THE IMPACT OF ENTREPRENEURSHIP ON ECONOMIC GROWTH FOR SUSTAINABLE DEVELOPMENT OF LOCAL GOVERNMENT IN NIGERIA: EVIDENCE FROM SMES

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Abstract
This paper investigates the evolution and current development of principles and practice of entrepreneurship in Nigeria. It also examines the impact of entrepreneurship in fostering economic growth for sustainable development of local government. The methodology adopted was the narrative textual case study (NTCS) method, which is preferred because of the absence of real time data related to entrepreneurship and sustainable economic growth in Nigeria. However, desk reviewed were also carry out. We found that Nigeria's economy has continued to decline over the last quarter- with the real GDP growth rate hovering around -0.5% as at second quarter 2017. It was also found that entrepreneurship can enhance economic growth and development primarily by generating employment and foster the growth of small and medium enterprises in Nigeria. We recommend that there should be proper policy coordination and policy stability; reforms in the educational curriculum to prepare students for self-reliance; and fixing the power sector-Nigeria's basic infrastructure. When we have flourishing small and medium enterprises (SMEs), gainful employment will be created, wealth created will be distributed evenly and economy is developed.

***Keywords**: Small and medium enterprises (SMEs), GDP growth rate, Narrative-Textual Case Study (NTCS) and Desk reviewed*

Introduction

Despite the profound benefit of entrepreneur economic activity it is still not fully blown in Nigerian. The problem that hinder the development of entrepreneur and economic development in Nigeria include the following; Access to finance, inadequate equipment and technology, lack of managerial skill, inadequate infrastructural facilities, cultural barriers and Research and linkages. Entrepreneurship is a key factor in any economic activity. For a sector to be competitive and contribute effectively to sustainable growth, it requires an increased private investment. There can be no gain-saying that Nigeria has long recognized the importance and valuable contributions that small and medium enterprises (SMEs – often disaggregated into micro-enterprises and SMEs) as a major source of new invention and can make to poverty alleviation, wealth creation, employment generation and private sector development. The SMEs, especially micro –enterprises have for long offered safety for the survival of the poor, unemployed youths and women including the emergent "new poor", this is as well as being the nursery-bed of entrepreneurship development in the nation. These SMEs have consistently served as a vehicle not only for the poor to raise their income but also acquiring and applying skills to raise productivity for indigenous (and may be multinational) private sector growth, providing better wage earning opportunities for the majority of the polity (70%) that are poor while raising our national income. It is for these reasons that successive Nigerian governments, since independence, have always tried to

promote SME sector through a complementary range of fiscal, financial and advisory services. Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and career commitment or provide value for some products or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources. Entrepreneurship is also the process of getting into managing your own business enterprise. Whereas entrepreneurs entail individuals or persons, entrepreneurship is a process. At times the terms "entrepreneur" and "owner manager" are used interchangeably as if they mean the same thing because entrepreneurship is inextricably linked to small business management. Entrepreneurs are often both owners and employees and a considerable number of them are of them are small business owners or managers. Such people are risk takers, creative, innovative, independent, hardworking and possess other qualities that are driving force behind any entrepreneurial activities in the economy.

In Nigeria today, the increasing rate of poverty, unemployment, corruption and so many other social problem are worrisome to the government and to every well-meaning citizen. Therefore, the need for apparent change is very desirable and necessary for the country to move to forge ahead and to meet up with the global challenges. The integration of economics through globalization process of any government or state that hesitates or vacillates on whether to imbibe the culture of change will certainly create standstill not only at the detriment of its country but to the larger global community.

The incidence of poverty in Nigeria is on the high side, where 70% of the total population has been classified as poor (Nigeria entrepreneurship initiative, 2009; Ewhrudjakpor, 2008) This rate of poverty is however accentuated by the increasing rate of unemployment, high level of illiteracy, corruption and bad governance among other. Therefore as a panacea to this problem, entrepreneurship has been identified as a means of providing employment and income generation country.

The paper is divided in four parts. The first section examines the introduction and conceptual framework of the notions of entrepreneurship and economic development. The second section is the methodology of the study. The third section present the discussion of results. The Paper ends with conclusions.

Literature Review and Theoretical Framework

Entrepreneurship has been recognized as an important aspect and functioning of organization and economies (Diskson et al, 2008). It contributes in an immeasurable ways to toward creating news job, wealth creation, poverty reduction and income generating for both government and individuals. Schumpeter in (1934) argued that entrepreneurship is very significant to the growth and development of economies (Keister, 2005). Having understood the vital role of entrepreneurship in economic development, it become apparent that careful attention is needed to invest and promote entrepreneurship.

The move to toward poverty reduction should not be considered and treated in isolation, different approach and strategies need to be employed. For any country to foster genuine economic growth and development, its educational system must be considered as basis and essential ingredient. Education is undisputedly considered as the bedrock of any meaningful development (FGN, 2004 in Akpomi 2009), be it economic, social or political.

The "entrepreneur spirit" is something that has long been associated with the driving force behind economic progress and growth. Joseph Schumpeter (1942) stated that the key success of market lies in the spirit of entrepreneurs who persist developing new product and technologies, through a process he termed as "creative destruction" Kaiser (1990) modeled the entrepreneur on the basic of many historical characterization, including the Schumpeterian innovators, and concluded that the characteristics of the entrepreneur-

innovator, risk taker, and resource allocator- are complementary and inseparable facets of entrepreneurship.

Recently, the conceptual link between entrepreneurship and economic growth has received renewed interest by economist. As argued by Minniti (1999), entrepreneur are the catalyst for economic growth because they create a networking externality that promotes the creation of new ideas and new market formations. The finding that increased entrepreneurial activity leads to greater economic growth has been well-established at both the national and local levels. For example, Reynold, Hay, and Camp (1999) show that one-third of the difference in national economic growth rates can be attributed to the level of entrepreneurship in each country. Supporting these finding, Zacharakis, Bygrave, and shepherd (2000) study i6 developed economic and find on that entrepreneurial activity explains approximately one-half of the differences in GDP growth between countries. More recently, Henderson (2002) shows that entrepreneurs significantly impacted on economic activity at a more local level through fostering localized job creation, increasing wealth and local incomes, and connecting local economies to the larger global economy.

Theoretical Framework

The common theories of economic growth and development is Keynesian theory, which focuses on the sustainable economic development and the role of economic policy in the achievement of macroeconomic objective The Keynesian postulations emphasize that demand management policies can and should be used to improve macroeconomic performance and sustainability. That is, macroeconomic policies should involves setting monetary and fiscal variables in each time period at the values which are thought necessary to achieve the government's objectives (Abata, Kehinde, &Bolarinwa, 2012). Although Keynesian theory is of the view that the private sector is inherently unstable, it is subject to frequent and quantitatively important disturbances in the components of aggregate demand. It is the task of counter cyclical or stabilization policies to offset these private sector disturbances and to keep real output close to its market-clearing equilibrium time path (Omitogun and Ayinla, 2007). Therefore, based on the Keynesian economic growth model financing of SMEs or entrepreneur should be part of macroeconomic policies of government in which both the fiscal and monetary policies should recognize to achieve the desired levels of economic growth and development of Nigeria. In view of this, Zeller and Sharma (1998) argued that microfinance can aid in the improvement or establishment of family enterprise, potentially making the difference between alleviating poverty and economically secure life. On the other hand, Burger (1989) indicated that microfinance tends to stabilize rather than increase income and tends to preserve rather than to create jobs. However, Buckley (1997) came to the conclusion that there was little evidence to suggest that any significant and sustained impact of microfinance services on clients in terms of SME or entrepreneur development, increased income flows or level of employment. The focus in this augment is that improvement in access to microfinance and market for the poor people was not sufficient unless the change or improvement is accompanied by changes in technology and or technique. Diagne and Zeller (2001) on the other hand argued that insufficient access to credit by the poor just below or just above the poverty line may have negative consequences for SMEs and overall welfare. Access to credit further increases SME's risk-bearing abilities; improve risk-copying strategies and enables consumption smoothing overtime. With these arguments, microfinance is assumed to improve the welfare of the poor and economic development. Therefore, microfmance institutions that are financially sustainable with high outreach have a greater livelihood and also have a positive impact on entrepreneurs' development because they guarantee sustainable access to credit (Rhyme and Otero, 1992).

This paper is an attempt to investigate the impact of entrepreneurship on economic development in Nigeria.

Empirical literature-Review

There are various strands in the empirical literature on entrepreneurship and economic development using different measures of entrepreneurial activity. For instance, while one strand of empirical studies measures entrepreneurship in terms of the relative share of economic activity accounted for by small firms, other studies use data on self-employment, the number of market participants (competition) or firm start-ups as an indicator of entrepreneurial activities (Carree and Thurik 2002: 16; OECD 1998: 11–12) the recent studies on OECD countries and the analyses of the Global Entrepreneurship Monitor (GEM) represent one of the most important sources for statistical analysis of the links between entrepreneurial activity and economic growth. The GEM is a research programme launched in 1999 that provides annual assessments of the national level of entrepreneurship. GEM analyses was based on a harmonized assessment of the level of national entrepreneurial activity for all participating countries and represent one of the rare sources of data on entrepreneurship conducive to cross-country comparison. The GEM measures national entrepreneurial activity as the share of people among a country's labour force who are either actively involved in starting a new venture and/or manage a business less than 42 months old. In its latest report (2002), the GEM shows that the national level of entrepreneurial activity has a statistically significant association with subsequent levels of economic growth. GEM data also suggests that there are no countries with high level of entrepreneurship and low levels of economic growth (Reynolds et al. 2002: 7, 24). Until now, the GEM data have had to be viewed with caution. It can, however, be assumed that an analysis of more countries over a longer period of time will accumulate evidence of a positive link between high rates of entrepreneurship and economic growth. This assumption is supported by a variety of other empirical studies using different indicators of entrepreneurial activity. Nickell (1996) and Nickell, Nicolitsas and Dryden (1997) examined, for instance, the effect of market competition, measured as an increase in the number of competitors in relation to the development of companies' productivity performance. An increase in the number of competitors is a possible measure of entrepreneurship, since the introduction of a new product or the start-up of a new firm is an entrepreneurial act. Using data from around 600 UK manufacturing firms from the periods 1972 to 86 and 1982 to 94, the authors revealed that competition, or an increase in the number of competitors, has a positive impact on total factor productivity growth (Nickell 1996: 741; Nickell, Nicolitsas and Dryden 1997). Caree and Thurik (1998), who examined how the share of small firms affects subsequent industry output growth, have likewise established positive effects between this measure of entrepreneurship and growth. Basing their study on a sample of 14 manufacturing industries in 13 European countries, the authors investigated whether or not a higher share of small business at the beginning of the 1990s led to higher output growth in subsequent years in European manufacturing. The results of their study indicated that industries with a high share of small enterprises relative to the same industries in other countries performed better in terms of output growth during the subsequent 3 to 4 years (Carree and Thurik 1998: 144). This evidence suggested an increase in the importance of entrepreneurship as a feature of the economy, often referred to as the transformation from a "managed" to an "entrepreneurial" economy (Thurik and Wennekers 2001: 3; Friijs et al. 2002: 11). The transformation to an "entrepreneurial economy" occurred between the mid-1970s and early 1990s and becomes evident in a change in industry structure shifting economic activity away from large enterprises to smaller entities, in particular to small and medium-sized enterprises (SMEs). The growing number of SMEs and increasing outsourcing by large firms are a reaction to

greater dependence on flexibility and knowledge as factors of production brought about by technological change and the intensification of global competition. The Smaller business entities appear to be better suited to cope with the conditions of increased globalization, since they show higher flexibility and propensity to innovation and are an outstanding vehicle for channeling the entrepreneurial ambitions of individuals (Audretsch and Thurik 2001: 6–11; Carree and Thurik 2002: 7–8). In addition, the outsourcing strategies of large established firms go hand in hand with a new emphasis on "intrapreneurship" (entrepreneurial behaviour within an existing co mpany), which is considered essential to competitive success (OECD 1998: 35). The increasing importance of entrepreneurship as a result of these developments is best expressed in the words of Michael Porter: "Invention and entrepreneurship are at the heart of national advantage" (Porter 1990: 125).

Underpinning Theories (Solow Growth Theory)

Over the past few centuries, standards of living in industrialized countries have reached levels almost unimaginable to our ancestors. Although comparisons are difficult, the best available evidence suggest that real income today in the united states and western Europe are between 10 and 30 times larger than a century ago, and between 50 and 300 times larger than two centuries ago.

Moreover, worldwide growth is far from constant. Growth has been rising over most of modern history. Average growth rates in the industrialized countries were higher in the twentieth century than in nineteenth, and higher in the nineteenth than in the eighteenth further, average, income on the eve of the industrial revolution even in the wealthiest countries were not dramatically above subsistence levels; this tell us that average growth over the millennia before the industrial revolution must have been very, very low.

One important exception to this general pattern of increasing growth is the productivity growth slowdown. Average annual growth in output per person in the United States and other industrialized countries from the early 1970s and the mid-1990 was about a percentage point below its earlies level. The data since then suggest a rebound in productivity growth, at least in the United States.

The most striking examples of large change income are growth mirages and growth disaster. Growth mirages are episodes where growth in a country far exceeds the world average over an extended period, with the result that the country moves rapidly up the world income distribution. Some prominent growth miracles are Japan from the end of World War II to around 1990, the newly industrializing countries (NICs) of East Asia (south Korea, Taiwan, Singapore, and Hong Kong) starting around 1960, and China starting around 1980, Average incomes in the NICs, for example, have grown at an average annual rate of over 5 percent since 1960. As a result, their average income relative to that of the United States have more than tripled.

Growth disaster are episodes where a country's growth falls far short of the world average. Two very different examples of growth disasters are Argentina and many of the countries of sub-Saharan Africa. In 1900, Argentina's average income was only slightly behind those of the world's leaders, and it appeared poised to become a major industrialized country. But its growth performance since then has been dismal, and it is now near the middle of the world income distribution. Sub-Saharan African countries such as Chad, Ghana and Mozambique have been extremely poor through-out their histories and have been unable to obtain any sustained growth in average incomes. As a result, their average incomes have remained close to subsistence levels while average world income has been rising steadily.

Over the whole of the modern era, cross-country income difference have widened on average, the fact that average income in the richest countries at the beginning of the industrial revolution were not far above subsistence mean that the overall dispersion of average

incomes across different parts of the world must have been much smaller than it is today (Pritchett, 1997). Over the past decades, however, there has been no strong tendency either toward continued divergence or convergence.

Methodology of the study.

This study used explanatory. The methodology of the study is Narrative-Textual Case Study (NTCS) method, which is preferred because of the absence of real time data related to entrepreneurship on economic development in Nigeria. NTCS is a social science research method that employs intensively, the information, data and academic materials made available and easily accessible by information and communication technology facilities such as intranet, internet, World Wide Web, online databases, e-libraries et cetera .The choice of this method is informed by the fact that NTCS combines the use of quantitative and qualitative observation, text content analysis and available official statistics in different proportions for problem-solving or problem-identification depending on the objectives of the research.

This research is basically non-empirical, but rather explanatory, since information is collected without changing the environment. We used appropriate statistical technique, consisting of desk reviewed in the analysis for the impact of entrepreneurship on economic growth for sustainable development of Local government in Nigeria.

Discussion.

The findings of the study is based on the desk reviewed during the study. The desk reviewed revealed the following

a) **What is the Contribution of Entrepreneurship to the growth of Nigeria's Economy?**
   i. Corruption and nepotism has made government efforts to promote entrepreneurship to below expectation; hence no significant contribution has been made.
   ii. The large-scale unemployment that bedevils the economy shows that no significant improvement has been made in the area of entrepreneurship development.
   iii. The contribution of entrepreneurship to Nigeria's economic development is marginal due to the lack of access to capital.

b) **Prevailing Nigeria Business Environment and Government Policies are the Survival and Growth of Entrepreneurship**
   i. The epileptic nature of power has hampered the growth and survival of several micro, small and medium scale entrepreneurs in the country.
   ii. Policy inconsistencies and political instability adversely affects the growth and survival of the small businesses in the country.
   iii. Insecurity and spate of conflicts among Nigerian societies and communities has greatly hampered small businesses and discourage potential entrepreneurs.
   v. The inability of government agencies and microfinance institution to provide adequate capital to assist Nigerian entrepreneurs and power the real sector of the economy.

c) **As the Entrepreneurship bring Wealth Creation and Employment Opportunities**
   i) Entrepreneurship has fostered wealth creation and created employment in Nigeria extensively.
   ii) It is true that entrepreneurship is a veritable tool for wealth creation and creation of employment opportunities if is fully harness.

iii) It will require a transformation and a revolution for entrepreneurship development to significant promote wealth creation and solve Nigeria's unemployment problem.

iv) Entrepreneurship has contributed significantly to Nigeria's economy development, because it has created more employment for job seekers;

v. Current government programmes, Small and Medium enterprises credit Guarantee scheme (SMECGS) has supported the survival and growth of entrepreneurship in Nigeria.

Summary

It can be seen that entrepreneurship entails identifying, utilizing and maximizing profitable business opportunities in a sustainable manner that can foster the economic growth and development of a community or nation. Business entrepreneurship usually results in flourishing small and medium enterprises (SMEs) which generates gainful employment, creates wealth and consequently grows the economy. Nevertheless, government policies and the prevailing business environment, particularly the uncontrollable factors can impede the significant impact of entrepreneurship on economic growth for sustainable development of local government. This can be seen in the Nigerian economy situation in the past decade.

Although Nigeria has been experiencing a reasonably consistent economic growth, the rates of unemployment and inflation have been far greater. This means economic development has not actually been achieved as it were. The is because of the lack of data to measure the level of entrepreneurship development in Nigeria, an empirical is often impossible. However, a critical narrative textual case study, such as we have done in this research work can provide a degree of confidence to make a conclusion. The framework and policy for entrepreneurship with consistency in fundamental and enabling infrastructural developments are perquisites for any impactful entrepreneurship development. There was need of sufficient jobs to be created and wealth created, entrepreneurship has a long way to go in Nigeria. In summary, we found that;

1) Entrepreneurship plays a crucial role in the economic growth and development of any nation. In other words, there is a veritable link between entrepreneurship development and economic development.

2) Economic growth is a necessary factor to foster economic development of any nation; butjust as Nigeria's economy has continued to grow over the last decade- with the real GDP growth rate hovering around 7%. However, economic development, which has to been in improved living standards of the populace, has remained a great challenge in the country.

3) Nigeria business environment and prevailing government policies and programmes are quite unstable and turbulent to allow for any significant impact on entrepreneurship development.

4) Entrepreneurship can foster economic growth and development primarily by generating employment and foster the growth of micro, small and medium enterprises in Nigeria.

5) Wealth creation and poverty reduction are key benefits when entrepreneurship is taken seriously by the Nigerian government since unemployment will gradually be curbed.

6). Diversification of the revenue are key benefits also when entrepreneurship is takenearnestly by the three tier of the government for sustainable development.

Recommendation.

We recommend that policy makers should recognize the essence of entrepreneurship to economic growth. Entrepreneurship deserves equal emphasis as is being placed on science and technology; it is the entrepreneur that translates the innovation in science and technology into wealth. Thus, entrepreneurship should be recognized as an important factor of production

just as land (raw materials), labor and capital (liquid and physical), since it is only the entrepreneur that can combine all the other factors to produce wealth. Therefore, as the nation exerts efforts to exploit our natural resources, educate the citizenry and provide human & physical capital, sufficient emphasis should be made to promote entrepreneurship in order to create enterprises, wealth and employment and thus promote positive economic development. However, it is important to first of all to provide way for proper policy coordination and policy stability. There have been several government interventions and programmes aimed at promoting entrepreneurship and fostering micro, small and medium enterprises and yet no significantly impacted on Nigeria's economic development.

A pragmatic and strategic plan on gainfully on engaging Nigerian youths is another indispensable solution. The primary focus of this study is that youth who are correctly regarded as the future of every nation. Several governments are handling entrepreneurship education given its crucial nature. Some governments are rethinking the way the young are educated by infusing creative thinking and innovation in their nation's educational curriculum. In the same vein, they are putting much emphasis on the need to train future entrepreneurs through infusing entrepreneurship components within the educational option, especially at the tertiary level. Some countries have taken this initiative to a higher level by introducing entrepreneurship education at elementary school and encouraging them to be future entrepreneurs when they are of age.

A more sustainable approach to poverty reduction if not elimination is through encouraging youths, particularly those with identified entrepreneurial skills to go into private business particularly in science and technology because these have natural potentials for business development. As a result, there is need for reforms in the educational curriculum to prepare students for self-reliance.

The fixing of Nigeria's basic infrastructure can do the magic in reviving entrepreneurship development in Nigeria and promoting the micro, small and medium enterprises sector to facilitate economic growth and development. If the government of the day will face square the daunting problem of epileptic power supply, entrepreneurs would survive and their businesses sustained. The resultant effect on the economy would be immense because jobs will abound and wealth created will be in abundance.

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