GOVERNMENT POLICY CHANGES AND SUSTAINABLE ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

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Abstract

This study examined the impact of frequent government policy changes on sustainable entrepreneurship development in Nigeria. The investigation was informed by the realization that governments the world over tend to encourage the growth and development of entrepreneurship as an instrument of economic transformation through policy development and occasional policy realignments. However, it has been observed that in recent times, the Nigerian government consistently changes her socio-economic policies rather too frequently. This article therefore analyzed critically, socio-economic policy changes in Nigeria in an attempt to determine their effects on the development and growth of entrepreneurship in Nigeria. The study employed archival document review, curling data from the Central Bank of Nigeria, National Bureau of Statistics, Debt Management Office, National Population Commission, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). From the regression analysis, it was observed that frequent changes in foreign exchange rate, tax rate, and minimum lending rate led to a reduction in the output of Small and Medium Enterprises (SMEs), hence a reduction in SMEs contribution to Gross Domestic Product (GDP) in Nigeria between 2001 – 2010. Based on these findings, it was concluded that changes in government policies are necessary, but frequent policy changes are undesirable because they tend to destabilize entrepreneurial activities in Nigeria. We therefore recommend that the government should adopt a more stable policy regime in order to promote better planning for sustainable entrepreneurship development and enhance overall economic growth in Nigeria.

Key Words: *Government Policy, Entrepreneurship, Sustainability.*

Introduction

Nigeria runs a mixed economy where the government engages in business enterprises directly and encourages a strong and vibrant private sector. Interestingly, the government who is the regulator also struggles to keep up with the pace of its own regulations. It has been observed during the last two decades that policies aimed at stabilizing the Nigerian economy has been quite frequent and sometimes at an alarming pace. This however is due, in part, to their strong belief in policies formulation and realignment as a sure strategy for changing the economic fortunes of this country for greater good. The tinkering with both structural and institutional framework is not limited to Nigeria. In the foremost capitalist economies of the West, governments do tinker with economic policies with a view to redirecting the path of the economy.

Nevertheless, most of the developing economies in Africa such as South Africa, Egypt, Senegal, Kenya, Morocco, Ghana, Algeria etc., (UNCTAD, 2008) have in recent times,

experience severe policy distortions that have in most cases triggered slow economic growth and increase poverty. The downward trend in the economic progress of some of these nations seems to defy all measures taken by government to reposition the economy. Be that as it may, every government has made it a matter of great importance to continuously vary their economic and social policies in a manner that allow for a reversed trend and improve economic development; and this automatically led to changes in the economic policies with the hope to strengthening the economy.

One of such policies is the strengthening of institutions for growth, and empowerment of certain sectors of the economy in order to increase the productive capacity of the economy in general. And the most emphasized sector in most African countries is the informal sector of the economy where entrepreneurship development becomes the bride for a changed economic policy. Put it differently, many African countries change her economic policies to favour and encourage entrepreneurship development. This comes at the wake of an overt knowledge that one of the sure way to putting the economy on threshold of sustainable development is by creating entrepreneurial cells across the country. This realization has raptly occupied Nigerian government in an unusual manner on discussions at various forums for suitable economic policies that will engender entrepreneurship development in the country.

The renewed interest on entrepreneurship development by the Nigerian government is alarming and revolutionary such that it become so overt and mind boggling. It is an established fact that government policies shape the economic landscape of every nation regardless of the type of economic system that is practiced. But the belief that a strong and vibrant economy is driven by a large pool of entrepreneurs, each contributing a sizeable proportion to expand the economic base of the country is contentious and debatable. In the last two decades (late 1990s and early 2000s) or so, various governments, the world over have shown great commitment to re-ignite the entrepreneurial spirit as a pathway to economic development. This movement is perhaps a reflection of the power of free market economy in economic transformation and sustenance. Whether the world has just woke up to this reality or other measures of economic development has outlived their usefulness, the bottom-line is that entrepreneurship as Ntekop and Umoren (2010) described it, is simply a way of life, and a mean by which every individual expresses his/her inner being. Therefore, entrepreneurial activities are 'givens' in every society and a resurgent of interest in entrepreneurship as mean of economic transformation is still not ascertained especially now government changes its development of entrepreneurship policies rather too frequent with a view to encouraging the growth and development of the sector.

Following this renewed interest in the sector, entrepreneurship has become a treasure and a much dependent economic venturesome for many people in Nigeria. However, an entrepreneur is often described as someone who identifies new opportunities and puts together the machinery and resources necessary to exploit such opportunities successfully. This description tends to suggest that although entrepreneurship is perceived as a way of life, not every individual can ever become an entrepreneur. Implicitly, it is one thing to desire and another to back up such desire with the right level of commitment, one that is strong enough to drive the desire to success. It is that attempt

at committing to the realization of a more entrepreneurial society that has caused successive Nigerian governments to develop policies in rapid succession.

The question then is, are these government policy changes necessary at the time such changes are effected?, does government fiscal and monetary policies have any significant relationship with the development and sustenance of entrepreneurship in Nigeria and have the frequent changes in socio-economic policies of government any significant relationship with entrepreneurial growth and development in Nigeria. These questions informed the conduct of this study with the overall objective of analyzing key government socio-economic policies and how they have impacted on enterprise development and sustenance in Nigeria. In order to achieve this broad objective, this study will address such specific objectives as (i) to examine government's monetary and fiscal policies and how they affect entrepreneurship growth and development in Nigeria, (ii) to determine the relationship between the economic policies of government and entrepreneurship growth and development in Nigeria, and (iii) to analyze the frequency of government's policy changes in Nigeria and their impacts on entrepreneurship growth and development in Nigeria The paper is presented in five parts. The section following this introduction is the review of theoretical underpinnings, followed by methodology and data-set, results, and finally, conclusion; referenced and appendices.

Theoretical Underpinnings

Three relevant theories or school of thoughts explains entrepreneurship growth and development via economic policies. These schools of thought provide theoretical backing and support to thrust of this study by giving fundamentals of entrepreneurship development and parties involved in such development. First is the Kiznerian Entrepreneurship School of Thought which hold that entrepreneurship is simply a process of discovery, in which case, the entrepreneur is a person who discovers previously unnoticed profit-making opportunities. Second is the Schumpeterian Entrepreneurship School of Thought which holds and emphasize that entrepreneurship is a process of creative destruction, in which the introduction of new products results in the obsolescence or failure of others; and finally, the Knighterian or Knightian/Druckerian entrepreneurship school of thought which hold that "entrepreneurship is simply risk taking. That the behaviour of the entrepreneur reflects a kind of person willing to put his or her career and financial security on the line and take risks in the name of an idea, spending much time as well as capital on an uncertain venture", (Wikipedia, 2008a).

In each of these thinking, the dominant idea is that entrepreneurship is a venture that, if developed, can help in the development of a weak economy. This could be made possible by increasingly encouraging constant exploration of the numerous resource endowment of a country. These theories therefore lay claim to the fact that with good policies in place, entrepreneurship would help in the development and sustenance of a country's economy. In term of definition, "*Entrepreneurship*" lacks universally accepted definition (Casson, 2005; Binks and Vale, 1990; Schramm, 2006; Essien, 2006; Frank and Knight, 1967 and Drucker, 1970) and this further posses a number of problems that flout a clearer understanding and practice of entrepreneurship, especially in the third world countries of which Nigeria is one. The mind of these researchers is bogged down with the possibility of having a successful entrepreneurship practice in a country where confusion looms large in the minds of prospective entrepreneurs as to what is meant by entrepreneurship.

Put it differently, how can one be successful at practicing what that person does not fully understand? Even within the confines of government policy juxtaposition, the inconsistencies could be traced partially to their lack of clear understanding of entrepreneurship. This definitive problem is very serious, yet the situation continues with more confusing definitions emerging day by day with every new venture.

Knight (1967), Drucker (1970), Sobel (2003), Schumpeter (1942), Krizner (1973), Cantillon (1755), are the first scholars to define as the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. Contemporary writers (Reiss, 2004; Nighawan and Khalid, 2007; Leff, 1994; Essien, 2006; Stevenson, Roberts, and Grousbeck, 1989; AcaWiki, 2011; Dollinger, 2006) defined entrepreneurship to reflect the current changes in the business environment thus: "entrepreneurship is the recognition and pursuit of opportunity without regard to the resources you currently control, with confidence that you can succeed, with the flexibility to change course as necessary and with the will to rebound from setbacks". They argued that "entrepreneurship is concerned with the creation of an innovative economic organization for purpose of gain or growth under conditions of risk and uncertainty".

From the above definitions, we discover certain salient issues or points of commonality which underpin the study and understanding of the concept of entrepreneurship. Based on this commonality, entrepreneurship is considered in this research to mean the willingness and ability of an individual, group or organizations, regardless of resources at his/her/their disposal to effect any innovative change to either existing production process or to initiate new production process with the ultimate aim of bringing something new and of recognizable value within perceived opportunities for the benefit of the individual, group, organization and society in the face of some level of risk and uncertainty. This broader definition encapsulates both the salient issues of the Kiznerian, Knightian and Schumpeterian entrepreneurship schools of thought as contained in the earlier discussions on conceptual framework. These facts and their thrust and the relevant school of thought are presented in Table 1 below.

Table 1 The Basic Tenets of Entrepreneurship

Entrepreneurship	Concerns	School of thought
Is about opportunity seeking	Looking for opportunity through thoughts research and development	Kiznerian (1973)
Is about risk taking	Deciding to take advantage of found or perceived opportunity regardless of requirements and expected outcome(s)	Knightian (1969)
Is about innovativeness	Applying innovative ideas to create a new valuable offer	Schumpeterian (1942)
Is about creation	This implies a founding of a new venture	Schumpeterian (1942)

Is about economic individual, groups and organizations	This means any person or groups of person or organization whose purpose is to allocate scare resources	All
Is about strategic thinking	This means having a vision, mission and strategy	All
Is about development of "an entrepreneurial spirit"	Willingness to do whatever it takes to be successful in business	-
Is about having entrepreneurial "mindset"	Taking charge	-

Source: Researchers' inference from authors cited above.

The above table highlights the concerns and perspectives to which the researcher's definition of entrepreneurship is based. With these, a clearer picture of what entrepreneurship is can be viewed on sight and understood by all. It captures the tenets of Kiznerian, Knightian and Schumpeterian entrepreneurship school of thought as explained in the section that follows. It should be noted however, that these concerns are not to be addressed directly by government as doing so would truncate the essence of government in the affairs of a capitalist economy such as Nigeria's. In fact, it would amount to what Akapn (2004) described as 'business in a non capitalist economy'; albeit a form of governance or economic system in the case of a socialist regime., A situation where government takes over the establishment and running of enterprise, in spite of the fact that they may still be said to be entrepreneurial, to whom would the policies be made, Akpan (2004) queried? As explained further in the section that follows government approach these concerns indirectly by fashioning out enabling policies and creating enabling environment for the actual and 'would-be' entrepreneurs to exploit advantageously.

Overview of Policies and Incentives for Promoting Entrepreneurship in Nigeria

Onugu (2005) said: "In recognition of the crucial roles played by SMEs with respect to economic growth and development, succeeding governments in Nigeria had various initiatives aimed at promoting the cause of SMEs in the country. The most tangible among the different incentive packages that varied with almost every change in government leadership was the focus on enhancing the financial opportunities for the SMEs". From this exposition, some of the past and present support institutions and opportunities created by the government to encourage SMEs growth in Nigeria could be identified. Table 2.2 below presents these policies/programmes with their time frame for purpose of ascertaining, theoretically, the degree of frequency which is the hallmark of this study:

Table 2 Government policies towards the development of entrepreneurship in Nigeria

Year	Institutions, policies and programmes	Policy duration (in years)	Number of policies
1964	• Nigerian Industrial Development Bank (NIDB)	6	1
1970	• Mandatory Credit Guideline in respect of SMEs	1	1
1971	• Small Scale Industries Credit Guarantee Scheme (SSICGS)	2	1
1973	• Agricultural Credit Guarantee Scheme • Nigeria Agriculture and Co-operative Bank • Nigerian Bank for Commerce and Industry (NBCI)	4	3
1977	• Rural Banking Scheme	8	1
1985	• The World Bank Assisted SME I • Second – Tier Security Market	3	2
1988	• African Development Bank – Export Stimulation Loan Scheme (ADB-ESL) • Banks Equity Holding in Companies	1	2
1989	• Peoples Bank • SME Apex Unit of Central Bank • National Economic Reconstruction Fund (NERFUND) 1989 • National Directorate of Employment (NDE)	1	4
1990	• The World Bank Assisted SME II	1	1
1991	• Nigerian Export Import Bank (NEXIM)	1	1
1992	• Small and Medium Scale Enterprises Loan Scheme	1	1
1996	• Community bank	4	1
1997	• Family Economic Advancement Programme (FEAP) (1997).	1	1
2001	• Bank of Industry (BOI) - being merger of NIDB, NBCI and NERFUND) • Small and Medium Industries Equity Investment Scheme (SMIEIS)	4	2
2002	• Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB) - being merger of NACB, Peoples Bank and Family Economic Advancement Programme (FEAP)	2	1
2004 - Date	• Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) • Other Technical Training and Extension Services Programme: This includes activities of: ➢ Industries Training Fund (ITF), ➢ Raw Materials Research and Development Council (RMRDC), ➢ Federal Institute of Industrial Research, Oshodi (FILRO), ➢ Project Development Agency (PRODA), and ➢ Centre for Management Development (CMD). ➢ Corporate institution initiatives (CII) ➢ Enterprises Development Services (EDS) ➢ Niger Delta Development Commission Skill Acquisition Centre Programmes	Still in force	9

Source: Researcher's inference from investigation in retrospect.

As noted by Onugu (2005), "the above well-intentioned institutions, policies and programs designed to provide succour to SMEs notwithstanding, the sub-sector is yet to find its bearing in the murky waters of Nigeria's business environment". The repeated apparent failure accounts for the government's frequent introduction of more institutions,

policies and programs. As presented in the table the duration of most of these policies, on average is about 1.36 which is about one year and a quarter. This period is not long enough to allow for any significant achievement from the policy because when a policy is developed and implemented time should be allowed for result, and this may not be possible given this rate of change in policy. And this has accounted, in part, for the difficulty in determining how well or otherwise of these institutions, policies and programs have fared.

Globally, Hallberg (2000) observes that "government assistance strategies in both developed and developing countries often try to achieve a combination of equity objectives (alleviating poverty and addressing social, ethnic and gender inequalities) and efficiency objectives (raising the levels of productivity and profitability of firms)". However, as Ojo (2003) argues, "all these SME assistance programs have failed to promote the development of SMEs. Oftentimes, the finance provided have been misdirected, gone to wrong persons or found to be inadequate to impact on the expected development of the assisted firms". This was echoed by Tumkella (2003) who observes that 'all these programs could not achieve their expected desires due largely to abuses, poor project evaluation and monitoring as well as moral hazards involved in using public funds for the purpose of promoting private sector enterprises'.

Institutional and policy changes affecting the development of SMEs in Nigeria

In this section, the various funding-related policies/incentives are empirically investigated in relation to their effect on entrepreneurship growth and development. These include taxation, interest rate, export/import subsidies and foreign exchange rate control. Most literature has argued that many of these policies affect SMEs negatively because they are not well conceived and implemented. The frequency of change of the policies became the major problem. The volatile exchange rate and the high rate of interest which lead to high cost of production making their products 'price-unwise' and therefore uncompetitive further compounded the problems of entrepreneurs. However, a sound and stable macro-economic policy can produce a growth, relatively uninterrupted and predictable demand for the products of Small and Medium Enterprises. Foreign exchange and trade policies are also critical for creating enabling environment for small enterprise. When exchange rate is overvalued it becomes a disadvantage to SME. When tariffs are used to control imports, the larger enterprises enjoy a higher level of protection at the cost of the small enterprises. SMEs do not have the influence to gain access to the limited supply of imported raw materials and spare parts.

Monetary and fiscal policies which discriminate against SME development such as inadequate fiscal measures have been the order of the day in Nigeria. Monetary issues which constrain SMEs development such as high interest rates, unavailability of credit, difficulty of access to credit, and inadequacy of financial structures have also constituted roads blocks to SME development. The devaluation during SAP had adverse effects on the cost of production and net profits of SMEs. Trade liberalization policy and the competition of the external producers have adversely affected SMEs.

Methodology

The method adopted in this study to analyze data is quantitative research method. By this method, data are collected from the secondary sources and they include exchange rate

(ExR), interest rate (InR), tax rate (TxR), Bank loan to SME (bnk.loan.to.sme), output of SMEs and SMEs contribution to GDP as presented in Table 3a below. The percentages of these parameters are calculated and presented in Table 3b as the degree or frequency of change in government policies. SMEs growth and development is measured by Output of SMEs (sme.output) and SMEs contribution to the growth rate of gross domestic product (GDPr) (sme.con.to.gdp).

Results and Discussions

Table 3a Government economic policies and SMEs growth in Nigeria, 2006 – 2010

Years	SMEs output (Nm)	SME contribution to GDPr (%)	Exchange rate ($1 = ₦)	Interest rate (%)	Tax rate (%)	Bank Loan to SMEs (%)
2001	1637.59	5.95	112.49	21.34	21.2	6.59
2002	1573.71	6.02	126.40	29.70	21.2	8.83
2003	1628.80	8.00	135.41	22.47	16.1	7.45
2004	1687.20	18.90	132.67	20.82	16.1	3.62
2005	1757.83	19.00	130.40	19.49	16.1	2.67
2006	1950.96	19.00	128.27	18.70	15.7	1.02
2007	2059.55	31.90	117.97	18.24	15.7	0.85
2008	2156.95	37.80	130.75	21.18	15.4	0.17
2009	2219.51	32.00	147.60	22.90	15.4	0.17
2010	2283.43	37.00	150.30	23.30	20.0	0.15

Source: CBN statistical Bulletin (Various yrs)

Table 3b: Government's policy changes and SMEs growth rate in Nigeria, 2006 – 2010

Years	**SMEs output %Δ**	**SME cont. to GDPr %Δ**	**Exchange rate % Δ**	**Interest rate % Δ**	**Tax rate % Δ**	**Bank Loan to SMEs % Δ**
2001	0.30	0.00	2.70	-0.21	0.00	-2.17
2002	-3.90	0.07	12.37	8.36	0.00	2.24
2003	3.50	1.98	7.13	-7.23	-5.10	-1.38
2004	3.59	10.90	-2.02	-1.65	0.00	-3.83
2005	4.19	0.10	-1.71	-1.33	0.00	-0.95
2006	10.99	0.00	-1.63	-0.79	-0.40	-1.65
2007	5.57	12.90	-8.03	-0.46	0.00	-0.17
2008	4.73	5.90	10.83	2.94	-0.30	-0.68
2009	2.88	-5.80	12.89	1.72	0.00	0.00
2010	2.88	5.00	1.83	0.40	4.60	-0.02

Source: CBN Statistical Bulletin 2009 and authors' computation

In order to determine the elements of the government policy changes that correlate with entrepreneurial development and growth in Nigeria, the study employs multiple regression statistics, the model of which is given as:

$$Y = a + b_1 ExR + b_2InR + b_3TxR + b_4Bkl + e...$$

The dependent variable (Y) is the changes in Output of SMEs (Δ sme.output) and SMEs contribution to the growth rate of gross domestic product (GDPr) (Δ sme.con.to.gdp) while changes in exchange rate (ΔExR), interest rate (ΔInR), tax rate (ΔTxR) and bank loan to SMEs (Δ bnk.loan.to.sme) constitute the independent variables in this study. Nevertheless, specific statistics performed include the t-test, the F-test statistics and ANOVA. While the t-test is used to measure the statistical significant of the regression coefficients and to determine the flow or direction of the relationship existing between the two variables, the F-test is employed to measure the adequacy or appropriateness of the model and to arrive at a conclusion on the statistical significance of the coefficient of determination (r^2). All the hypotheses are tested at 95% level of significance. The result which was generated based on the application of the Statistical Package for Social Science (SPSS), a computer based software program, was compared with the tabulated t and f statistics respectively at P = 0.05.

However, on the relationship between frequent changes in socio-economic policies of government and entrepreneurial growth and development in Nigeria, two sets of equations were developed to test the relationship and data relating to the variables specified therein were presented in Table 3b. These equations are given below

$$\Delta sme.output = a_o + b_1 \Delta ExR + b_2 \Delta InR + b_3 \Delta TxR + b_4 \Delta bnk.loan.to.sme + e \text{.....Eqtn 1}$$

$$\Delta sme.con.to.gdp = a_o + b_1 \Delta ExR + b_2 \Delta InR + b_3 \Delta TxR + b_4 \Delta bnk.loan.to.sme + e \text{.....Eqtn 2}$$

Results and Discussion

The regression result of the above equations are presented in Table 3c that follows

Table 3c: Regression result of the relationship between government policy change and the growth and development of entrepreneurship in Nigeria, 2000-2009

Dependent variables	ΔOutput of SME				ΔSMEs contribution to GDPr			
Independent variables	Coef.	t-Stat.	R^2	F	Coef.	t-Stat.	R^2	F
Constant	3.946	2.052			4.444	1.583		
ΔExR	-.181	-.734			-.536	-1.487		
ΔInR	-.280	-.495	.367	.724	.374	.453	.395	.817
ΔTxR	.027	.036			-.220	-.197		
ΔBkloan	-.236	.202			-.479	-.282		

Source: Authors computation as extracted from appendix A and B

(a) Predictors: (Constant): ΔExR, ΔInR, ΔTxR, and ΔBkloan

(b) Dependent Variable: ΔOSMEs and ΔSMEstoGDPr;

Level of significance = 95%

From the regression result, it is indicated that average Δsme.output and Δsme.con.to.gdp for the period reviewed was ₦ 3.946 million and ₦ 4.444 million respectively. It is indicated that a naira change (increase) in exchange rate (ExR) reduces both growth rate of SMEs output by ₦ .181 million and SMEs contribution to GDPr by ₦.536 million; one naira change (increase) in interest rate (InR) reduces growth rate of SMEs

output and increases growth rate of SMEs contribution to GDPr by □ ₦ .280 million and ₦ .374 million respectively. Also, one naira change (increase) in tax rate (TxR) increases growth rate of SMEs output by ₦ .027 million and reduces SME contribution to GDPr by – ₦ .220 million. While one naira change (increase) in bank loan to SMEs reduces growth rate of SMEs output and reduces SMEs contribution to GDPr by – ₦ .236 million and – ₦ .479 respectively.

The next activity was to test for the significance of the variations in the dependent variables as explained by the independent variables. The statistics used for this was the f-test statistics. At 95% significance level and nine (4, 5) degrees of freedom the fc values are .724 and .817 and are compared with the critical value of f (f_t) which is 5.19. Since f_c is less than ft in both instances, the null hypothesis which states that the frequent changes in socio-economic policies of government have no significant relationship with entrepreneurial growth and development in Nigeria is accepted for greater ft values. This means that government policy changes do not significantly encourage the development and sustenance of entrepreneurship in Nigeria.

The statistical significance of the independent variables is established by conducting the t-test from which result it is shown that for sme.output, ExR = –.734; InR = -.495; TxR = .036; and Bnk.loan.to.sme = -.202 while for sme.con.to.gdp, ExR = – 1.487; InR = .453; TxR = -.197; and Bnk.loan.to.sme = -.282. The critical t - value of 1.83 was obtained from the statistical table by checking the df (9) under 95% confident level. Comparing the calculated t (t_c) values of the independent variables with that of the critical t (t_t), it is found that all of the variables except one (which is ExR) was statistically insignificant since their t_C were all less than the t_t. This means that exchange rate is the only variable whose change significantly influences SMEs contribution to GDPr negatively but not so with output of SMEs. Specifically, change in interest rate had an insignificant positive impact on SMEs output as well as insignificant negative impact on SMEs contribution to GDPr. Change in tax rate has an insignificant negative effect on SMEs output but an insignificant positive effect on SMEs contribution to GDPr. Changes in bank loan to SMEs has an insignificant inverse effect on SMEs output and a positive effect on SMEs contribution to GDPr. The economic implication of this is that frequent government policy change in terms of exchange rate, interest rate, tax rate and bank loan does not encourage entrepreneurship development in Nigeria.

The econometric property of the estimated equations all shown a poor predictive power given their R^2 values of 36.7% and 39.5%, meaning that frequent government policy changes do not adequately explain and do not contribute significantly to the variations in the growth and development of entrepreneurship in Nigeria for the period considered. The equations therefore show a marginal prediction of government's policy change and its impact on growth and development of entrepreneurship in Nigeria. The remaining 60.9% and 56.9% variations in the dependent variables are explained by other variables not included in this study.

In summary, the findings of the study are presented in table 4 below:

Table 4: Impact of government policy changes on entrepreneurship development

Impact on SMEs	Government policy change			
	Frequent Change in Exchange Rate	Frequent change in interest rate	Frequent change in tax rate	Frequent change in bank loan to SMEs
SMEs Output	□ 0.536	+ 0.374	- 0.220	- 0.479
SMEs Cont. to GDP	□ 0.181	- 0.280	+0.027	□ 0.236
Average impact	**□ 0.717** *(Reduction in SMEs dev. & Growth)*	**+ 0.094** Cont. to SME dev. & growth	**□ 0.193** *(Reduction in SMEs dev. & Growth)*	**□ 0.715** *(Reduction in SMEs dev. & Growth)*

Source: compiled from Table 3

The above result is however, startling. It confirms that frequent policy change discourages entrepreneurship development in Nigeria. From table 4, frequent changes in exchange rate, tax rate, and bank loan to SMEs, on average, result in low success of entrepreneurship in Nigeria. Startling it is indeed. For instance one would ask why changes (increase) in bank loan to SMEs discourage rather than encourage entrepreneurship development and growth. The answer is very simple; bank loans to SMEs are not capable of engendering entrepreneurship growth because of the stringent lending conditions attached to it. Commenting on this Olorunshola (2001) said "... bank lending conditions to SMEs are so stringent that even when the loan is received, it would have been eaten up by either transactional cost or inflation or both. Besides, the volume of loan granted by banks to SMEs was shown to be very fluctuating and inconsistent in figures with high volatility rate against that of SME output which according to Slater (1990) and as indicated in tables 3a&b exhibits a relatively stable growth pattern with low volatility rate.

The result further shows that a positive relationship exists between SMEs development and interest rate. This finding is against the discovery of Aberejo and Fayomi (2005) who found a significant negative relationship between output of SMEs and interest rate. The author said "... an increase in interest rate definitely results in reduction in the output or performance of SMEs in Nigeria". The discovery in this paper is also startling because contrary to Aberejo and Fayomi's (2005) finding, a high interest rate as revealed is not a contentious issue in the development of SMEs. This could be interpreted to mean that while entrepreneurs are not concerned with paying interest on capital sourced, it is obvious that getting this fund is a source of worry due to complex and fathom of unfounded requirements and procedures (Itok, 2010).

Conclusion and Recommendations

The issue of government policy change, its attendant impacts on the development and growth of entrepreneurship in a nation have captured the attention of many in recent times. The situation in Nigeria is more discerning considering the instability that is currently ravaging the SMEs sub-sector of the economy vis-a-vis the burning desire for the attainment of Nigeria's vision 20-2020, where SMEs was completely omitted in the policy provisions. "As the country prepares to join the top 20 economies in 2020, the SMEs sector is not factored into the project, an omission, which analysts say does not

portend well for the country (Uba, 2009)". The fact that bank loan, foreign exchange, interest rate and tax administrations have not been properly managed by government is reflected in the current state of these sectors which appears to be an investment hell for many investors within and beyond the shores of Nigeria. That is why, and as shown in the analysis, bank loan to SMEs in Nigeria is very poor, albeit so dynamic that it defies any strategy. Its effect went down to hurting instead of encouraging development and growth of entrepreneurship in the country. This, perhaps, is one of the many reasons the current administration has decided to overhaul the sector (the financial sector), one sub-sector after another, making them stronger, viable and reliable to compete in the global financial market and move the country forward.

As for interest rate, there is great economic danger. These researchers are not satisfied with this finding and would call for specific investigation on the relationship between changes in interest rate and entrepreneurship development. From the standpoint of this study, the interest rate has contributed marginally to the growth and development of entrepreneurship in Nigeria. This might be due, in part, to its less stringent conditions for repayment. From all indices and variables incorporated in this study the development and growth of entrepreneurship in this country has for the past ten years suffered setback from frequent government policy changes and inconsistency. Consequently the SMEs sub-sector has not significantly moved our economy as one would expect it to. Generally, the economic implication of the analysis of hypothesis two is that frequent government policy change in terms of exchange rate, interest rate, tax rate, bank loan does not encourage entrepreneurship development in Nigeria. Based on the above findings and conclusions, the following recommendations are made:

Banks should be less stringent in their lending policies to SMEs in Nigeria. In this regard, it will be appropriate if banks could do the evaluations of the businesses of SMEs as well as their loan applications themselves, commit funds in the form of loan based on their informed judgment with proof or evidence of sincerity of purpose and as well supervise SMEs while embarking on the project. This will cut much of the procedures and process of granting loan to SMEs, build confidence and increase the likelihood of timely repayment.

Volume of bank loans to SMEs should be relatively stable so that the operators could be sure of how much will be available for them to invest in a well conceived, studied and planned project.

Since government policy formulation is a continuous responsibility of every successive government, policy change is inevitable. To avoid the trap, effective foreign exchange management should be seen as a panacea for negative impact of frequent policy change. By this, managers of the nation's foreign exchange would have to relax or reshape sections of an emerging policy that would hinder the development and growth of entrepreneurship in Nigeria.

Tax rebate policy for SMEs should not be a 'theory' or 'paper' policy. It should be made practical and realistic. A defined tax-free scheme for SMEs should be developed to let entrepreneurs reduce the portion of the business proceeds paid as tax. A tax rebate is still

recommended in this regards. Also government at all levels should buffer SMEs from multiple and at times inordinate taxation.

A more stable policy regime should be adopted by government. In other words, government should make it a matter of culture to give any policy a reasonable 'life'. That is to say, a definite period of time, say five years, should be allowed for any policy formed for the achievement of intended purpose before any other policy is formulated in same sector for same purpose. This will control the rate of policy change that has affected the economy adversely.

Since some findings in this study obscure the conventional belief about two parameters of government policy change (i.e. bank loan to SMEs and interest rate), it will be a worthwhile academic work to conduct an investigation in these areas. First, the impact of interest rate on entrepreneurship development would complement this study by clearly establishing weather a high interest rate will indeed lead to improvement in entrepreneurship or not. At this level of study, this tenuous link still remains undefined. Also, more bank loan to SMEs is supposed to stimulate more entrepreneurship, but this was not found to be so in this study. Further study on the effect of bank loan to SMEs should be carried out to complement the mixed findings in this study.

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