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Exploring the Role of Entrepreneurship Studies for Economic Transformation and National Development

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Abstract

Lack of right policy initiatives and discipline in the educational system toward producing self-reliant graduates seem to be responsible for the high rate of unemployment; increasing graduate unemployability syndrome; low human development index (standard of living) and the "youth budge" syndrome, evidenced in the increasing crime wave. This paper examines the impact of entrepreneurial development studies (EDS) and Nigerian government support of EDS on national development. The paper adopts the ordinary least square (OLS) technique for the analysis and the result identified that there is need for the development of national venture capital and an agency for securitization of such project to support the philosophy of entrepreneurship in Nigeria. Based on the finding of this paper, we recommend that the right policy initiatives and supports should be evolved to develop and drive entrepreneurial capacities and discipline among every Nigerian for National development if Nigeria as a nation wants to become one of the top twenty (20) world economies in 2020.

Keywords: Entrepreneurship, Unemployment, Poverty, Economic Transformation, National Development

Introduction

The critical role of entrepreneurship in national development cannot be overemphasized. The recent adoption of policy initiatives to promote the philosophy, teaching and practice of entrepreneurship over the years as a compulsory course all formal and informal education systems has resulted in the strong reorientation and reemphasizing of entrepreneurship to school leavers as an alternative for white collar jobs for curbing the high rate of unemployment and unemployability syndrome. The Unemployment rate was 23.9% in 2011 and projected at 30% by 2012 (National Bureau of Statistics, 2012); the embarrassing weak globalization (openness) ratio; high rate of extraversion; has also resulted in high rate of poverty among many other social-economic consequences. The 2010 Global Monitoring Report

(GMR) of the United Nations Education, Scientific and Cultural Organization (UNESCO), revealed that about 92 per cent of Nigerian population survive on less than 2USD(dollar) daily, while about 71 per cent survives on less than 1USD (dollar) daily-a condition many have described as inexcusable, judging from the abundant natural deposits and high human population at the country's disposal. Nigeria is said to be endowed with the right mix of resources needed to transform the economy into double digit growth rate. However, this seems to be impossible owing to non availability of resources and this is not a sufficient condition for competitiveness and growth if required entrepreneurial knowledge, skill, discipline and support to assist in realizing the dream are absent. People especially the youth are yearning for jobs that are not forthcoming and every youth hopes to enjoy the goods of his country. Majority of

the youths lack requisite skill for doing the very few available white collar jobs that are really advertised. Upon this thrust, the paper is focused to examine the role of entrepreneurship for national development.

Conceptual Framework/Literature Review

The economic importance of the entrepreneur in world history has been recognized for several decades. Weber (1930) put forward the thesis that the protestant ethic is spirit of capitalism (Green 1959). Other writers have discussed, from different perspectives, the importance of entrepreneurship to different countries in the postindustrial era. Recently, some development economists have said that the expansion of high-grade personnel (such as entrepreneurs), rather than the increase of physical capital, is the major determinant of economic development. Schumpeter (1939) was, perhaps, the first major economist to analyze the role of entrepreneurship in economic development, attributed innovation to the entrepreneur. He saw "entrepreneurship as an engine of economic development" arguing that "to study the entrepreneur is to study the central figure in modern economic history." His thesis on full-employment found the inventor as "businessmen possessing the peculiar and scarce talent of seeing the possibilities of profit inherent in new methods, new products, new process, new machine and new type of organization" (Ackley, 1978).

In a recent workshop on "Excellent Leadership for National Development", Fashola (2011) noted and discussed issues that border on entrepreneurial studies, "simply because these hold the key to economic revolution and industrial growth we desire in our State and in our nation. Our mono- economy and total dependence of our youths on office jobs have widened the poverty net. Empowering the young people through acquisition of entrepreneurial skills will definitely lead to employment generation and wealth creation". Society can only become prosperous through the efforts of its people with the right mind-set.

Employment, whether part-time, full-time, or even underemployment can be said to have eluded Nigerian youths, Nigeria has been said to have one of the highest rates of youth unemployment in the industrialized world. Despite strong economic 90 per cent of all new jobs and 70 per cent of all new products and services in the US". Since

growth, youth's full-time unemployment rate for 2006-08 in Nigeria was put at 55.9%. While countries like Japan, China, India, Korea, to mention a few, have joined community of industrialized nations by strengthening their small scale industries through the practice of entrepreneurship and innovation. Nigeria is still lagging behind in understanding the relevance of this sub-sector. Nigeria is an emerging economy that envisions becoming a global economic power by 2020. She will require strong leadership and productive populace with entrepreneurial spirit to achieve this dream. She must begin to do things with due process and accountability

Entrepreneurship as a key Driver for Economic Transformation and National Development

Wealth and a high majority of jobs are created by small businesses started by entrepreneurially minded individuals. Entrepreneurship frequently exposes people to more opportunity to exercise creative freedoms, higher self esteem, and an overall greater sense of control over their own lives. As a result, many experienced business people, political leaders, economists, and educators believe that fostering a robust entrepreneurial culture will help to maximize individual and collective economic and social success on a local, national, and global scale. However, evidence has shown that the Nigerian government has severally established the National Standards for entrepreneurship education whose major objective is to prepare youth to succeed in an entrepreneurial economy. Due to the versatility of entrepreneurship to human existence and national development, the concept can be viewed and expressed in different perspectives such as "intrapreneur, cyberpreneur, political entrepreneur, co-entrepreneur, religious entrepreneur, academic entrepreneur, social entrepreneur, tecno-preneur, etc (Emmanuel, 2012). She sees entrepreneurship as the real issue to contend with for "every economic development".

Rufai (2011) recently proposed an educational policy framework to make the study of entrepreneurship compulsory for all students at the tertiary level and emphasized that "there is no gainsaying the fact that entrepreneurship is the engine of growth of all economies". While small and medium scale enterprises alone account for more than half of net job creation in most European and other developed countries, small businesses contribute to up to about entrepreneurship skills remain vital in the real sector and the sustenance of economic development, it has

become imperative for government to pay more attention to this sub-sector. Government's recognition of this fact has led to the introduction of entrepreneurship study in secondary schools and tertiary institutions. This development will not only address the problem of unemployment and underemployment but also ensure an entrepreneurial human capacity for national development. Universities must re-orientate from their traditional enclaves of domesticating their products, to possible commercialization of some of their untapped research activities and findings which will automatically bring benefit to the general public while at the same time generating revenue for the institutions. That is to say, universities must move beyond the level of selling their product only within their own environment, they should rather find ways of commercializing their products for the service of mankind and their host communities.

Methodology and Data

This paper adopts the ordinary least square technique to examine the relationship between development of entrepreneurial studies and national development (proxied by human development index). The paper identifies the extent of financial literacy and financial deepening as crucial to 'risk taking attitude' of potential entrepreneurs in Nigeria. An economy that is highly securitized provides the ease of access to venture capital and credits for entrepreneurial ventures. These variables are operationalized by the rate of financial deepening in the economy. Time series data which was sourced from the National Bureau of Statistics (NBS) and the Central Bank of Nigeria from 1986-2010 was used for data analysis.

$$Hdi_t = -0.43 + 0.188Umrt_t + 1.353Lirt_t + 0.095Fdep_t$$

S. D	(0.133)	(0.27)	(0.261)	(0.242)
t. stat	-3.235	0.6941	5.182	0.394
P.value	0.004		0.495	0.0000 0.242
R ² = 0.857 Ad. R ² = 0.696; F-stat. 19.303; Sig. Level 0.000; D.W: 0.570				

Discussion

The model specification is stated as follows:

$$Hdi_t = \alpha + \beta_1Umrt_t + \beta_2Lirt_t + \beta_3Fdep_t + \mu$$

Where Hdi represents human development index; Umrt represents unemployment growth rate, Lirt is literacy rate Fdep represents the ratio total credit to gross domestic product.

The HDI is a composite that consist three social indicators: life expectancy, adult literacy and years of

schooling, and real GDP per capita (Jhingan, 2003; Todaro and Smith, 2009)

Results and Findings

The regression result presented below confirms the model's a-priori expectations with respect to the relationship between the explanatory variables and the dependent variable. A one unit increase in the human development index (unemployment rate and poverty) can be influenced by 135% increase in literacy rate and 9% increase in credit availability to potential entrepreneurs. The literacy rate variable is significant at 1%. The Explanatory power of the regression model (R²) is moderately high at 73% suggesting that about 73% variation in the dependent variable is attributable to entrepreneurial variables proxied in the model by literacy rate, unemployment rate and rate of financial deepening. This is confirmed by the significance of the joint influence test (F-test) at 1%. The standard error of the regression is very low at 0:04527. However, the data possesses elements of serial correlation following the non-significance of Durbin-Watson statistics. The Findings from the regression result indicate that the increasing poverty rate in Nigeria is positively related to the inability to improve the knowledge of entrepreneurship and low credit availability to potential entrepreneurs. Knowledge and support for entrepreneurship is needed to help the average Nigerian to be creative and realize his/her enterprising spirit for self reliance.

Conclusion

This paper has explored the strategic role of entrepreneurship as an agent of economic transformation and national development. The role and importance of entrepreneurship is visible in employment generation, wealth creation, stimulation of indigenous entrepreneurship, promotion of entrepreneurial spirit and culture, reduction of crime, economic and national development. The paper has suggested that without having entrepreneurship discipline inculcated in the Nigerian citizen the quest to become one of the top 20 countries in 2020 might be a mirage. The regression results attest to the important of driving entrepreneurial skills with necessary financial support. The strategic role of entrepreneurship as an agent of economic transformation in the society must be seen visibly in employment and wealth generation, stimulation of indigenous entrepreneurship or promotion of entrepreneurial culture. The Nigerian government must create the

enabling environment to nurture entrepreneurial development, through the establishment of required agencies to provide financial resources such as an efficient securitization programme to small and medium scale enterprise operators or entrepreneurs. Though government has made some provision of financial resources to the entrepreneurs recently, there is still a high rate of financing gap for the required entrepreneurial revolution as is in other emerging and advanced economies. The missing links to successful entrepreneurship can also be identified as the low level of entrepreneurial competencies, defined as the cluster of related knowledge, attitudes, and skills which an entrepreneur must acquire or possess to enable him produce outstanding performance and maximize profit in the business. These entrepreneurial competencies are the critical success factors to entrepreneurship, and they deserve serious consideration in entrepreneurial knowledge transmission process. The novelty of the entrepreneurial study in universities will not only supply the nation with entrepreneurship workforce for both private and public businesses, but also in disseminating innovations through the students' research activities.

Recommendations

Based on the findings of this study, the following recommendations are made;

- (i) Government should also encourage Public Private Partnership in this project. Like the success in the PPP arrangement in hostel accommodation for tertiary institutions, experts in entrepreneurial studies and entrepreneurs who have made major breakthroughs should be allowed to come in and teach students so as to ease the burden off government.
- (ii) All stakeholders must encourage the proposed introduction of Entrepreneurship study across faculties and departments as general courses in universities in the country.
- (iii) Nigerian universities should be repositioned to become centers of excellence by equipping of technical entrepreneurial laboratories. This will help Nigeria to join the community of nations that have fought unemployment, poverty and other social vices through

strengthening of small scale businesses,.

- (iv) All Students should be encouraged in taking entrepreneurship through the provision of scholarship for performing students so as to enable them focus in that direction
- (v) Start-up loans should also be made available to graduates who have a business idea so as to encourage them to start something immediately after graduation.

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