

Entrepreneurship Summit: Entrepreneurship development as a panacea for a depressed economy: Research Paper- Uju S.Muogbo¹, Eze Solomon Uchechukwu², Ojukwu University, Nigeria

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Research Paper

The study examined entrepreneurship development as a panacea for a depressed economy with particular reference to Metro-B Nigeria Limited Onitsha. The main objective of the study is to examine the need to cushion the adverse effect of depressed economy through entrepreneurship development in Nigeria. Related literatures were reviewed. The study adopted descriptive research method in which data generated through questionnaire and oral interview were analyzed. The Hypotheses formulated in the study were testing chi-square statistical method. The study revealed that entrepreneurship development plays a key role in the process of economic development through employment creation, increase in investment and consumption of a nation thereby revamping the depressed economy. The study therefore concludes that entrepreneurship development remains a panacea for a depressed economy such as Nigeria. The study recommends that government should encourage entrepreneurship development through the provision of incentives to entrepreneurs and standing as a guarantor for loans given to aspiring entrepreneurs so as to improve their contribution to Gross Domestic Product. Economic depression has affected the Nigerian Economy in many ways. The economy has been battered. In 1982, Shehu Shagari administration introduced an Economy Policy called austerity measures in order to address the problem of declining economy. Austerity measures programme aimed at cutting down public spending, reduce waste, to bring out more produce in the management of the nation resources. This programme introduced by Shehu Shagari's administration continued by Buhari's regime which succeeded Shagari's administration. Nigerian Economy was still very visible when Gen. Ibrahim Babangida took over power. This prompted his regime to contemplate taking a huge amount of money as loan from the International Monetary Fund (IMF) in order to bail out Nigeria from her economic crisis. Although Nigeria survived

This depression, the recent depression that started in 2008 all over the world hit on the Nigerian economy badly. Nigeria depressed economy suffers increasing neglect of its own human and material resources in local production. In fact, industries close shop as the economy is taken over and bubbles with the buying and selling of dumped and imported bric- a- brac from the rest of the world, and this is presently what the SAP has done to Nigeria. It has de-industrialized, introduced galloping inflation, retrenchment, unemployment, freeze wages, low capital utilization in the manufacturing sector, negative direct foreign investment, low accumulation of savings and capital etc. The forgoing are true indicators of distressed economy and many sectors of the economy are bound to be suffering especially the banking sector. So many scholars have identified entrepreneurship as the process of increasing the supply of entrepreneurs or adding to the stock of existing small, medium and big enterprises available to a country and promoting many capable entrepreneurs, who can successfully run innovative enterprises, nurture them to growth and sustain them, with a view to achieving broad socio-economic development goals. Therefore, from the forgoing, the study seeks to investigate entrepreneurship development in a depressed economy with particular reference to Metro-B Nigeria limited, Onitsha.

Statement of Problem

The state of the economy has been dwindling over a period of time now despite several monetary control measures taken by CBN to redress the economy. Entrepreneurship is an important facet of industrial growth and development of a nation that sets its eyes on maximizing its performance in every field. The spirit of entrepreneurship brings about enthusiasm, persistence and the ability to seek entrepreneurial opportunities that lead to success. A nation's ability to generate a steady stream of business opportunities can only come about when its people take to entrepreneurial activities. Entrepreneurship plays a vital role in economic development through creation of utilities and generation of employment within a short period. Fayana (2000)

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noted that out of economically active population of about 70 million at present, only 27% have had the benefit of employment in the organized sector 32% are either employed or under employed in the unorganized sector, while the remaining 41% remain unutilized by the entrepreneur. As a result, over 60% of the population continues to suffer under the clutches of poverty and hunger as a result of unemployment. Therefore, the study intends to investigate entrepreneurship as a panacea for a depressed economy.

Objective of the Study

The broad objective of this study is to examine the role of entrepreneurship development in a depressed economy, while the specific objectives includes to:

1. Determine entrepreneurship assistance in alleviating the depressed economy.
2. Determine whether there is a significant relationship between entrepreneurship development and reduction in economic depression in Nigeria.

Research Questions

The following research questions were formulated to guide the direction of this research work.

1. To what extent can the development of entrepreneurship in Nigeria aids in revamping the depressed economy?
2. Is there any significant relationship between entrepreneurship development and reduction in economic depression in Nigeria?

Statement of Hypothesis

H₀₁ The development of entrepreneurship in Nigeria does not aid in revamping the depressed economy.

H₀₂ There is no significant relationship between entrepreneurship development and reduction in economic depression in Nigeria

II REVIEW OF RELATED LITERATURE

Economic Depression and its Features.

A depression is a severe economic downturn that last for several years. It is characterized by falling Gross Domestic Product (GDP) and high unemployment rates. The economic depression spells bad news for every sector of the economy. Businesses are struggling to make profits, forcing them to reduce wages and cut back on staff numbers. This causes unemployment rates to rise across the entire country. Work becomes much harder to find, and even people with spotless credit histories fail to make their loan repayments, leading to mass home repossessions. The hallmark of an Economic depression is that there isn't enough money to keep the world turning (Eleazu, 2004).

Economic Depression in Nigeria

The implication of a noticed drop in banks business activity has affected the Nigerian economy drastically. Government in order to cope with the problem in 1994 embarked on a number of austerity measures under a National Bank Emergency Programmed (NBEP) since the declining earning could no longer meet our existing commitment to operate favorably. We have to understand that the country lost its international credit worthiness as banks internal trade almost came to a stand-still. Import in Nigeria also declined with all the industrial sectors heavily dependent on raw materials and spare parts for machinery could no longer be financed easily (Anyanwu, 1997). The demand for consumer goods lead industrialist to invest in new factories or expand old ones, which means more jobs, more disposable income and increased demand, firms to go to banks and security market for new credit. People wanted more cash while the banks had gone illiquid and crashed one after the other. All the optimism and the credit generated could not be supported by physical cash. When there is such a major dislocation and description of Economic activity, one then talks of a depression that is severe recession in Economic activity coupled with a considerable drop in national output.

Repositioning Entrepreneurship for Economic Recovery

Dimensions of effort at repositioning entrepreneurship in a depressed economy include:

1. The acquisition of relevant knowledge in the area of information and communication technology. The world is turning computerized and only women entrepreneurs who are proficient in ICT will get along with global trends. Converting idea into product by women entrepreneurs can turn around the economic fortune of the country.

2. Entrepreneurs should begin to consider the option of property ownership through co-operative approach. This will enable them to meet the requirement for loan acquisition.

3. Contracting/consultancy as knowledge provider.

Entrepreneurs should acquire new kind of top management system which is an extension of operating management. One of the most important jobs ahead for the top management of the economy will be to stimulate and balance the supply-demand nexus. These will be building blocks of the new economic order.

4. More importantly is the fact that without growth in the agricultural sector, sustained economic recovery in developing countries such as Nigeria will be very unlikely. To this extent,

entrepreneurs in agriculture deserve special incentives from the government and donor agencies.

Theoretical Framework

The theory that underpins developmental impact of entrepreneurship is that of Schumpeter (1961). Schumpeter sees the entrepreneur as an 'innovator' who transforms the market place by introducing new Page of production method, new source of raw materials, new form of organisation and finally a new product to the market. This innovative tendency of the entrepreneur is very vital for economic development (Naude 2013). The modern ideas on entrepreneurship is not one we can call a theory per se because of their black rigorous academic reviews and validation, most of which are mere introspection and largely subjective. For instant, the notion that entrepreneurs are born or made is a case in time. The intention here is not to debate the make-up of the entrepreneur but the contribution to economic development of a nation and that is the main crux of this lecture. The economic theory of entrepreneurship is applicable to Nigeria as it has been modeled as an occupational choice between self-employment and wage-employment (Murphy et al. 1991). Hence someone will become an entrepreneur if profits and the non-pecuniary benefits from self-employment exceed wage income plus additional benefits from being in wage employment. Entrepreneurship is thus often synonymous with self-employment. Because self-employment is often not by choice but by necessity, a distinction is often made in between necessity and opportunity entrepreneurs. There is no gain saying the fact that entrepreneurship brings about economic development. Examples of nation that have moved from third world to first world is a classic case of what entrepreneurship has done to a nation that all national leaders must imbibed if they want to develop their economies.

Empirical Review

Ologbenta (2012) examined the impact of effective working capital management of company's performance in a depressed economy. The research was undertaken by means of personal interview and observation. Collection of data was also by means of questionnaires administered on the respondents, the data collected were analyzed using some analytical tools like percentages, descriptive tables and the chi-square distribution table. In conclusion, working capital management policies and practices have significant influence on a company's solvency and profitability. Maintaining a large size of current assets would improve the liquidity position of the company, but profitability will be no doubt increase, but the liquidity position of the company would be threatened, making the company riskier.

Working capital management should therefore aim to strike a balance by ensuring that the right combination of current assets and liabilities are held at each point in time.

Akindele (2015) examined the role of community bank in a depressed economy. In undertaking this project work research questions were administered to both respondents and staff of the bank. From the study it was confirmed that: The respondents were aware of the existence of community bank in Edo State. The services offered by the bank were provision of credit facilities keeping valuables, credit deposit, mobilization. Services, financial extension services etc problems of providing services to the respondents by the bank were services to the respondents. The problem encountered in providing services to the respondents were poor lending policy, incompetent board and management staff, insider dealing, poor staffing and poor lend of equipment and insolvency, low capitalization. The solutions to the problems were erecting healthy environment for a living organization and mobilizing discipline, providing more equipment, adherence to principle of knowing customers etc. The following from above, recommendations below were given: That qualified staff were employed to improve on the operation of the bank That the bank improves on its lending policy by making it attractive to the customers who patronize it. That the relevant equipment needed in the bank were provided to make effective the operations of the bank. By ensuring that there was always money for customers to withdraw or loaned whenever needed.

Aladeraji (2011) who examined Investment appraisal in a depressed economy tries to center on how possible it is for business men to invest in the economy with its downward slide. It also looks at the different investment raise techniques that can be used in appraising the different types of investment. Questionnaires were given to twenty-five respondents of the study company which involved primary and secondary data collection in the field. Cadbury who air their view about the topic and through the response made by them, the following findings were made. The investment holders can be the directors, shareholders, employees, the government among others. On the totality, appraisal of investment has been discovered to head to the effective planning and controlling of the enterprising scarce resources. Delivering into investment, which can maximize the shareholders' wealth. That investment appraisal should be undertaken by any company that wants to from which the findings and the following recommendations were made.

III. METHODOLOGY.

In line with the unique nature of this project, the entire population was seventy (70) employees and this comprises of all staff of MetroB Nigeria Limited Onitsha. This sample cut across top management, middle management and lower level management in the organization. The sampling techniques used to compute this sample size is the Taro Yamani formula. Thus Taro Yamani formula: $n = N / (1 + N(e)^2)$

Where

n = Sample size

N = Population Size

E = Element of Error (0.05)

1 = Constant

Using the formula or the above equation, the sample size of the employee is $n = 70$

$$n = \frac{70}{1 + 70(0.05)^2}$$

$$n = \frac{70}{1 + 70(0.0025)^2}$$

$$n = \frac{70}{1.175}$$

$$n = 59.5744 = 60 \text{ approximately.}$$

Therefore, the sample size is 60

The sources of data collection were primary and secondary sources. The primary data for this study consists of raw data generated from responses to questionnaire and interviews by the respondents while the secondary data includes information obtained through the reviews of literature that is, journals, monographs, textbooks and periodicals. In this study, questionnaire and interview were the research instrument used. Questionnaire is the main research instrument used to gather necessary data from the sample respondents. The questionnaire is structured and provides answers to the research question and hypothesis therein. This instrument is divided into two sections, section A and section b. section A deals with the personal data of the employees of Metro-B Nigeria Limited Onitsha. Section B contains research statement postulated in line with the research questions and hypothesis in chapter one. Options are provided for each respondent to tick one of the options. In order to determine the reliability and validity of this study, Chi-square method was used. To have a valid instrument, the questions in the questionnaire will be free from ambiguity (that is, straight forward). To have a reliable interview of sample of respondents to know whether their responses to the questionnaires are consistent and their view on the subject. The method of analysis used for interpretation is the table, which involves the analysis of respondent's response to each question. Questionnaires are utilized and the chi-square method was used to test the hypotheses.

Formula for calculating Chi-square is:

$$X^2 = \frac{(fo-fe)^2}{Fe}$$

Where X^2 = Chi-square

Fo = Observed frequency

Fe = Theoretical frequency

In testing the hypothesis, the degree of freedom is got by the expression

(v) 0.05

To find the degree of freedom

$V = 0.05$ which is constant

Where v stands for the degree of freedom

R = Number of rows in a table

C = Number of columns in a table.

Decision Rule

Reject H_0 and accept H_1 , if the calculated X^2 is greater than the tabulated X^2 otherwise, do not reject H_0 .

IV. PRESENTATION AND ANALYSIS OF DATA

Analysis of data gathered through administration of questionnaire was evaluated. A total number of sixty (60) questionnaire were administered to the staff of Metrotiles Nigeria limited Onitsha and a total of fifty (50) were completed and returned. The data were reported in the table below, which represent the responses in percentage.

SECTION A

Table 4.1 Demographic Characteristics of the Respondents

S/ N O	Respondents	Freq uency	Percent age
1	Marital Status of the respondent		
	Single	20	40%
	Married	30	60%
	Total	50	100%
2	Age distribution of the Respondents		
	Below 25 years	2	4%
	25 – 35	20	40%
	35 – 45	13	26%
	45 – 55	10	20%
	Above 55	5	10%
	Total	50	100%
3	Educational qualification of the Respondents		
	WAEC/SSCE	7	14%

	NCE/OND	13	26%
	HND/B.Sc	17	34%
	Masters holders/professionals	13	26%
	Total	50	100%
4	Job Position		
	Top level management	10	20%
	Middle level management	15	30%
	Low level management	25	50%
	Total	50	100%

Source: Field Survey 2018

The table above shows that thirty-five respondents are male which is 60% while fifteen respondents female which is equivalent to 40%. This indicates that there are more male staff in organization than female staff. 40% of the respondents are single while 60% of the respondents are married. This implies that there are more married people in organization. Again the table shows the age bracket of the respondents are below 25 years, 25 – 35 years, 35 – 45years, and 55 and above which represent 4%, 40%, 26%, 10% respectively. This indicates that there are more respondents within 25 – 35 years of age in the organization. The table equally shows that 14% of the respondents have WAEC/SSCE, NCE/OND 26%, HND/B.Sc. 34% and Masters holder/professional 26%. From the above analysis, it can be seen that most of the respondents are HND/B.Sc. holders. The table also revealed the positions of the respondents which are 20%, 30%, 50% respectively.

Test of Hypothesis

The two hypotheses formulated would be tested through the application of Chi- square. The formula for computing Chi – square is given below.

$$X^2 = \frac{\sum (of - \text{ef})^2}{\text{ef}}$$

Where

X^2 = chi-square

\sum = Summation

Of = Observed Frequency

ef = Expected frequency

Expected frequency (ef) is the average of observed (of) and it is given as:

$$\text{ef} = \frac{\sum of}{N}$$

Where:

N = number of options available

K = degree of freedom (K) calculated

Thus $K = N - 1$

The entire hypothesis will be tested at 5% level of significances not aid

Hypothesis one

Ho: The development of entrepreneurship in Nigeria does not aid in revamping the depressed economy.

Question No. 4 was used in testing this hypothesis

Sex	SA	A	UD	D	SD	TOTAL
Male	9	12	6	2	6	35
Female	4	6	0	2	3	15
Total	13	18	6	4	9	50

Our degree of freedom = 0.05

$$V = (R-1) (C-1)$$

$$= (2-1) (5-1)$$

$$= 1 \times 4$$

$$= 4$$

$$\text{Therefore, } X^2_{4(0.05)} = 9.49$$

Computation for ft

$$E1 = \frac{9 \times 35}{50} = 6.3$$

$$E2 = \frac{4 \times 35}{50} = 2.8$$

$$E3 = \frac{6 \times 35}{50} = 4.2$$

$$E4 = \frac{18 \times 35}{50} = 12.6$$

$$E5 = \frac{13 \times 35}{50} = 9.1$$

$$E6 = \frac{13 \times 35}{50} = 3.9$$

$$E7 = \frac{18 \times 35}{50} = 5.4$$

$$E8 = \frac{6 \times 35}{50} = 1.8$$

$$E9 = \frac{4 \times 15}{50} = 1.2$$

$$E10 = \frac{9 \times 35}{50} = 2.7$$

$$E10 = \frac{9 \times 35}{50} = 2.7$$

Computation of the X^2 test statistics for A 2x5 contingency table for hypothesis one

Cell	Fo	Ft	Fo-ft	(fo-ft) ²	$\frac{(fo-ft)^2}{Ft}$
E1	6	6.3	-0.3	0.07	0.0143
E2	2	2.8	0.8	3.24	1.10571
E3	6	4.2	1.8	3.24	0.7714
E4	12	12.6	-0.6	0.36	0.0286
E5	9	9.1	-0.1	0.01	1.0989
E6	3	3.9	-0.9	0.18	0.0462
E7	2	5.4	-3.4	11.56	0.0462
E8	0	1.8	-1.8	3.24	1.8
E9	6	1.2	4.8	23.04	19.2

E10	4	2.7	1.3	1.69	1.3
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Calculated chi-square = 27.5

Decision Rule

Reject H_0 and accept H_1 if the calculated chi-square (X^2) value is greater than the tabulated or critical value of chi-square, otherwise do not reject H_0 . Since the calculated chi-square (X^2) 27.5572 is greater than tabulated chi-square 9.49, we therefore accept H_1 and conclude that, development of entrepreneurship in Nigeria aids in revamping the depressed economy.

V. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

From the analysis of data, the study discovered:

1. That there is a significant relationship between entrepreneurship development and reduction in economic depression in Nigeria.
2. That economic displacement like unemployment and low investment influences the development of entrepreneurship in Nigeria.
3. That the development of entrepreneurship in Nigeria aids in revamping the depressed economy.

Conclusion

This economic recession times calls for measures not just to make our business survive but make the economy come out

stronger. In this era of shrinking economic activities, government should endeavor to provide the necessary infrastructure required for skill acquisition among its citizenry. This is because without technological skill, entrepreneurial spirit which drives economic development through job creation will be lacking. The entrepreneurship development in developing country is an engine for job creation, innovation and diversity. The role of entrepreneurship in global business of developing countries like Nigeria is also significant. The wide range of significant contributions that entrepreneurship makes include promotion of capital formation, creation of immediate large – scale employment, promotion of balanced regional development, and effective mobilization of capital and skills.

Recommendations

Based on the findings, the study therefore recommends the following:

1. The government should encourage entrepreneurship development through the provision of incentives to entrepreneurship and standing as a guarantor for loans given to aspiring entrepreneurs.
2. Government should provide an enabling environment like steady power supply, access roads, grants, credit facilities to entrepreneurs.
3. The unemployed should venture into entrepreneurship to help reduce the incidence of economic depression in the nations.
4. The unemployed graduates should stop loitering the street and venture into small ventures so as to contribute the gross domestic product.

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