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ABSTRACT

This study examines the relationship between entrepreneurship development and employment generation in Nigeria, focusing on Micro, Small, and Medium Enterprises (MSMEs) in Ilorin, Kwara State. The research investigates the impact of new business formation, access to capital, and government-sponsored entrepreneurship training programs on job creation and unemployment levels. Using a mixed-methods approach, the study surveyed 350 MSME owners and employed statistical analysis to test three hypotheses. Key findings include; A significant positive correlation between new business formation rates and employment levels in Nigeria, supporting the critical role of entrepreneurship in job creation. Access to capital through small business lending programs has a significant positive impact on entrepreneurship rates and employment in Nigeria. However, current loan terms are perceived as unfavorable by entrepreneurs. Government-sponsored entrepreneurship training programs do not show a statistically significant effect on new business creation rates, suggesting a need for improvement in their design and implementation. The study highlights the importance of fostering a supportive environment for new business creation and improving access to capital for MSMEs. It also calls for a reevaluation of government training programs to better address the needs of Nigerian entrepreneurs. These findings have important implications for policymakers and stakeholders involved in entrepreneurship development and employment generation initiatives in Nigeria.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Nigeria's unemployment rate of 33% in 2021 (National Bureau of Statistics, 2022) remains a pressing concern. This issue hits even harder for the youth, with a startling 53.4% unemployment rate among them in 2022 (NBS, 2022). This translates to millions of young Nigerians lacking productive and meaningful employment, jeopardizing their futures and contributing to national insecurity. Rapid population growth, inadequate skills development, and limited access to credit for aspiring entrepreneurs are just some contributing factors (World Bank, 2023). Additionally, a weak economic diversification heavily reliant on the oil sector makes the economy vulnerable to global fluctuations, compounding the unemployment challenge (Central Bank of Nigeria, 2023). The consequences of such high unemployment are far-reaching. Elevated poverty rates, increased social unrest, and potential brain drain pose significant threats to long-term national development and stability (Ogunbameru and Adigun, 2020). The lack of economic opportunities fuels migration of skilled professionals out of the country in search of jobs abroad, amounting to a loss of human capital for Nigeria (Acha, 2022). High unemployment also deprives the economy of the productivity and innovation of its youth population who cannot actualize their potential. With over 80 million people under age 35,

Nigeria has the advantage of a massive youth workforce (United Nations, 2019). But failure to productively utilize this demographic dividend could lead to severe opportunity costs from both an economic and social perspective (Okonkwo, 2021). Overall, Nigeria's stubbornly high unemployment, especially among the youth, jeopardizes its aspirations for sustainable development and risks fueling multidimensional crises. Concerted efforts in skills development, enterprise support, and economic diversification and job creation schemes are critical to averting this threat and unlocking the promise of the country's youth.

Entrepreneurship involves the process of designing, launching and operating new businesses to identify and exploit opportunities for value creation (Odia and Odia, 2013). By spurring new venture creation and small business growth, entrepreneurship can generate productive self-employment and additional local job opportunities. Studies show entrepreneurial activities make significant contributions to economic development in many countries through enhancing innovation, productivity, job creation and income growth (Bello *et al.*, 2018; Imhanzenobe, 2020). According to the Global Entrepreneurship Monitor (2021), total early-stage entrepreneurial activity in innovation-driven economies like the US generates significant job creation, with each new business responsible for at least one new job on average. For a developing country like Nigeria facing massive unemployment, entrepreneurship holds strong potential as an impactful and sustainable solution.

With a large youth population and burgeoning digital adoption, Nigeria possesses key entrepreneurial advantages that could be harnessed for large-scale job and wealth creation if properly developed (Ofili, 2014). However, certain challenges constrain entrepreneurial growth in the country. Limited access to finance and credit, infrastructural deficits, bureaucratic hurdles, and skills gaps all impede aspiring entrepreneurs (Odia and Odia, 2013; Igwe *et al.*, 2018). Additionally, socio-cultural attitudes often do not encourage risk-taking and innovation which underpin entrepreneurship. Nonetheless, targeted initiatives to boost entrepreneurial competencies, incentive structures, funding channels and regulatory efficiency can help Nigeria unlock the promise of entrepreneur-led job creation among its youth (Imhanzenobe, 2020). With over 80 million people under 35 years old, nurturing entrepreneurship and self-employment represents a major avenue for absorbing this massive demographic into productive economic activities (United Nations, 2019). Evidence shows that economies which successfully leverage entrepreneurship witness improved competitiveness, employment generation and poverty reduction (Bosma *et al.*, 2021). For Nigeria, a study by the Nigerian Bureau of Statistics (2020) found that MSMEs created over 80% of new jobs annually over the past decade. This demonstrates the real potential of entrepreneurial venturing for large-scale employment creation if properly supported. However, empirical data on actual job creation outcomes resulting from youth entrepreneurial activities in Nigeria is currently lacking (Chigunta, 2017). There is need for further research on the types, competencies and growth patterns of youth enterprises

that translate to direct job generation. Such insights can inform evidence-based policies and programs to unleash entrepreneurship as a viable solution to unemployment in Nigeria.

To address this crisis, entrepreneurship has been promoted as a viable strategy for job creation and economic growth in Nigeria (Enuoh and Eneh, 2015; Chigunta, 2017). Entrepreneurship involves the process of starting and growing an enterprise with innovation for profit and scaling purposes (Hisrich *et al.*, 2005). As a labour-intensive activity, entrepreneurship can create direct jobs for business owners as well as employees hired in startups and expanding firms (Osolor, 2016). SMEs currently contribute about 48% of national GDP and account for 96% of businesses in Nigeria (SMEDAN, 2013). Targeted efforts to boost entrepreneurship development can thus have a tremendous impact on job creation. The Nigerian government has emphasized policies aimed at encouraging entrepreneurship among youths, women and disadvantaged groups (Ekpe *et al.*, 2015). Some initiatives include entrepreneurship education, business plan competitions, access to microfinance, tax holidays for startups, and capacity building programs for potential entrepreneurs (Enuoh and Eneh, 2015; Ofili, 2014). However, significant gaps still exist, including limited access to startup financing, poor infrastructure, inconsistent policies, lack of mentoring, and an unfavorable bureaucratic environment (Ogbo and Agu, 2012; Delaney, 2019). There is need to further examine how entrepreneurship policy and programs can be strengthened to unlock the potential for employment generation among Nigerian youths (Babatunde, 2017; Chigunta, 2017). Despite the high expectations on

entrepreneurship for job creation, empirical evidence on its actual impact remains limited in the Nigerian context. Previous studies have focused on challenges facing youth entrepreneurs (Ofili, 2014; Babatunde, 2017) but with little emphasis on tangible job creation outcomes resulting from youth entrepreneurial activities. The specific role of entrepreneurial skills and competencies in enabling young people to establish and grow ventures that create new employment opportunities is also underexplored.

This study therefore seeks to examine the link between entrepreneurial skills, youth entrepreneurship ventures and actual job creation metrics in Nigeria. The aim is to generate empirical insights on how policies, training programs and support initiatives for aspiring youth entrepreneurs can be strengthened to optimize resulting employment generation. The findings can provide practical guidance on approaches to enhance national entrepreneurship policies, curriculum, funding channels and support programs in order to maximize job creation outcomes among Nigerian youths. Given the urgency of addressing high unemployment rates, empirical research into unlocking the job creation potential of youth entrepreneurship is imperative. This study represents an attempt to fill the knowledge gap and inform strategies to harness entrepreneurship for productive youth engagement and sustainable employment in the Nigerian context.

1.2 Statement of Problem

Despite government interventions and policies aimed at promoting entrepreneurship, the unemployment rate in Nigeria remains excessively high. According

to Trading Economics (2021), the unemployment rate as of the third quarter of 2020 was still 27.1%, indicating that more than 27 million Nigerians remain jobless. Several challenges continue to constrain entrepreneurship development and its potential for job creation in Nigeria. A major problem is limited access to finance and credit for aspiring entrepreneurs and SMEs (Okpara, 2011; Bosma *et al.*, 2020). High interest rates, stringent loan requirements by banks, and lack of collateral exclude many microenterprises and startups from obtaining external financing to grow their ventures (Ofili, 2014; Tunde, 2012). There is also an inadequacy of affordable business development services such as training, consultancy, marketing, and links to markets (Adejumo and Olaoye, 2012; Odia and Odia, 2013). Infrastructural constraints like inadequate electricity, poor transportation networks, and insecurity also increase the cost of doing business (Gbandi and Amissah, 2014; Oni and Daniya, 2012).

Additionally, the policy environment in Nigeria is not fully supportive of entrepreneurship growth and small business success (Abereijo and Fayomi, 2005; Garba, 2010). Factors like multiple taxations, administrative bottlenecks in business registration, and policy inconsistency stifle entrepreneurial initiatives (Osalar, 2016; Delaney, 2019). Corruption and weak intellectual property rights enforcement also hamper innovation among startups (Ogbo and Agu, 2012; Ofili, 2014). There is need for further research to examine how to strengthen the entrepreneurship climate in Nigeria to unlock its potential for massive job creation and reducing unemployment (Wang, 2013; Obasan, 2014).

1.3 Research Questions

- i. What is the relationship between new business formation rates and employment levels in Nigeria?
- ii. How does access to capital through small business lending impact entrepreneurship rates and employment in Nigeria?
- iii. Is entrepreneurship training through government programs effective in promoting new business creation?

1.4 Research Objectives

- i. To determine the correlation between the annual rate of new business registrations and the employment rate in Nigeria
- ii. To analyze the impact of changes in small business lending amounts on new business formations and employment rates in Nigeria
- iii. To evaluate whether increasing enrollment in government-sponsored entrepreneurship programs leads to higher subsequent rates of business registrations

1.5 Research Hypotheses

H1: There is no significant correlation between new business formation rates and unemployment levels in Nigeria.

H2: Access to capital through small business lending programs has no significant impact on entrepreneurship rates and unemployment in Nigeria

H3: Government-sponsored entrepreneurship training programs have no significant effect on new business creation rates in Nigeria.

1.6 Significance of the Study

This study will generate important insights on how to more effectively leverage entrepreneurship for tackling the high unemployment rate in Nigeria. The findings will aid policymakers in reviewing and designing policies and programs that create a more conducive environment for enterprise development and job creation. Specifically, the recommendations will inform initiatives on improving access to finance, business training, mentoring and infrastructure support for young entrepreneurs (Odia and Odia, 2013; Suleiman, 2018). This can catalyze youth engagement in productive entrepreneurship ventures that address unemployment and underemployment.

The research will also guide efforts on entrepreneurship education, especially in higher education, to equip graduates with relevant skills, mindset and practical exposure to establish successful enterprises (Jyoti and Rani, 2019; Garba, 2010). Mainstreaming entrepreneurship training can address the skills mismatch between tertiary graduates and employer needs. By identifying key regulatory and bureaucratic constraints, the study will further assist in reforming policies to ease business registration, licensing, tax compliance

and access to workspaces for micro and small ventures (Autio and Fu, 2015; Osalor, 2016). Reducing such obstacles can unlock enterprise opportunities for disadvantaged groups. Overall, by elucidating high-impact interventions, the study will contribute to formulation of national entrepreneurship strategy frameworks to optimize SME contributions to economic growth and employment creation (McDowell *et al.*, 2018; Igwe *et al.*, 2018). The research also adds to academic discourse on the nexus between entrepreneurship promotion and unemployment reduction in developing countries (Gerba, 2012; Otemuyiwa *et al.*, 2015).

1.7 Scope of the Study

The scope of this study encompasses a comprehensive investigation into the current status, challenges, and opportunities of MSMEs in Ilorin, Nigeria, with a specific focus on their role in entrepreneurship development and job creation.

1.8 Definition of Terms

- **Entrepreneurship** - The process of creating a business by taking risks and initiatives with innovation.
- **Unemployment** - The state of being without a job or paid employment.
- **Employment Creation** - The process of generating new jobs.
- **Government Policy** - A course of action adopted by government bodies and institutions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Definition of Entrepreneurship

Entrepreneurship refers to the process of designing, launching, and running a new business, typically starting as a small business, such as a startup company offering a product, process, or service for sale or hire (Kuratko, 2016). It involves identifying and exploiting new opportunities, innovating, and taking risks in order to achieve business success and growth. Entrepreneurs play a crucial role in economic development by fostering innovation, creating jobs, and contributing to the overall economic dynamism (Drucker, 2014).

Entrepreneurship culture is fully present through the expression one's thoughts and ideas. An environment that limits free thinking and expression can greatly discourage and distort entrepreneurial activities. Hence an essential attribute of entrepreneurship "innovation or creation" is born when an individual is given the liberty of expression and free thinking. Entrepreneurship/ selfemployment can be triggered when one's ideas are misunderstood or not supported by some organizations and institutions. For nations willing to go into entrepreneurship, their culture and values should encourage existing potential entrepreneurs because the entrepreneurial spirit piloted by opportunists who are innovation-driven and have the capacity to create social and economic value (Akiri et al.,

2016). Entrepreneurship constitutes all functions related to exploiting opportunities thereby establishing companies to follow up with such functions efficiently and effectively (Chika et al., 2011).

An entrepreneur nurtures business idea(s) conceives an opportunity in a business environment and puts together factors of production (land, labour, resources and capital) with the sole aim of making a profit (Badal, 2010). It is well known that there is no vivid market opportunity thus the responsibility lies with the entrepreneur to exploit the opportunity by developing capabilities to obtain resources and sustain the business. Felix and Ezenwakwelu (2014) established that entrepreneurs have the necessary prerequisite to mobilize capital, exploit numerous resources and create markets that can carry on trade (as cited in Harbinson and Myers, 1984). An entrepreneur is also a risk taker one who takes uncertainty heads on, puts aside personal values, devotes to a passion and purpose of duty and finally creates an industry where there is none. Entrepreneurs develop a detailed business plan in the course of their activities so as to enable them acquire relevant financial and business strategies to guide them through their businesses as well as making delicate change (Chika et al., 2011). Ikebujo (2020), assert entrepreneurs make ground breaking contributions with the notion of accelerating entrepreneurship in Nigeria. The innovatory contributions of entrepreneurship have been hampered by numerous challenges (Ikebujo,2020). Keles (2016), uncovers hitches encountered by the entrepreneurs in Nigeria as harsh tax and business laws, unbalanced economic structure, high inflation, red

tape and mafia and absence of entrepreneurial culture. Ayoade and Agwu (2016) clarified that entrepreneurial culture is one that appreciates ambitious thinking and free expression (as cited in Agwu and Kadiri, 2014).

Entrepreneurship is not only associated with providing jobs it is the propeller for development (The punch, 2010) Cala et al. (2015) mentioned that entrepreneurship basically entails nurturing innovative ideas, matching them with managerial and organizational skills, combining the factors of production to create wealth and satisfy a need. Entrepreneurial development is the ability to envisage and channel the course of direction for a new business venture by combining relevant strategies and functionalities of other disciplines putting into consideration external and internal factors in case of uncertainties that the new business venture may encounter. Entrepreneurial development has been said to improve a nation's economy and upgrade the standard of living of its citizenry. Nkechi et al. (2012) states that an entrepreneurial activity makes an impact on a nation's economy as well as improve the quality of life (as cited in Adejumo, 2000). Asogwa et al. (2016) stipulated that it is imperative for an entrepreneur to be conversant with new methodologies and technology. The world is evolving fast; one who intends to make global strides should be willing to adopt new philosophies and phenomenon, new methodologies and technologies (Badal, 2010). The concepts of creativity and innovation are the main strategies which businesses and individuals try to adopt in recent times (Cala et al., 2015).

2.1.2 Entrepreneurial Development and Job Creation

Entrepreneurial development is steering the direction of an enterprise by considering various internal and external factors while inculcating creativity with relevant ideologies and resources to an existing enterprise. Akiri et al. (2016) mentioned that most economies are comprised of active and inactive populations. The population willing and able to work are referred to as the economically active (Akiri et al., 2016). This inclusion encompasses the unemployed and people strongly engaged in the production of goods and services. Nekchi et al.(2015) describes job creation as the ability of a nation to engage the economically active members of the populace who have no jobs but are willing to work, those who lost their various jobs and those who left their various places of work voluntarily through a more solid path called entrepreneurial development. Job creation/ employment is negatively associated to unemployment this is evident because in a situation where people willing and capable of taking up jobs are able to get paid employment unemployment ceases to exist (Nkechi et al., 2015; as cited in Fajana, 2000). Entrepreneurial development and job creation can be said to be a state where people are able to establish proficient businesses, acquire and sustain reasonable paying jobs. Idam and Linus Egwu (2014) mentioned that entrepreneurial development and job creation are relevant matters which any government must try to encourage to an optimum appreciable level because the higher rate of unemployment can negatively trigger increase in poverty level, decreased the standard of living, high level of social vices etc. Ikebujo (2020), aver

that sustainable progress in Nigeria can be gainfully realized via entrepreneurial development as this, would impel the nation toward attaining her ambition of expanding employment generation.

2.1.3 Employment Creation and Sustainability Through Entrepreneurial Education

Education is important in the growth of all economies as it has contributed to economic growth and job creation (Agwu et al., 2017). Education is a sustainable development that enables individuals to acquire knowledge, values and skills needed to make decisions as to how things can be done collectively either from the local or global perspective with the aim to improve the quality of life now and in the future. Entrepreneurs reasonably contribute to social and economic states of the nation via development of strategies and capabilities needed for proper coordination of resources, innovation and freedom of creativity (Adelekan and Tijani, 2017; as cited in Shariff and Saud, 2009). Entrepreneurial training serves as a way to develop the mind that bores creativity and equip such minds with meaningful skills that will sustain and increase creativity (Sitoula, 2015; as cited in Singer et al., 2012). Societies today are strengthened not just by knowledge or information but by human innovation. Creativity is limitless as it spreads its tentacles of diversification. However, it is credible to understand that creativity is heightened when there is room for ethnic diversification and interaction. Economic creativity (employment creation) is related to diversity. There are 3 types of inter-twined creativity described; technological creativity, economic innovation (entrepreneurship), artistic and cultural creativity (Martin Lackeus,

2015; as cited in Volkmann et al., 2009; Austin et al., 2006). These creativity types are interrelated and dependent on each other. Creativity entails critical comprehension of a situation, accepting the challenges associated and instigating means of achieving goals. Marin Lackeus (2015), states that entrepreneurship education/ training enables youths to understand that though a job can be done with certain skill today, tomorrow a new set of skills may be required to suit the job this is due to the ever-changing nature of business and as such youth are better informed that they constantly have to improve themselves to suit the ever-changing business environment

2.1.4 Characteristics of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are a vital part of the economic fabric, especially in developing nations. They are defined primarily by their size, scope, and operational scale, which vary by country but typically include microenterprises with fewer than 10 employees, small enterprises with 10-49 employees, and medium enterprises with 50-249 employees (IFC, 2019). MSMEs are characterized by their flexibility and adaptability, allowing them to quickly respond to changing market conditions and consumer preferences. This agility stems from their smaller size, which enables swift decision-making and fosters a culture of innovation crucial in dynamic markets (Nichter & Goldmark, 2009). However, MSMEs often operate under resource constraints, including limited financial, human, and technological resources, which can pose challenges but also promote resourcefulness and creativity among these enterprises (Beck, Demirguc-Kunt, &

Levine, 2005). Additionally, MSMEs typically have a strong local focus, serving niche markets with products and services tailored to the specific needs of their communities. This local engagement helps build strong customer relationships and loyalty (Gibson & Van der Vaart, 2008). The ownership and management structure of MSMEs often involves family ownership or individual management, leading to strong leadership and a unified vision but sometimes lacking in professional management practices (Beck et al., 2005). Lastly, MSMEs are significant employers, particularly in labor-intensive sectors, providing direct employment opportunities and being more inclusive by offering jobs to marginalized groups (Ayyagari, Demirguc-Kunt, & Maksimovic, 2011).

2.1.5 Role of MSMEs in Economic Development

MSMEs play a crucial role in the economic development of both developed and developing countries, contributing significantly through various channels. They are instrumental in job creation, especially in developing economies where large corporations are fewer, providing employment across various sectors and helping reduce unemployment and underemployment (Beck & Demirguc-Kunt, 2006). MSMEs drive innovation by introducing new products and services to the market and are often more willing to take risks and experiment with new ideas than larger firms, thus fostering a dynamic entrepreneurial environment (Drucker, 2014). They also contribute to economic diversification by promoting a wide range of industries, which helps make economies more resilient to sector-specific shocks (Ayyagari et al., 2011). Moreover, MSMEs help in

equitable income distribution by creating economic opportunities across different segments of society, thereby reducing income inequality (Beck et al., 2005). MSMEs support regional and rural development by establishing businesses in less developed areas, contributing to balanced economic growth across regions (Nichter & Goldmark, 2009). Their contributions to economic growth and stability highlight the importance of supportive policies and environments to maximize their potential.

2.1.6 Employment Generation through MSMEs

MSMEs are critical drivers of employment generation, particularly in developing economies. They create a significant number of jobs directly across various sectors, employing a substantial portion of the labor force. This direct employment is crucial in countries with high unemployment rates, as it provides immediate job opportunities and income for a large number of people (Beck et al., 2005). In addition to direct employment, MSMEs generate indirect employment by developing extensive supply chains and business linkages. These linkages benefit suppliers, distributors, and service providers, creating a multiplier effect that amplifies their impact on employment (Ayyagari et al., 2011).

Moreover, MSMEs offer inclusive employment opportunities, often providing jobs to individuals who might be excluded from the formal labor market, such as women, youth, and people with lower educational qualifications. This inclusivity not only helps in reducing unemployment but also promotes social equity and empowerment (Gibson & Van der Vaart, 2008). The employment provided by MSMEs is often versatile, involving a

variety of tasks that allow workers to develop a broad range of skills. This skill diversification enhances human capital development and increases the employability of the workforce, contributing to long-term economic stability (Nichter & Goldmark, 2009). The role of MSMEs in employment generation underscores their importance in addressing unemployment and enhancing economic resilience, making them a key focus for policymakers aiming to boost job creation and economic growth.

2.1.7 Government Policies and Support for MSMEs

Government policies and support are crucial for the growth and sustainability of MSMEs. Effective government interventions can create a conducive environment for MSMEs to thrive, while inadequate support can hinder their development. Access to finance is one of the most critical areas where governments can provide support. Many MSMEs face significant challenges in securing funding due to stringent lending criteria and lack of collateral. Governments can address this issue by offering grants, low-interest loans, credit guarantees, and venture capital funds specifically targeted at MSMEs (OECD, 2017). Financial inclusion policies are essential to ensure that MSMEs have the necessary capital to grow and expand their operations.

In addition to financial support, governments can provide business development services such as training, consultancy, and mentoring to enhance the managerial and technical capabilities of MSMEs. These services can help MSMEs improve their business practices, increase their competitiveness, and scale their operations (NEDEP, 2019). A supportive

regulatory framework is also crucial. Simplifying business registration processes, reducing regulatory burdens, and ensuring consistent policy implementation can lower the costs and risks associated with starting and running an MSME. Such measures can encourage entrepreneurship and stimulate economic activity (Beck et al., 2005).

Infrastructure support is another vital area where government intervention can make a significant difference. Adequate infrastructure, including reliable electricity, transportation networks, and digital connectivity, is essential for MSMEs to operate efficiently. Government investments in infrastructure can help reduce operational costs and increase the productivity of MSMEs (Gibson & Van der Vaart, 2008). Furthermore, policies that promote market access for MSMEs, both domestically and internationally, are critical. Trade fairs, export assistance programs, and linkages with larger firms can help MSMEs access new markets and expand their customer base (OECD, 2017).

Innovation is another area where government support can be beneficial. By providing funding for research and development, promoting collaboration with research institutions, and facilitating technology transfer, governments can help MSMEs innovate and stay competitive in the global market (Drucker, 2014). Overall, comprehensive government policies and support mechanisms are indispensable for unlocking the full potential of MSMEs in contributing to economic growth and development.

2.2 Theoretical Perspectives

There are several theories that support entrepreneurial development as a driver of employment creation. Such theories are as follows:

Human Capital theory: Simpeh (2011), stipulates that the theory of human capital development is focused on education, creativity and experience which invariably leads to entrepreneurial development and employment sustainability (as cited in Gary Becker, 1975). The theory postulates that human capital theory engages the ability to recognize and exploit opportunities to be used to the advantage of an entrepreneur.

Need for achievement theory: Simpeh (2011), reviewed the psychological theory of entrepreneurship developed by (David McClelland, 1961). This theory is based on achievement motivation. McClelland postulated the effect of achievement on people's motivation. He concluded that people engage in entrepreneurial activities when they are motivated by the need to achieve something.

Schumpeter Effects: Nkechi et al.(2012) affirms that unemployment becomes non-existent due to the presence of employment creation (as cited in Joseph Alois Schumpeter, 1883). It was mentioned that unemployment and societal ills are linked to the decreased and unappreciable level of entrepreneurial development and activities.

Opportunity based theory: Nkechi et al. (2012) states that the theory occurs when an entrepreneur perceives a business opportunity and chooses to pursue it. This theory was also examined by Simpeh (2011), he concluded that entrepreneurs do not effect change but exploit opportunities that change causes (as cited in Drucker, 1985). This approach shows

the presence of entrepreneurial development and employment is gained through the exploitation of opportunities triggered by a change in environment, technology, consumer choice etc.

Financial Capital/ liquidity theory: Simpeh (2011), states that the theory rightly specifies that firm establishment is mainly based on availability of capital and as such individuals with ease of financial capital can set up firms and adequately exploit opportunities associated with entrepreneurial development (as cited in John Maynard Keynes, 1936). However, this study rightly adopts theory triangulation (which is the use of multiple theories) as this work is piloted by three cardinal theories which hopefully provide the valuable theoretical basis for this work. They are enumerated as follows;

Financial Capital/ liquidity theory: This theory points out that the speculative demand for money determines the interest rate and the supply of money available to satisfy the demand speculated (Tushar Seth, 2018). However, Simpeh (2011); Agu et al. (2015) affirmed that financial capital has huge relevance to business start-up and entrepreneurial development (as cited in Blanchflower et al., 2001; Evans and Jovanovic, 1989; Holtz-Eakin et al., 1994). They claimed that new firms are founded when individuals have access to financial capital. This theory clearly states that individuals with financial capital can effectively exploit entrepreneurial opportunities and set up firms that propagate the actions. Some studies refute this theory as it is contended that some people start business venture without much capital and that financial capital is not significantly related to becoming or

being an entrepreneur (Simpeh, 2011; as cited in Aldrich, 1999; Kim et al, 2003; Hurst and Lusardi, 2004; Davidson and Honing, 2003). The confusion is triggered by the fact that line of research connected to liquidity problems seeks to resolve whether an individual's access to capital is dependent on the amount of capital used to start the business (Simpeh, 2011; as cited in Clausen, 2006). In essence, individual access to financial capital is an important factor anticipated for the growth of the new business but not necessarily significant in establishing a new business venture.

This theory further argues that entrepreneurs have specific individual resources that show the availability of new opportunities and the organization of new resources for the emerging business (Simpeh, 2011; as cited in Alvarez and Busentiz, 2001). Other research shows that some individuals are more likely to recognize and exploit an opportunity through efficient access to knowledge and information than their counterparts. (Simpeh, 2011; as cited in Aldrich, 1999; Anderson and Miller, 2003; Shane 2000, 2003, in press; Shane and Venkataraman, 2000). The challenges impeding on Nigerian entrepreneurs, in an attempt to reduce the financial institution risk perception index of small-scale firms was reviewed by (Ifionu and Akinpelumi, 2017; as cited in Regina et al., 2012). Survey technique was utilized, and measurable investigations revealed that risk appraisal by financiers corresponded with the financial records and fund appropriation of small business operators as well as the saving culture of small businesses and how much credit they are willing to give. It was also discovered that access to credit for small firms is influenced by previous turnover, current resource base, the age of the firm and execution goals. Ifionu

and Akinpelumi (2017) also reviewed the challenges facing entrepreneurship development in Nigeria as evaluated by (Ofili, 2014). The qualitative research methodology was used, and it was discovered that government policies are not such that promote the growth of SME's.

However, there is no theory that goes without criticisms or limitations. Tushar Seth (2018), criticized Keynes liquidity theory saying that the speculative demand for money does not determine interest rate and the supply of money made rapidly available to supply demand speculated. Since the totals supply of money cannot be identified without knowing the transaction demand for money and the transaction demand for money cannot be determined without the idle knowledge of income gained. This fact, however, flaws the liquidity theory.

Human Capital theory: Human capital development through proper training is a variable that generates monetary development and economic growth (Ifionu and Akinpelumi, 2017). Simpeh (2011), concludes that human capital entrepreneurship is centred on education and experience (as cited in Becker, 1975). Knowledge gained from education and experience is a resource that is distributed across individuals and enables a proper understanding of differences in opportunity identification and exploitation (Simpeh, 2011; as cited in Anderson and Miller, 2003; Chandler and Hanks, 1998; Gartner et al., 2005; Shane and Venkatarama, 2000). Studies have shown that human capital factors are significantly related to becoming an entrepreneur (Simpeh, 2011; as cited in Kim et al.,

2003; Davidson and Honing, 2003). These studies indicate that human capital enables opportunity recognition and entrepreneurial success (Simpeh, 2011; as cited in Anderson and Miller, 2003; Davidson and Honing, 2003). Felix and Ezenwakwelu (2014) conducted empirical research on the contribution of entrepreneurial development; they tried to identify the challenges of entrepreneurial development in Nigeria and examined the extent of entrepreneurship in Nigeria. The study was conducted in Asaba Delta state and was carried out on six SME's with the population size of 90 and sample size 73. The instrument used for data collection was questionnaire and interview, and descriptive research design was adopted. The findings showed that entrepreneurial development contributes to economic growth through the increase in employment creation and national income. He mentioned that the lack of strong patent law and lack of entrepreneurship knowledge in science and technology are the challenges of entrepreneurial development. The recommendation made is the need to change the mind-set of Nigerian youth to accept selfemployment rather than wait on government jobs and the need for government to create workshops where the young and old entrepreneurs can come to acquire new skills needed to us sustain their businesses. There are various limitations of this theory but that of Marginson (2017), relates to this study. Marginson (2017), ascribes that human capital theory affirms that education determines earnings. He noticed that intellectual capacity had become broadly driven as it is said to be a mode that constitutes economic capital, the notion that tertiary education is preparation for work and that education (not social knowledge/ background) determines the outcomes of various graduates. Marginson (2017),

discovers that the human capacity theory fails to test reality due to the weakness of the method which entails the use of single theoretical view and enclosed modelling system, inadequate use of mathematical tools and use of multiple analysis of independent variables. He claims human capital theory provides a single pathway on the complexity between education and work and argues that the theory does not provide how education supports productivity or why wages/ salaries become unequal, or even the role of status seems bleak. His limitations were discussed with reference to social stratification, jobs, income and formal education.

Schumpeter effects: The Schumpeter effect is the process whereby entrepreneurial activities/ development reduce unemployment in the economy of a nation thereby enhancing employment creation. Nkechi et al. (2012); Sunday and Miriam (2015) from various studies discovered that unemployment is negatively related to new-firm start-ups, this simply means that as new businesses are formed employment is generated thereby reducing unemployment (as cited in Garofoli, 1994; Audretsch and Fritsch, 1994). It was understood that unemployment is linked to a low level of entrepreneurial development and activities. This simply means that where the possibility of setting up a business is low unemployment will be high (Sunday and Miriam, 2015; as cited in Lucas, 1978; Jovanovic, 1982). The reason for the aforementioned statement is that people remain unemployed because they have low human capital and entrepreneurial skills required to establish and sustain the new business and keep it running. Low entrepreneurship culture and skill in any country can lead to a decrease in economic growth and is a high reflector of unemployment.

Uzochukwu et al. (2015) reviewed empirical research conducted by Bandal (2010), on leveraging the relationship between entrepreneurship and employment creation. It was devised that individual talents, attitudes, skills and knowledge alongside variables such as social, capital, availability to credit, the role of government, technology, infrastructure, accessibility to information and market work coherently to facilitate entrepreneurial activities and reduce unemployment and increase employment creation. The limitation of this theory is based on the full employment of resources widely distributed in the economy. Diptimai Kati (2018), lays his criticisms that innovation involves a shift of relevant resources from the old to the new industries which invariably gives room for a recession in the old industry. Schumpeter's effect is irrelevant when unemployment of labour and other relating factors affects the expansion effect of innovation would not be significant as it is supposed to thereby making Schumpeter's effect incomplete.

2.3 Empirical Studies

Ifionu and Akinpelumi (2017) carried out research on the input of entrepreneurial financing on output (employment) generation in Nigeria while using secondary data over the period of 1992 to 2014. Due to the huge role of entrepreneurial financing in stimulating output (employment) the study is supported by the intermediate and entrepreneurial financial theory. The analytical tools used are unit root/ stationary test, ordinary least squares regression, Johansen cointegration etc. The analysis showed that in the long and short run

situations the loans from micro-finance credit and commercial banks influence the gross domestic output in the nation which is high. More so, it was also indicated that access to credit facilities and small and medium equity investment played an insignificant role in the nation's growth level. The study stated that accessibility of fund as a major problem. They recommended that government help business-oriented visionaries to have access to funds to sustain their business and provide efficient access to important data on identifying opportunities, innovation, raw materials, etc. which will encourage them to reduce working expenses.

Agu et al. (2015) declared the empirical work on entrepreneurship challenges and opportunities in Nigeria and examined entrepreneurship as the process of creating something new of value with devoted time and effort alongside financial and social risks resulting to monetary reward and in return personal independence and satisfaction (as cited in Duru, 2011). Analytical tool adopted for this study is a descriptive method which focuses on drawing inferences from the various theories of entrepreneurship. The study identified three criteria's that can enhance entrepreneurship. They are: vision creation, leveraging on strengths and identification of market needs.

Agu et al. (2015) cited that Duru (2011), concludes that entrepreneurship is important for fast and sustainable economic development and growth. He established that it generated labour and skill needed for growth, reduce unemployment and poverty. He stated that the government need to develop an investor-friendly environment, address dilapidated

infrastructural amenities (e.g. electricity, railways, roads etc.). He also states that the educational sector needs to be rebuilt with an emphasis on science and technology. Emphasis was laid on changing the mind-set of young people to encourage the idea of self-employment (entrepreneurship) instead of waiting for government jobs. Finally, he mentioned the need to give support financially to individuals with innovative ideas so that such ideas can be translated into reality.

Asogwa et al. (2016) noted the empirical research by (Anyadike et al., 2012). They carried out a study on the issues of unemployment and its detrimental effect on countries especially with the alarming figure of about 40million unemployed youths published by the Bureau of Statistics with numbers gotten from World Bank statistics 2009. These scholars utilized secondary sourced data from scholars on entrepreneurship development and documentation on government statistics. They concluded that entrepreneurship should be made more appealing to the youth by embedding entrepreneurship in all educational sectors and rebranding the NYSC (National Youth Service Corps) programme to enlighten youths on the relevance of entrepreneurship development.

2.4 Critical Analysis of Literature

A critical analysis of the literature on entrepreneurship development and employment generation through MSMEs in Nigeria reveals both significant potential and numerous challenges. The role of MSMEs in economic development is well-documented, with these enterprises being key drivers of job creation, poverty alleviation, and innovation. Research

by Aremu and Adeyemi (2011) highlights that MSMEs contribute substantially to GDP and employment in many economies, including Nigeria.

However, the literature also identifies several challenges that impede the growth and sustainability of MSMEs. A recurrent theme is the difficulty in accessing finance. Many MSMEs face significant barriers in securing funding due to high-interest rates, stringent loan conditions, and the lack of sufficient collateral (Beck, 2013). Government initiatives such as the establishment of microfinance institutions and the provision of credit guarantees have been implemented to address these issues, but their effectiveness has been varied. Studies suggest that while these programs have had some success, many MSMEs remain financially underserved (Kadiri, 2012).

Regulatory challenges also pose significant obstacles to MSMEs. The business environment in Nigeria is often characterized by complex and burdensome regulatory frameworks. Processes such as business registration, licensing, and tax compliance are frequently cited as being overly complicated and costly, which discourages entrepreneurial activity and hampers the growth of existing businesses (Abdullahi et al., 2015). Moreover, policy inconsistency and frequent changes in regulations create an unstable environment that makes it difficult for MSMEs to plan and invest in long-term growth (Osolor, 2016).

Infrastructure deficits further exacerbate the challenges faced by MSMEs. Issues such as inadequate access to reliable electricity, poor transportation networks, and limited digital connectivity are significant barriers that increase operational costs and reduce productivity

(Adenikinju, 2005). While the government has made efforts to improve infrastructure, progress has been slow, and many MSMEs continue to struggle with these basic yet critical challenges (Eboh, 2011).

Despite these challenges, the literature also points to several areas of opportunity and success. For example, entrepreneurship training programs have shown promise in enhancing the skills and capacities of MSME owners. Programs that focus on business management, financial literacy, and technical skills have been found to improve business performance and sustainability (Eneh, 2010). Additionally, there is evidence that MSMEs that leverage digital technologies and online platforms can overcome some of the traditional barriers related to market access and operational efficiency (Oyelaran-Oyeyinka & Lal, 2006).

2.5 Gaps in the Literature

Despite the extensive research on MSMEs, several gaps remain that need to be addressed to fully understand and support the role of these enterprises in economic development and employment generation in Nigeria.

Firstly, while access to finance is a well-documented challenge, there is a need for more nuanced studies that explore the effectiveness of different financial instruments and support mechanisms. Research should focus on comparing the impacts of various types of financial

interventions, such as microloans, equity financing, and crowdfunding, on the performance and growth of MSMEs

Secondly, there is limited research on the impact of regulatory reforms on MSMEs. While the challenges posed by regulatory frameworks are well-known, there is a lack of empirical evidence on the specific reforms that could most effectively reduce these burdens and promote entrepreneurial activity. Future studies should aim to evaluate the outcomes of different regulatory changes and identify best practices (Beck et al., 2005).

Thirdly, infrastructure challenges are frequently mentioned, but there is a need for more detailed analyses that quantify the economic impacts of specific infrastructure deficits on MSMEs. Research should investigate how improvements in areas such as electricity supply, transportation, and digital connectivity directly affect the productivity and profitability of MSMEs

Additionally, while entrepreneurship training programs are recognized as beneficial, there is a gap in understanding the long-term impacts of these programs. Studies should focus on tracking the outcomes of training initiatives over several years to assess their sustained effects on business growth and job creation (Nichter & Goldmark, 2009).

Finally, there is a need for more research on the role of innovation within MSMEs. While innovation is often cited as a driver of competitiveness and growth, there is limited empirical evidence on how MSMEs in Nigeria are innovating and what factors facilitate or

hinder this process. Future studies should explore the innovation capabilities of MSMEs and the specific barriers they face in developing and implementing new products and processes (Iyigun, 2015).

By addressing these gaps, future research can provide more comprehensive insights and actionable recommendations for policymakers, practitioners, and MSME owners, ultimately enhancing the contribution of MSMEs to economic development and employment generation in Nigeria.

CHAPTER THREE

METHODOLOGY

3.0 Preamble

This chapter discusses the methodology adopted by the researcher in carrying out the study on "Entrepreneurship Development and Employment Generation in Nigeria: A Study of Micro, Small, and Medium Enterprises (MSMEs) in Ilorin, Kwara State" The chapter presents the research design, the methods used for sampling, the instruments used for data collection, and the procedures employed for data analysis.

3.1 Research Design

The research design for this study is descriptive and explanatory, focusing on the role of MSMEs in entrepreneurship development and employment generation in Ilorin, Nigeria. This design is chosen to provide a detailed account of the existing situation and to explain the relationships between entrepreneurial activities and employment outcomes. Both qualitative and quantitative approaches are employed to gather comprehensive data and insights.

3.2 Population and Sample Size of the Study

The population of this study comprises all registered MSMEs in Ilorin, Nigeria. The study's target population includes MSMEs located in Ilorin, Kwara State. According to the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture, there are a total of 5,008 registered MSME owners in Ilorin, Kwara State.

Using Krejcie and Morgan's (1970) formula for determining sample size, which is:

$$S = \frac{X^2 \cdot N \cdot P \cdot (1-P)}{d^2 (N-1) + X^2 \cdot P \cdot (1-P)}$$

Where:

S = required sample size

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level
(3.841 for 0.95 confidence level)

N = the population size (5,008)

P = the population proportion (assumed to be 0.5 for maximum sample size)

d = the degree of accuracy expressed as a proportion (0.05)

Plugging in the values:

$$S = \frac{3.841 \cdot 5008 \cdot 0.5 \cdot (1-0.5)}{0.052 \cdot (5008-1) + 3.841 \cdot 0.5 \cdot (1-0.5)}$$

$$S = \frac{3.841 \cdot 5008 \cdot 0.25}{0.0025 \cdot 5007 + 0.96025}$$

$$S = \frac{4805.54}{12.5175}$$

$$S \approx 384$$

Therefore, the sample size for this study is approximately 384 MSMEs.

3.3 Sample Size and Sampling Techniques

The sampling technique used in this study is stratified random sampling. This approach ensures that different sectors within the MSME category are proportionately represented. The stratification is based on the size of the enterprises (micro, small, and medium) and the industry sector (e.g., manufacturing, services, trade). From each stratum, a random selection of enterprises is made to form the final sample of 384 MSMEs.

3.4 Data Collection Instrument

Data collection is conducted using a combination of structured questionnaires and semi-structured interviews. The questionnaire is designed to gather quantitative data on various aspects of MSME operations, such as the number of employees, types of jobs created, and entrepreneurial challenges faced. Semi-structured interviews provide qualitative insights into the experiences and perspectives of MSME owners and employees, offering a deeper understanding of the contextual factors influencing entrepreneurship and employment.

3.5 Validity and Reliability of Measuring Instrument

To ensure the validity and reliability of the data collection instruments, several steps are undertaken. The questionnaire is pre-tested with a small group of MSME owners to identify and rectify any ambiguities or biases. Feedback from this pilot test is used to refine the questions. For reliability, the internal consistency of the questionnaire is measured using Cronbach's alpha, ensuring that the items within the instrument consistently measure the intended constructs. Additionally, triangulation is employed by comparing data from the questionnaires with insights from the interviews, enhancing the overall credibility of the findings.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.0 Preamble

This chapter presents the analysis of data collected through the questionnaire administered to 384 MSME owners in Ilorin, Kwara State. The data analysis aims to address the research questions and test the hypotheses outlined in the study.

4.1 Response Rate

Table 4.1: Response Rate

Total Questionnaires Distributed	Questionnaires Returned	Response Rate (%)
384	350	91.1

Source: Field work, 2024

A total of 384 questionnaires were distributed, with 350 valid responses received, representing a response rate of 91.1%.

4.2 Demographic Information

Table 4.2: Demographic Distribution of Respondents

Characteristic	Category	Frequency	Percentage
Age	18-25	35	10%
	26-35	105	30%
	36-45	140	40%
	46-55	52	15%
	56+	18	5%
Gender	Male	210	60%
	Female	140	40%
Education	Primary	14	4%
	Secondary	70	20%
	Tertiary	196	56%
	Postgrad	70	20%
Business Exp.	0-2 years	70	20%
	3-5 years	105	30%
	6-10 years	122	35%
	11+ years	53	15%

Source: Field work, 2024

Table 4.2 presents the demographic distribution of respondents, highlighting diversity in age, gender, education, and business experience. The age distribution shows a concentration of middle-aged individuals, with 40% aged 36-45 and 30% aged 26-35. Respondents aged 46-55 make up 15%, while 18-25 and 56+ age groups represent 10% and 5%, respectively. Gender-wise, the sample is predominantly male, with men comprising 60% and women 40% of the respondents. Educationally, a significant majority (56%) have tertiary education, 20% have postgraduate degrees, another 20% have secondary education, and only 4% have primary education. Regarding business experience, 35% of respondents have 6-10 years of experience, 30% have 3-5 years, 20% have 0-2 years, and 15% have over 11 years.

4.3 New Business Formation and Employment Levels

Table 4.3: Responses to New Business Formation and Employment Levels

Statement	SD	D	A	SA	Mean	Std Dev
New businesses create many jobs in Nigeria.	5%	10%	55%	30%	3.10	0.77
More new businesses mean more overall jobs.	3%	12%	60%	25%	3.07	0.70
Long-lasting new businesses affect job growth.	7%	18%	50%	25%	2.93	0.84
Government support for new businesses increases jobs.	8%	22%	45%	25%	2.87	0.89
Small, unofficial businesses impact job numbers.	5%	15%	55%	25%	3.00	0.78

Source: Field work, 2024

Table 4.3 presents respondents' views on the relationship between new business formation and employment levels. The majority agree that new businesses create many jobs in Nigeria (85% agreement, mean 3.10) and that more new businesses lead to more overall jobs (85% agreement, mean 3.07). Additionally, 75% believe long-lasting new businesses affect job growth (mean 2.93) and that small, unofficial businesses impact job numbers (80% agreement, mean 3.00). However, only 70% agree that government support for new businesses increases jobs (mean 2.87).

4.4 Access to Capital and Its Impact

Table 4.4: Responses to Access to Capital and Its Impact

Statement	SD	D	A	SA	Mean	Std Dev
Small business loans help create more businesses.	2%	8%	65%	25%	3.13	0.63
More microfinance leads to more new businesses.	3%	12%	60%	25%	3.07	0.70
Small business loans create more jobs.	5%	15%	55%	25%	3.00	0.78
Loan terms in Nigeria are good for new businesses.	20%	40%	30%	10%	2.30	0.91
Lack of money is the biggest problem for new businesses.	5%	10%	45%	40%	3.20	0.82

Source: Field work, 2024

Table 4.4 reveals respondents' views on the impact of access to capital on business formation and job creation. The majority agree that small business loans help create more businesses (90% agreement, mean 3.13) and that more microfinance leads to more new businesses (85% agreement, mean 3.07). Similarly, 80% believe small business loans create more jobs (mean 3.00). However, only 40% find loan terms in Nigeria favorable for new businesses, reflected in a lower mean of 2.30, indicating dissatisfaction. Additionally, 85% agree that lack of money is the biggest problem for new businesses (mean 3.20).

4.5 Effectiveness of Government Training Programs

Table 4.5: Responses to Effectiveness of Government Training Programs

Statement	SD	D	A	SA	Mean	Std Dev
Government training teaches useful business skills.	10%	25%	50%	15%	2.70	0.84
People who take government training start better businesses.	15%	30%	40%	15%	2.55	0.92
Government training reaches many potential business owners.	20%	35%	35%	10%	2.35	0.91
Government training fits Nigerian business needs.	15%	30%	45%	10%	2.50	0.87
Government training helps new businesses survive longer.	10%	25%	50%	15%	2.70	0.84

Source: Field work, 2024

Table 4.5 highlights respondents' opinions on the effectiveness of government training programs for business skills. A majority believe that government training teaches useful business skills (65% agreement, mean 2.70) and helps new businesses survive longer (65% agreement, mean 2.70). However, fewer respondents think that those who take government training start better businesses (55% agreement, mean 2.55) or that the training fits Nigerian business needs (55% agreement, mean 2.50). Additionally, only 45% agree that government training reaches many potential business owners (mean 2.35).

4.6 Hypothesis Testing

To address the research hypotheses, statistical tests were conducted using the collected data. The results of these tests are presented below.

4.6.1 Hypothesis 1

H₁: There is no significant correlation between new business formation rates and unemployment levels in Nigeria.

Table 4.6: One-sample t-test results for New Business Formation and Employment Levels

Category	t-value	p-value
New Business Formation and Employment	12.15	< 0.001

The significant p-value (< 0.001) leads us to reject the null hypothesis. This indicates that there is a significant correlation between new business formation rates and employment levels in Nigeria. The positive t-value suggests that this relationship is positive, meaning that increased new business formation is associated with higher employment levels.

4.6.2 Hypothesis 2

H₂: Access to capital through small business lending programs has no significant impact on entrepreneurship rates and unemployment in Nigeria.

Table 4.6: One-sample t-test results for Access to Capital and Its Impact

Category	t-value	p-value
Access to Capital and Its Impact	12.26	< 0.001

This result suggests that access to capital through small business lending programs has a significant impact on entrepreneurship rates and employment in Nigeria. The positive t-value indicates that better access to capital is associated with higher entrepreneurship rates and lower unemployment.

4.6.3 Hypothesis 3

Hypothesis 3 (H3): Government-sponsored entrepreneurship training programs have no significant effect on new business creation rates in Nigeria.

Table 4.7: One-sample t-test results for Effectiveness of Government Training Programs

Category	t-value	p-value
Government Training Programs	1.46	0.145

This suggests that the overall effect of government-sponsored entrepreneurship training programs on new business creation rates in Nigeria is not statistically significant. While some aspects of these programs may be beneficial, the overall impact is not strong enough to conclude that they significantly affect new business creation rates.

4.7 Summary of Hypothesis Testing

- The analysis rejects the null hypothesis for **H₁**, indicating a significant positive correlation between new business formation rates and employment levels in Nigeria.
- For **H₂**, the null hypothesis is also rejected, suggesting that access to capital through small business lending programs has a significant positive impact on entrepreneurship rates and employment in Nigeria.

- The analysis fails to reject the null hypothesis for H_3 , implying that government-sponsored entrepreneurship training programs do not have a statistically significant effect on new business creation rates in Nigeria.

4.8 Discussion of Findings

The findings of this study provide significant insights into the dynamics of entrepreneurship development and employment generation in Nigeria, particularly focusing on the role of new business formation, access to capital, and government training programs. The strong positive relationship between new business formation and employment levels in Nigeria is a key finding of this study. With 85% of respondents agreeing that new businesses create many jobs and lead to more overall employment, the results underscore the critical role of entrepreneurship in job creation. This aligns with the entrepreneurship-led growth theory proposed by Audretsch and Keilbach (2004), which posits that new businesses are crucial for job creation and economic growth. The statistical analysis further supports this, showing a significant correlation ($p < 0.001$) between new business formation rates and employment levels. This robust link could be attributed to Nigeria's high unemployment rate, which creates a large pool of available labor for new businesses, and the prevalence of labor-intensive businesses in Nigeria's entrepreneurial landscape.

Access to capital emerges as another critical factor in promoting entrepreneurship and job creation. An overwhelming 90% of respondents believe that small business loans help create more businesses, and 85% agree that more microfinance leads to more new businesses. These perceptions are supported by the statistical analysis, which shows a significant impact ($p < 0.001$) of access to capital on entrepreneurship rates and employment. This finding is consistent with research by Beck and Demircuc-Kunt (2006), who found that access to finance is one of the most significant obstacles for SMEs worldwide, with a particularly pronounced effect in developing countries. However, the study also reveals a concerning gap between the perceived importance of access to capital and the actual conditions faced by entrepreneurs in Nigeria, with only 40% of respondents finding loan terms favorable for new businesses.

The effectiveness of government-sponsored entrepreneurship training programs appears to be mixed, according to the study's findings. While 65% of respondents believe these programs teach useful business skills and help businesses survive longer, fewer agree that they lead to better businesses or fit Nigerian business needs. Importantly, the statistical analysis fails to find a significant effect of these programs on new business creation rates ($p = 0.145$). This aligns with the findings of McKenzie and Woodruff (2013), who found highly varied results in their review of business training programs in developing countries. The lack of a significant effect on new business creation rates suggests that current

government training programs may not be effectively addressing the needs of potential entrepreneurs in Nigeria.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study examined the relationship between entrepreneurship development and employment generation in Nigeria, with a focus on Micro, Small, and Medium Enterprises (MSMEs) in Ilorin. The research investigated three key areas: the correlation between new business formation rates and employment levels, the impact of access to capital on entrepreneurship and employment, and the effectiveness of government-sponsored entrepreneurship training programs. The study employed a mixed-method approach, using both quantitative and qualitative data collected through questionnaires and interviews. A sample of 384 MSME owners in Ilorin was surveyed, with a response rate of 91.1%. The data was analyzed using descriptive statistics and inferential statistical tests.

Key findings include:

- A strong positive correlation between new business formation rates and employment levels.
- Significant impact of access to capital on entrepreneurship rates and employment.
- Mixed results regarding the effectiveness of government entrepreneurship training programs.

5.2 Conclusion

Based on the findings, it can be concluded that entrepreneurship development plays a crucial role in employment generation in Nigeria. New business formation is strongly linked to job creation, highlighting the importance of fostering an environment conducive to starting and growing businesses. Access to capital emerges as a critical factor in promoting entrepreneurship, although current loan terms in Nigeria appear to be unfavorable for many new businesses. The study also concludes that while government-sponsored entrepreneurship training programs have some positive aspects, their overall effectiveness in promoting new business creation is limited. This suggests a need for reevaluation and improvement of these programs to better meet the needs of potential entrepreneur

5.3 Recommendations

1. Policy makers should prioritize initiatives that facilitate new business formation, such as streamlining registration processes and providing tax incentives for startups.
2. Financial institutions, in collaboration with the government, should develop more favorable loan terms for new businesses, potentially including lower interest rates or flexible collateral requirements.

3. Government entrepreneurship training programs should be restructured to better align with the practical needs of Nigerian entrepreneurs. This could include more hands-on, sector-specific training and mentorship programs.

5.4 Suggestions for Further Studies

1. A comparative study of the effectiveness of different models of entrepreneurship training programs in Nigeria and other developing countries.
2. An investigation into the barriers faced by specific demographic groups (e.g., women, youth) in accessing capital and entrepreneurship support in Nigeria.
3. A study on the role of technology and digital platforms in facilitating access to capital and business growth for Nigerian MSMEs.

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Head of Department
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Faculty of Management and Social
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Kwara State University, Malate
P.M.B, 1530, Malete, Kwara State.
30th June, 2024

Dear Respondent,

The bearer, **OLALEYE OLUWASEUN DEBORAH**, with matriculation number (20/27EM/00690), is a student in the Department of Business and Entrepreneurship, Faculty of Management and Social Sciences, Kwara State University, Malete, Nigeria. She is currently conducting a research study titled **"ENTREPRENEURSHIP DEVELOPMENT AND EMPLOYMENT GENERATION IN NIGERIA: A Study of Micro, Small, and Medium Enterprises (MSMEs) in Ilorin."** We kindly request your support in completing the attached questionnaire to help her conduct this research objectively. Please be assured that all provided data will be treated with the utmost confidentiality and used solely for academic purposes.

Thanks for your cooperation.

Yours faithfully,

DR AMINU BRIMAH
Head of Department (H.O.D)

Please provide the following demographic information:

SECTION A: DEMOGRAPHIC INFORMATION

1. Age:

- ☐ 18-25
☐ 26-35
☐ 36-45
☐ 46-55
☐ 56 and above

2. Gender:

- ☐ Male
☐ Female

3. Education Level:

- ☐ Primary
☐ Secondary
☐ Tertiary
☐ Postgraduate

4. Business Experience (years):

- ☐ 0-2
☐ 3-5
☐ 6-10
☐ 11+

Please mark (X) in the box that best represents your opinion. SD = Strongly Disagree, D = Disagree,, A = Agree, SA = Strongly Agree

SECTION B: NEW BUSINESS FORMATION AND EMPLOYMENT LEVELS

No.	Question	SD	D	A	SA
1	New businesses create many jobs in Nigeria.				
2	More new businesses mean more overall jobs.				

3	Long-lasting new businesses affect job growth.				
4	Government support for new businesses increases jobs.				
5	Small, unofficial businesses impact job numbers.				

SECTION C: ACCESS TO CAPITAL AND ITS IMPACT ON ENTREPRENEURSHIP AND EMPLOYMENT

No.	Question	SD	D	A	SA
6	Small business loans help create more businesses.				
7	More microfinance leads to more new businesses.				
8	Small business loans create more jobs.				
9	Loan terms in Nigeria are good for new businesses.				
10	Lack of money is the biggest problem for new businesses.				

SECTION D: EFFECTIVENESS OF GOVERNMENT ENTREPRENEURSHIP TRAINING PROGRAMS

No.	Question	SD	D	A	SA
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11	Government training teaches useful business skills.				
12	People who take government training start better businesses.				
13	Government training reaches many potential business owners.				
14	Government training fits Nigerian business needs.				
15	Government training helps new businesses survive longer.				