

IMPACT OF ENTREPRENEURSHIP DEVELOPMENT ON PROLIFERATION OF SMALL AND MEDIUM SCALE ENTERPRISES IN ABEOKUTA, OGUN STATE

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Abstract

The study was embarked upon to investigate the impact of entrepreneurship development on the proliferation of small and medium scale enterprises in Abeokuta Metropolis, Ogun State. The study adopted a descriptive survey research design and gathered data from 158 SMEs owners using a structured questionnaire. The collected data was analyzed using descriptive statistics while the hypotheses were tested using regression analysis. The findings of the study revealed that entrepreneurship education has a significant effect on self-employment intention among the residents in the study area ($t = 1.552$; $p < 0.05$). Similarly, the result showed that entrepreneurship education has statistically significant impact on business diversification ($t = 20.887$; $p < 0.05$). Based on the findings, the study concludes that entrepreneurship development has an impact on the proliferation of small and medium scale enterprises in the study area. The study recommended that government should give more attention to promoting entrepreneurship development through education in order to facilitate the development of small and medium scale enterprises in Nigeria.

Keywords: Entrepreneur, entrepreneurship, development, diversification, SMEs, education.

Introduction

The role of Small and Medium-Scale Enterprise (SMEs) in the development of the economy of any nation cannot be underestimated. These enterprises are given increasing policy attention in recent years, particularly in the third world countries because of growing disappointment with results of development strategies focusing on large scale capital intensive and high import dependent industrial plants (Shodiya, 2020; Muritala, Awolaja & Bako, 2012). Evidence from advanced economies show that small scale business proliferation is paramount to achieving sustainable economic development (Nnadi, 2014).

Entrepreneurial development is therefore important in the Nigeria economy which is characterized by heavy dependence on oil, low agricultural production, high unemployment, low utilization of industrial capacity, high inflation rate, and lack of industrial infrastructural base (Muritala, Awolaja & Bako, 2012). Ulabor, Adeyemi, Adeyokun and Amode (2018) argued that the only solution to the problem of unemployment in Nigeria is for the government to pay more attention to entrepreneurship development.

Small and medium scale enterprises that were main sources of developmental revenues and pride of the nation before the crude oil boom of the 1970s had become defunct or obsolete and could no longer survive the knowledge-driven entrepreneurial age due to lack of required technological and entrepreneurial skills (Ulabor, Adeyemi, Adeyokun & Amode, 2018). This is because the skilled and talented entrepreneurs - men and women in academic

gowns and robes, engineers, craftsmen, farmers, among others who had taken their destinies in their own hands by risking their resources essentially money, time and energy in paid job or establishing and running their own trades were not recognized, honored and celebrated as contributors to nation building.

United Nations Conference on Trade and Development (UNCTAD, 2001) affirms that countries with a high rate of small industrial enterprises have succeeded in making the income distribution (both regionally and functionally) more equitable.

Building on this evidence in literature, this study seeks to investigate the potency of entrepreneurship development in bringing about rapid increment in the small and medium scale enterprises in Abeokuta metropolis. The study is important due to the high rate of unemployment among youths who reside in the area of study and the results obtained from this study can be put into good use by government agencies and private investors in reducing the high level of unemployment among youths.

This paper seeks to achieve the following specific objectives:

- i. To investigate the effect of entrepreneurship education on self-employment intention among youths of Abeokuta Metropolis.
- ii. To ascertain the impact of entrepreneurship education on business diversification among already established SMEs.

Literature Review

Entrepreneurship is the most efficient and effective method for establishing new enterprises, and bringing new goods and services to the market. These entrepreneurial activities significantly affect the economy of a society by building the economic base and providing job opportunities. To be enterprising is to keep your eyes open and your mind active. It is to be skilled enough, confident enough, creative enough, and disciplined enough to seize opportunities that present themselves regardless of the environmental influence (Bell, 2015). The development of entrepreneurship is not an impulsive phenomenon but a reliant of economic, social, political and psychological factors as supporting conditions (Bwisa & Ndolo, 2011). These conditions have both positive and negative effects on entrepreneurship development. Positive effects establish favorable and facilitative conditions while negative create impeding environment to entrepreneurship development (Adom, 2015). These conditions are discussed under the following categories; economic factors, socio-cultural factors, psychological factors, education related factors, government factors, technological factors and finance factors. It can be seen as a process driven by the desire to innovate; that is producing new things (goods and services) or improving on existing ones, and profiting from it. Entrepreneurship is concerned with wealth creation through the creation of value. It involves the destruction of existing market structures by the creation of new markets (otherwise reduction in market shares of current dominating competitors) through improvement of existing products or the development of entirely new products

Governments, development aid agencies and scholars world over are convinced that entrepreneurship is central to economic development, employment creation and improvement of standards of life of people in different communities (Bell, 2015; Karimi, Biemans, Lans, Chizari, & Mulder, 2014; Klapper, 2004; Malebana & Swanepoel, 2015; Prakash, Jain, & Chauhan, 2015). If entrepreneurship is integral to socioeconomic transformation, it is then logical to presume that societies which have more individuals with entrepreneurial abilities and, by extension, greater entrepreneurial activity are better placed to progress economically compared to those with lesser numbers (Ndofirepi, 2020). The realization of this fact calls for increased activity in the area of entrepreneurship development in a given economy.

Small and Medium-Scale Enterprises in Nigeria, as defined by Small and Medium Enterprises Development Agency of Nigeria (2013), are those enterprises whose total assets (excluding land and building) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten, but not exceeding forty nine employees. Small and Medium Scale Enterprises (SMEs) are seen as instruments for reducing the poverty level affecting the country and improving the economy of Nigeria (Ubesie, Onuaguluchi & Mbah, 2017). Therefore, the need for the growth of SMEs in Nigeria is beyond question.

Studies by the International Finance Corporation (IFC) show that approximately 96% of Nigerian businesses are SMEs compared to 55% in the US and 65% in Europe. SMEs contribute approximately 1% of GDP compared to 40% in Asian countries and 50% in the US or Europe (Dada, 2014). SMEs earn their funds from various sources like personal savings, family and friends, loans and professional money lender such as commercial banks and institutions like National Directorate of Employment, National Economic Reconstruction Fund and other Small and Medium Scale Enterprise Schemes. SMEs are generally regarded as the engine driving the growth of Nigeria economy and provide the best opportunity for job creation and rural development (Dalhat & Hassan, 2016). The critical role of SMEs is recognized and special agencies of government are created to provide support for SMEs.

Entrepreneurship education is defined as the development of attitudes, behaviors and capacities that can be applied during an individual's career as an entrepreneur (Wilson, 2009). The notion stretches beyond merely teaching students to start a new business to incorporating other rich learning experiences that are gained from an educational environment. Collectively, these interventions promote "...desire, self-reliance, awareness of opportunity, adaptability to change and tolerance of risk and ambiguity by modifying attitudes, and instilling attributes, intentions, behaviours, knowledge and skills enabling individuals and groups to participate meaningfully in all aspects of life, create something of value, and gain financial independence, or personal satisfaction, or both" (Steenekamp, 2013:103 cited in Ndofirepi, 2020). Entrepreneurship education is complex as demonstrated by the diversity of its goals and the multiplicity of the ways and contexts in which it is offered. As a result, entrepreneurship-related instructional programmes assume various forms and appellations.

Many studies have been carried out in the area of entrepreneurship and how it aids in sustainable economic development. Muritala, Awolaja and Bako (2012) in their study of the

role of SMEs in promoting economic growth in Nigeria have revealed that there is strong nexus between SMEs activities and economic performance in Nigeria. Moreover, the study found that SMEs in Nigeria are faced with several challenges including financial constraints, high level of corruption and lack of training and capacity building which have hindered their smooth activities. Additionally,

Chinweuba and Sunday (2015) investigate the relationship between SMEs and economic growth of Nigeria. Their findings reveal that SMEs activities are growth enhancing through expansion in output and other various means of survival. In the same vein, Motilewa, Ogbariand Aka (2015) established that SMEs are the engine of growth in Nigeria. They also state that such enterprises operate with multiple challenges including financial and managerial constraints.

Kadiri (2012) examined the contributions of small and medium scale enterprises (SMEs) to employment generation in Nigeria. The binomial logistic regression analysis was employed as tools for statistical analysis. The results show that SMEs have not impacted positively on economic growth partly due to poor financing and commitment from the government.

Result from past researches; it was observed that studies on the impact of SMEs have positive impact on economic growth in Nigeria.

Past research carried out by researchers from this study such as Shodiya, (2020); Muritala, Awolaja & Bako, (2012); Motilewa, (2015) failed to considered these variables in their studies (self-employment intention and business diversification). Hence, this study wants to investigate the impact of entrepreneurship development on self-employment intention and business diversification opportunities in Abeokuta Metropolis

Theoretical Framework

Need for achievement (N-Ach) is an individual's desire for significant accomplishment, mastering of [skills](#), control, or high standards. The term was first used by Murray (1938) and associated with a range of actions. These include: "intense, prolonged and repeated efforts to accomplish something difficult. To work with singleness of purpose towards a high and distant [goal](#). To have the determination to win". The concept of N-Ach was subsequently popularized by the psychologist [McClelland](#) (1961)

The theoretical framework for this study is based on need for achievement (n/ACH) theory. The theory of need-for-achievement is a motivational theory. It means the need for achievement, that is, the sense of doing and getting things done which promotes entrepreneurship. The need for achievement is a stable personality characteristics rooted in experience of average individual. The N-ACH is important in determining economic growth because any organized enterprise and every department, groups of individuals working together to achieve goals, the need for achievement is of paramount importance. McClelland (1961) argued that individuals with high need for achievement had more likelihood of engaging in energetic and innovative activities, such as entrepreneurship, that required an individual's responsibility for task outcomes when compared to those with lower need for

achievement. McClelland went further to assert that the extent of need for achievement among inhabitants of a country influenced the degree of economic development or decline of the country in question.

This theory is relevant to this study due to the expectation that entrepreneurship education will serve as an eye-opener to the opportunities in the business environment. This eye-opener, will spur people into taking decisive actions to take advantage presented and achieve their needs.

Methodology

This study adopts a descriptive survey research design for the attainment of the stated objectives. The population of this study consists of registered SMEs in Abeokuta Metropolis area in Ogun State, Nigeria. According to Corporate Affairs Commission (CAC), Ogun state, there are 261 registered SMEs in Abeokuta Metropolis. The study used Taro Yamane formula determining a sample size of 158 SMEs. Data for the study was collected using a standardized questionnaire and the collected data was analyzed using inferential statistics (regression analysis and correlation analysis).

Model Specification

The model for this study is specified below:

$$y = f(x)$$

Where:

y = Dependent variables i.e. self-employment intention; business diversification

x = Independent variable i.e. Entrepreneurship education

$$SEI = \beta_0 + \beta_1 EE + \mu \dots \dots \dots (1)$$

$$BD = \beta_0 + \beta_1 EE + \mu \dots \dots \dots (2)$$

Where:

SEI = Self-employment intention

BD = Business Diversification

ED = Entrepreneurship Education

β_0, β_1 = Coefficients

μ = error term

Results and Discussion

The information used for analysis of this study was through questionnaire which was gotten from respondents. The research instrument was validated by expert in the field of entrepreneurship. The study used regression analysis and correlation to test the hypotheses of the study. The result of the reliability test which were tested by Crobach between the independent variable (entrepreneurship education) and the result revealed that entrepreneurship education was 0.85, self-employment intention was 0.81 and business diversification was 0.83

Table 1: Model Summary

Model	R	R Square	Adjusted R ²	Std. Error of the estimate	Durbin Watson
1	.730	.585	.570	1.16375	.756

- i. Predictor: (Constant), Entrepreneurship Education
- ii. Dependent Variables: Self-employment intention, Business Diversification

From the information displayed in table 1, the dependent variables combined with the independent variable to produce a statistics of 0.73. The contribution of the independent variable to the dependent variables was by R-square 0.59. This implies that entrepreneurship education accounts for 59% variation in SMEs while the remaining 41% is caused by factors not captured in the model.

Table 2: ANOVA

Model	Sum of Square	Df	Mean Square	F	Sig
Regression	83.757	5	16.751	12.36	.003 ^b
Residual	369.727	153	1.354		
Total	453.484	158		12.36	

- a. Dependent Variables: Self-employment intention and Business Diversification
- b. Predictors: (Constant) and Entrepreneurship Education.

Table 2 revealed the result of the analysis of Variance (ANOVA) for the model employed for this study and it revealed the difference between the variables. The table reports the overall significance of the model employed for this study. The table reports an F-statistic value of 12.36 with a probability value of 0.003. Since the probability value of the model is than the critical values of 0.05, it implies that the model is significant at 5% level of significance and it can be logically inferred that entrepreneurship education has a significant effect on the intention to be self-employed among the residents of Abeokuta metropolis. Moreso, the result indicate that entrepreneurship education has a significant effect on business diversification among already established SMEs in the study of area.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	90.319	70.879		1.552	.134
Entrepreneurship Development	3.447	.135	.971	20.887	.000

a. Dependent Variable: Self-employment intention; Business diversification

The independent variable should be significant and this could be checked by using the probability value of the t-test. The decision rule suggest that if the t-statistics is less than 5 percent (0.05), then the null will be rejected and accept the alternative hypothesis. If otherwise, the inverse will be the case. From the information revealed in table 3, it is clear that entrepreneurship education is statistically significant because it is less than the acceptable 5 percent (0.05) level of significance. The implication of this result is that entrepreneurship education has significant impact on the intention of residents in Abeokuta metropolis to become self-employed. In the same vein, entrepreneurship development was found to impact on business diversification in the study area.

The findings of this study are in line with the findings of Nalini, Alamelu, Amudha and Motha (2016). However, the findings of this study is not in tandem with the findings of Kadiri (2012), Muritala, Awolaja and Bako (2012) as well as that of Motilewa, Ogbari and Aka (2015).

Conclusion and Recommendations

Entrepreneurship development has been ascribed to engender upspring of SMEs in a given economy, which in turn leads to employment generation for citizens. When jobs are created for people, it reduces unemployment and also boosts the rate of gross domestic product output in such an economy. The findings of this study revealed that entrepreneurship development is a useful tool that can be deployed to activate intention among people to become self-employed and not depend so much on government jobs; which is not readily available. Moreover, the findings of this study revealed that entrepreneurship education leads to business diversification among already established SMEs in the study area because most of these SMEs are equipped with knowledge (through entrepreneurship education) needed to look into their environment to discover opportunities that can be tapped into. Thus, this study concludes that entrepreneurship development through entrepreneurship education leads to the proliferation of small and medium scale enterprises in Abeokuta Metropolis area of Ogun State.

Based on the findings, the study recommends the following:

There should be aggressive support by government and Non-Governmental Organizations (NGOs) in promoting entrepreneurship education in Nigeria so as to activate entrepreneurial intention and skills among many youths and other category of citizens who are unemployed but hoping for a “white collar job”.

- i. In the same vein, there should be more enlightenment of SMEs owners to do a painstaking analysis of their immediate environment so as to identify business opportunities that can be tapped into. This diversification creates a win-win situation for the SMEs owners as well as the nation because in part, it helps to decongest an over-concentrated industry at the expense of a latent market.

Finally, government should make provision for adequate and easy access to funding for entrepreneurs for better achievement of sustainable development.

Suggestion for Further studies

This research work is limited by a considerable amount of factors. However, the significant factors are related to the selected variables and the sample size considered. The variables considered in this study may not provide the true picture about the effect of entrepreneurship development on small and medium scale enterprises in Nigeria. Similarly, the sample size selected for this study is relatively small and a larger audience could be covered by future studies. Therefore, future studies should consider other variables aside from the ones used in this study, also a larger audience should be investigated.

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