should endeavour to provide basic social infrastructure to ameliorate the problems encountered by the operators of MSMEs in self-provision.
3. Government should try and provide incentives to create enabling business environment that can crowd out investment to facilitate employment generation in the economy.

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