

Entrepreneurial Skills As A Tool For Economic Growth In Modern Day Nigeria

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pp 263 - 269

Abstract

The main thrust of this study was to investigate the entrepreneurial skill as a tool for economic growth in modern day Nigeria. The study adopted descriptive survey. The sample size was 200 entrepreneurs in Aba metropolis who were selected through the use of convenience sampling method. Hypotheses testing were done using simple regression. The results reveal that financial skills of the entrepreneurs have positive effects on their accumulation of capital for their enterprise. The study recommended that the entrepreneurs should improve on the technical skills since it is very vital in the technological progress of their enterprises.

Key words: Entrepreneurial skills, technical skill, managerial skills, financial skills, economic growth.

1 INTRODUCTION

Empirical studies have established the fact that the rates of economic growth are virtually connected to the role performed by government and entrepreneurs. Rather than being mutually exclusive, these roles are complementary and linked (Olaturiji et al, 2015). Nwuokolo (2003) postulated that like any other country, the Nigerian government supports and encourage the development of entrepreneurship in the country. Ogbari et al (2015) observed that the Nigerian government in a bid to encourage entrepreneurship has tried to maintain law, provide security to protect lives and properties so that individuals can carry out their business activities. In spite of these obligations by the government the performance or growth of entrepreneurship in Nigeria, it has not achieved its full potentials. This could be as a result of high costs of short-term financing, limited accesses to long-term capital, poor entrepreneurial spirit among women; there is every possibility that over dependence on imported raw materials, bureaucratic bottlenecks, illegal levies, and incentives inefficiency that discourages entrepreneurship instead of promoting entrepreneurship growth. A good number of the entrepreneurs are not seen in their numbers in the area of manufacturing and expert services, but rather they are seen in buying and selling. No empirical studies have been carried out in Aba, Abia State on this area. It is on this premise that the study seeks to investigate the effect of entrepreneurial skills on the economic growth of Nigeria.

2 Literature Review

Conceptual Framework

The term *entrepreneurship* entails the creation of jobs for oneself, while extending the advantageous impacts on others through job creation since the obligations of the organization cannot be carried out by one single individual. Erko (2005) postulated that the most efficient means of bridging the vacuum between the market place and science is entrepreneurship. This is done through the introduction of new services and products in a well organized market.

Managerial skills - small scale enterprises due to the close relationship between the employer and the employees, not only offer the opportunity for improvement in managerial skills acquisition for the both parties but also prepare the entrepreneur for the managerial competence and administrative acumen necessary for business growth and expansion (Demurger, 2011).

Financial Skills - it is important to note that, statistical research and empirical evidence justify that many entrepreneurs crash because of lack of or poor record keeping (Demurger, 2011). They do not obey

the principle of entity concept of separating the financial transactions of their businesses from that of their domestic individual or personal expenses. Withdrawals from the business are not accounted for, nor replaced back in the business. These affects the proper accounting, financial structure and the competitive base required for successful growth and survival of the business (Henderson, 2007). The entrepreneur should than incorporate good financial skill and the entity concept of accounting in his or her business transactions (Nwachukeu, 2012).

Technical skills - Most technical training is divided into upgrading and improving the employee's skills. Due to changes in structural designs and new technologies in an ever-changing business world, the need for technical training cannot be overemphasized. In addition, new technologies can lead to job change if the employee do not upgrade. For example, due to advancement in the automobile industry, most automobile repair personnel have to upgrade especially in the use of computers to carry out repairs in areas such as electronic stabilizing systems, engines, keyless entry, etc. This requires extensive training and retraining in order to meet up with current trends (Ansberry, 2003).

Barbarian (2001) shows that technical training is essential since organizations are constantly changing their designs. When organization increase teams engagement, remove bureaucratic processes and flatten it structure, entrepreneurs must acquire technical skills to gain mastery over the administration of the organization.

Theoretical Unpinning

The study was anchored with Kirzner's theory of "entrepreneurship alertness". The study of Kirzner (1984) was focuses on "entrepreneurial alertness" potential opportunities which are available, but as yet to be exploited. The whole essence of the theory is that an individual has the instinct to potentially discover something which has eluded others for a long time. That means that at every time, there is a potential opportunity waiting to be exploited. Kirzner (1984) asserted that the sharp alertness must reside in every successful entrepreneur in order to have a competitive advantage over others. As Friedmen (1953), Kirzner (1984) also posits that entrepreneurship plays an important role in the market process through a careful consideration of the decisions of all the participants in the market process.

Empirical Studies

Adeoye (2015) investigated the impact of entrepreneurship on the Nigerian economy growth and development processes. The study showed that the country though naturally endowed with much entrepreneurship opportunities is yet to exploit these opportunities due to the adoption and implementation

of inappropriate industrialization policies at different times. It also found that Micro, small, and medium enterprises can be stimulated through a well-organized entrepreneurship structure which will in turn enhance economic growth Nigeria. Thus, it was recommended policy coordination geared at the enhancement of entrepreneurship be encouraged.

Oluturiji et al, (2015) investigated the impact of youth entrepreneurship in nation building. Using a total of 40 entrepreneurial firms randomly selected from a cross section of population of firms (LGA) of Lagos State, the study showed a significant relationship between competition, growth and development of entrepreneurial firms, thereby revealing that if young people were encouraged these entrepreneurs can contribute immensely to economic growth. This trend is especially encouraging since Nigeria has a very high rate of unemployment (Otaki, 2003). The social and economic factors responsible for the ranging and rising rate of unemployment has been analyzed in various empirical studies (Onah 2001; Otaki 2003; Worlu et al 2014). One of the reasons cited for the high rate of unemployment in urban cities was the mass drift of educated youths from rural communities to urban cities. Thus, the only viable solution to the issue is the introducing entrepreneurship education (Odu, 2009). No wonder, Ismail and Ajagbe (2013) postulated that technical education is focused on the acquisition of technical skills in the administration and management of business entities.

Methodology

The study adopted a descriptive survey that is questionnaire-based technique to sample opinion and derive answers to the problem (Creswell 2012;

Ajagbe et al 2015). The data employed for the study was primary data. Since it is not possible to cover the whole population, the researchers adopted a chosen set of samples from the universe population. In this case, the researchers decided to limit their study on the owners of business (ie; whether small or medium) operating within the Aba metropolis. The sample size of 200 entrepreneurs were selected using random sampling method. The accidental sampling (sometimes known as convenience or opportunity sampling) used is a type of non-probability sampling which involves the samples being drawn from that part of the population which is close to hand. Otokiti et al, 2007; Otokiti, 2010), simple regression analysis was used to test the Hypotheses, while simple percentages and frequencies table were used for the demographic characteristics of respondents. A five-point likert scale was used strongly agree (5) agree (4), strongly disagree (3), disagree (2), undecided (1).

4 Data Analyses and Presentation of Result/Findings

This section of the study presents the analyses of data collected. Data collection was done through the use of the questionnaire (which served as the major research instrument and was administered randomly to the respondents. The collected and collated data were analyzed using the descriptive statistics and the simple regression model.

Socio-economic Characteristics of E-marketers in Aba Urban Community, Abia State, Nigeria

To ascertain the background of the respondents, their socio-economic characteristics were elicited. These include their age, gender, and academic qualification. Tables 1 below show these socio-economic characteristics.

Table 1 Socio-Economics Distribution of Respondents

Variables	Frequency	Percentage (%)
Age		
18 – 20years	53	26.5
21 – 23years	40	20
24 – 26years	73	36.5
27 – 29years	25	17
Total	200	100
Gender		
Male	109	54.5
Female	91	45.5
Total	200	100

Education Level		
WASSCE/NECO	37	18.5
OND/NCE	74	37
HND/BSC	68	34
MBA/MSC	21	10.5
Total	200	100
Experience		
1 – 4years	20	10
5 – 8years	40	28
9 – 12years	44	22
13 – 16years	50	25
17years and above	30	15

Source: Field Survey Data, 2017

The result from Table 4.1 showed that 26.5% of the respondents are within the age range of 18 – 20 years, 20% of the respondents are within 21 – 23years age range, 36.5% of them are within the age range of 24 – 26years, while the remaining 17% of the respondents are within the age range of 27 – 29years and above. This implies that majority of the respondents are still energetic and in their active age. And as stated by Gyau (2011) that young age relates with energetic and innovative idea.

The result revealed that 54.5% of the respondents were male, while the remaining 45.5% of them were female. This implies that majority of the respondents were male.

The result also revealed that 18.5% of the respondents had their education up to WASSCE/NECO level, 37% of them had their education qualification up to the OND/NCE, 34% of them had their education up to the HND/B.Sc level, while the remaining 10.5% of the

respondents had their education up to the MBA/MSC level. This is an indication that a large portion of the respondents had their education beyond the secondary level (i.e. up to the tertiary level) which implies that they are well educated.

The result further revealed that 10% of the respondents have had entrepreneurial experience within the range of 1 – 4years, 28% of them have had experience within the range of 5 – 8years, 22% of them have had entrepreneurial experience within the range of 9 – 12years, 25% of them had experience within the range of 13 – 16years, while the remaining 15% of the entrepreneurs have had entrepreneurial experience of 17years and above.

Effect of Financial Skills on Capital Accumulation

The effect of financial skills on capital accumulation was analyzed with the simple regression model and is presented in Table 4.2 below.

Table 2 Computation of Simple Regression for Effect of Financial Skills on Capital Accumulation

Variables	Coefficient	Std. Error	t-value
Constant	1.097***	0.209	5.250
Financial Skills	0.756***	0.049	15.578
R ²	0.551		
F-value	242.682***		

*** Statistically Significant at 1% level

Source: Field Survey Data, 2017

The data from Table 2 shows the regression estimate of the effect of financial skills on capital accumulation of entrepreneurs in the study area. The result shows that the determination (R^2) was 0.551. This implies that 55.1% variability of the capital accumulation of the entrepreneurs in the study area was explained by the model, while the remaining 44.9% could be attributed to error and omitted variables. The F-values of 242.682 was significant at 1% level, which indicates that the model is adequate for use in further analysis as it indicates a requirement of best fit.

The result shows that the financial skill of the entrepreneurs on their capital accumulation was positive and statistically significant at 1% level. This implies that the financial skills of the entrepreneurs do affect the accumulation of capital for their enterprises.

Effect of Technical Skills on Technological Progress
The effect of technical skills on technological progress, which was analyzed with the simple regression model, is presented in Table 4.3 below.

Table 3 Computation of Simple Regression for Effect of Technical Skills on Technological Progress

Variables	Coefficient	Std. Error	t-value
Constant	0.694***	0.170	4.076
Peer Group Influence	0.848***	0.038	22.395
R^2	0.717		
F-value	501.553***		

*** Statistically Significant at 1% level

Source: Field Survey Data, 2017

The data from Table 3 shows the regression estimate of the effect of technical skills on technological progress of entrepreneurs in the study area. The result shows that the determination (R^2) was 0.717. This implies that 71.7% variability of the technological progress of the entrepreneurs in the study area was explained by the model, while the remaining 28.3% could be attributed to error and omitted variables. The F-values of 501.553 was significant at 1% level, which indicates that the model is adequate for use in further analysis as it indicates a requirement of best fit.

The result shows that the effect of technical skills of the entrepreneurs on the technological progress of their enterprises was positive. The relationship was statistically significant at 1% level. This implies that the technical skills of the entrepreneurs play a major role in the technological progress of their enterprises.

Effect of Managerial Skills on Population Growth and Labour Force

The effect of financial skills on population growth and labour force was analyzed with the simple regression model and is presented in Table 44.

Table 4 Computation of Simple Regression for Effect Managerial Skills on Population Growth and Labour Force

Variables	Coefficient	Std. Error	t-value
Constant	1.194***	0.217	5.500
Financial Skills	0.729***	0.048	15.063
R^2	0.534		
F-value	226.907***		

*** Statistically Significant at 1% level

Source: Field Survey Data, 2017

The data from Table 4 shows the regression estimate of the effect of managerial skills on population growth and labour force of entrepreneurs in the study area. The result shows that the determination (R^2) was 0.534. This implies that 53.4% variability of the capital accumulation of the entrepreneurs in the study area was explained by the model, while the remaining 46.6% could be attributed to error and omitted variables. The F-values of 226.907 was significant at 1% level, which establishes the fact that the model is adequate for use in further analysis as it indicates a requirement of best fit.

From the result, it was seen that the Managerial skills of the entrepreneurs on population and labour force growth was positive and statistically significant at 1% level. This implies that the managerial skills of the entrepreneurs do affect the growth of the population and labour force.

5 Summary of Findings

This study examined entrepreneurial skills as a tool for economic growth in Nigeria. It specifically determined the effect of financial skills of entrepreneurs in the area on capital accumulation; ascertained the effect of technical skills of entrepreneurs on technological progress of their enterprises; and analyzed the effect of managerial skills on population growth and labour force.

The findings from the results show that financial skills of the entrepreneurs do affect the accumulation of capital for their enterprises, as it indicates a positive and statistical effect at 1% level. The findings also revealed that the technical skills of the entrepreneurs play a major role in the technological progress of their enterprises at a 1% significance level. The findings further revealed that the managerial skills of the entrepreneurs do affect the growth of the population and labour force.

Conclusion

From the study, it was revealed that financial skills, technical skills and managerial skills of the entrepreneurs in the study area have a positive effect on their capital accumulation, technological progress of their enterprises and population growth and labour force respectively. It is therefore concluded that entrepreneurial skills is a tool for economic growth in Nigeria.

Recommendations

Drawing from the findings of the research, the study recommended the following;

1. The entrepreneurs in the study area should improve on their financial skills if they intend to accumulate funds for their enterprises, as finance is an integral part of any enterprise.
2. The study also recommended that the entrepreneur should improve on the technical skills since it is very vital in the technological progress of their enterprise.
3. In addition, entrepreneurs who seek success in their enterprises should ensure that their managerial skill is improved which will in turn influence labour force.

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