

## **Entrepreneurship-Small Businesses Nexus on Economic Development in Uyo, Nigeria**

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**Abstract:** *The paper examined the impact of entrepreneurship and small businesses on economic development in Nigeria, using Uyo Metropolis, the capital of Akwa Ibom State, as study point. Using a survey design, the researchers drew respondents from 86 small scale businesses and entrepreneurs' firms in the Metropolis, through cluster sampling techniques. Five (5) respondents were drawn from each of the 86 selected small business firms, and administered questionnaire, thus making a total of 430 respondents. Firm managers were administered another set of questionnaire to evaluate problems that constrained the operation of their businesses. We found that small businesses and entrepreneurship were indeed active in job creation; employees' satisfaction was low on adequacy of salary and poverty alleviation. Small businesses and entrepreneurship were being constrained by several problems, including lack of access to finance, bank charges, poor infrastructure, and taxation. Although the small number of the sample size did not allow generalization of the findings of the research. The work makes important contribution to small business and entrepreneurship literature by examining small business-entrepreneurships nexus from the lens poverty reduction, employment creation, and wealth creation as indices of economic development. Based on findings, we recommend that small business operators and entrepreneurs should be given access to finance with minimal interest, and that government should curb double taxation on entrepreneurial business, among others.*

**Key words:** *Business incubation, Economic development, Entrepreneurship, Small businesses.*

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### **I. Introduction**

The discourse on small scale businesses and entrepreneurship has recently shifted grounds from the *who*, *why* and *how* of entrepreneurship to the impact of entrepreneurship on development (Naude, 2013). The shift become necessary following scholarly evaluation of the role that small businesses and entrepreneurship play in the turn-over of the economies of China and the East Asian Tigers (Oyelola, Ajiboshin, Raimi, Raheem & Igwe, 2013). Further researches have shown that small business and entrepreneurs activities are beneficial to economic growth and development (Olutunde, 2001).

Evidences from the United States and the vibrant economies like China and India showed that poverty had declined as a result of the activities in the informal economic sector. In India for instance, the performance of the grass-root economy, that depended more on local entrepreneurial energy, exceeded the expectation from foreign direct investment (FDI) (Oyelola et al (2013), and exerted positive impact on unemployment (Szirmai, Naude & Alcorta, 2013). Reports from China, Thailand, and Malaysia credited their fast growing economy to a young confident population that has released its creative entrepreneurial energy to drive their economy (Nelson & Pack, 1999).

Nigeria share colonial heritage with some of the Asian countries. They also experience similar socio-demographic burden: poverty, unemployment, high birth rate, high population growth, etc. The inability of government to find jobs for the teeming unemployed youth has resulted in many innovations; while some innovations- hawking, skill acquisitions, fashion designs, fast food vendors, etc, express the ingenuity of Nigerians and the desire to eke out honest living, other innovations are devoid of honest orientation. These have been seen in emerging pattern of crime: kidnapping for ransom, armed robbery, stealing, cyber theft, ritual killing, thuggery and touting (Ikoh, 2010). As Reynolds et al (2005) argued, entrepreneurship is synonymous with self-employment; and unfortunately self-employment is often not by choice but by necessity. In this context entrepreneurship can be "associated with productive, unproductive or even destructive activities" (Naude, 2013: 3). It is therefore necessary

to clarify the small businesses/entrepreneurships – development nexus by formalizing their role in development and what development entails. In Dudley Seer's (1969) analysis only the reduction or elimination of poverty, unemployment and income equality can signal in economic development. While Unemployment and poverty are Siamese twin, unemployment is not without consequences. Apart from triggering frustration and aggression, it initiates the necessity-entrepreneurships that undermines social and health security, instead of wealth creation, and can exert a serious burden on security governance.

The promotion of small business entrepreneurship can checkmate unemployment with a capacity for positive multiplier effect on the economy (Ozigbo, 2002). In recognition of this, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established in 2003 for the purpose of promoting the establishment of small and medium businesses. The objective of SMEDAN combined enhancing access to factors of production including finance, creating awareness on the role of small business enterprises with outright empowerment in skill training and acquisition, with providing relevant business information, among other (Oluseye, Solomon, & Adegunle, 2013). The expectation was that promoting small businesses and entrepreneurship will spread wealth and checkmate the scourge of poverty. Since then several efforts aimed at awareness creation to boost acquisition towards developing entrepreneurial skills and small scale business ownership have been launched. The establishment and recognition of many institutional credit markets in Nigeria including the Bank of Industry, Micro-finance banks, Co-operative Societies, etc, were initiated to sustain those efforts.

In his evaluation of the impact of entrepreneurships and small businesses to Nigerian economy, Osaze (1987, p.18), identified “the mobilization of domestic savings for investment, the contribution to Gross Domestic Product (GDP) and Gross National Income (GNI)”. Other contributions include harnessing productivity and employment creation. Much as these remained important findings, they still limit economic development to enhanced GDP. Yet small businesses and entrepreneurship “can also contribute to multi-dimensional well-being by what people can achieve through their capabilities” (Naude, 2013). In this context human development or human flourishing (Sen, 2000) become added yardstick for measuring economic development via small businesses and entrepreneurship. Beside the argument, studies have shown a U-shaped relationship between entrepreneurship and economic development especially in developing countries (Naude, 2013). The U-shaped relationship demonstrates a higher rate of entrepreneurial activities that are less innovative, and by implication do not stimulate development, but are development-stimulated entrepreneurships. In this context, (Naude, 2010) warned that only innovative small businesses and entrepreneurships are those that can drive development. Based on this background, the study raised four related questions: (i) Are there innovative small businesses and entrepreneurships in Uyo Metropolis? (ii) What contributions do they make to curb the rising rate of unemployment and poverty in the Metropolis? (iii) How satisfied are the employees in terms of poverty reduction and meeting other basic necessity of live? (iv) What are the constraints faced by small businesses and entrepreneurship activities in the Metropolis?

Apart from contributing to the emerging discourse on the nexus between small businesses/entrepreneurships and development, the paper seeks to combine theoretical insight with empirical findings on the role of entrepreneurships and small business on economic development. The significant of the study is also informed by the government economic policy on skill acquisition, training and financial support to the youth to create and own businesses. In this context, the study can provide a base line evaluation. It is hoped that findings generated from this study can provide information on the performance of small scale business and entrepreneurship in the Metropolis; and provide input for enhanced government policy.

## **II. Study Area**

Uyo is the capital of Akwa Ibom state of Nigeria. Apart from being a capital city and the headquarters of Uyo local government, it is also a metropolis that extends beyond the capital city to adjoining local government of Uruan at its Southern boundary and Itu on the South-East boundary. Over the years, its strategic location has attracted people from all over Akwa Ibom state as well as the neighbouring states. The indigenous population of Ibibio has been swelled to 127,033 (NPC, 2006) as at the last National census.

For the purpose of political administration, the local government is divided into ten (10) political wards (the smallest political unit). Each of the wards has a representative (Councilor) that represents them in the Local Government Council. In this study we included two (2) political wards in Itu local government and two (2) in Uruan that are within the Metropolis limits. As the economic nerve center of the state, the informal economy is boosted by small businesses and entrepreneurs. The actual number of those involved in this sector is not known, but observations revealed small business and entrepreneurial firms that ranged from super-markets, welding work, table water manufacturing, computer services, plumbing, printing, catering services, sewing/fashion design, hair dressing, barbing saloon, catering services, etc.

### **III. Conceptual Explanation, Literature and Theory**

The Business Dictionary refers to entrepreneurship as the capacity and willingness to develop, organized and managed a business venture along with any of its risks in order to make profit (Businessdictionary.com/.../...). The most obvious example therefore is the starting of a new business. Among management scholars, an entrepreneurship is seen as one who combines land, labour, natural resources and capital to produce profit. Entrepreneurial spirit is characterized by innovation and risk taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global market place (Bruton, Ahlstrom, &Obloj, 2008). In an earlier explanation offered by Schumpeter (1937, p.66), an entrepreneur is the bearer of the mechanism for change and economic development. The ability to use new ideas and skills to evolve innovations stands the entrepreneur out in terms of creativity. In an attempt to build on Schumpeter's idea, Thaddeus (2012, p.33) defined an entrepreneur as "an innovator or a developer who organizes and seizes opportunity, convert idea, add value through time, effort, money or skills and assumed the risk of the competitive market place".

The competition in a market place suggests the element of risk in entrepreneurship. Thus Drukers (1993) argued that entrepreneurs must be willing to risk his capital as well as other resources in new business ventures. The hope is that the risk would yield substantial returns in profit either in the short or long run. Such consideration informed Odeyemi's (2003) analysis of entrepreneurship as consisting of ability to calculate risk, enjoy the excitement of challenges by way of investment. Risk taking dimension of entrepreneurship suggests economic uncertainty, which can constraint the probability of success.

Other scholars who offered behavioural definition of entrepreneurs view entrepreneur as "someone who facilitates adjustment to change in the economy by spotting opportunities for profitable arbitrage" (Naude, 2013, p.5; Shane &Ventakaram, 2000). Such definition suggests the existence of "opportunity-gabbing-for-profit entrepreneurship, especially in developing countries where market distortion may be common. Baumol (1990) explained the activities of such entrepreneurs beyond enhancing productivity to the operation of unproductive and even destructive activities. Thus activities should not be defined as entrepreneurs if it detracts from either individuals or societal welfare. Given this development, Naude (2013, p.23), advised that entrepreneurship should be seen more appropriately as a "social phenomenon that reflects the broader institutional characteristics of a society; not only concerned with business success, as measured by profit, but also with subjective welfare and non-economic wellbeing".

In Nigeria the concept of definition of "Small-scale" business has received several refinements. According to Olutunda (2001), a small firm is seen in terms of various combinations of factors including the number of persons employed, value of assets, turnover and or output, etc. In 1972 when the need for small businesses received the boost of government, it was defined as one in which total assets in capital equipment, plant and working capital should be less than N50,000 (an equivalent of USD5,000 then) and employing less than 50 full-time workers. It included a factory or non-factory establishment a household, cottage, craft or factory industry. In 1996, the National Council of Industry (NCI) offered a definition that limit small scale businesses to a capital outlay of between N1 million to N40 million and a staff strength of between 11 and 35 workers (Aluko, et al, 1972).

In recent review the Nigerian Bank for Commerce and Industry (NBCI) defined a small scale enterprise as one whose capital does not exceed N750,000 (USD7,500)(Olagunju, 2004). However, the Federal Government through the agency of SMEDAN defined small scale business to include all trading and manufacturing units with a total capital investment of up to N60,000 and paid employees of up to five (Oluseyi, Solomon, &Adekunle, 2013). In the 1988 operational guideline of the Central Bank of Nigeria, small scale enterprise is regarded as a business with minimum annual return of N500,000. In terms of ownership, Osaze (1987) defined a small scale business as any business undertaken, owned, managed, and controlled by not more than twenty (20) employees. It may have no definite organizational structure as all employees could report to the owners.

The multiplicity of definition and the variability in the type and structure of small businesses and entrepreneur suggest the flexibility in the registration and recognition process by the Corporate Affairs Commission. In recent time, the emphasis has been on creating jobs and thus enhancing the income of the people in order to checkmate poverty.

While advocacy and the necessity for the emergence of small business and entrepreneurs remain cogent, the survival of these businesses is left to the vagaries of the Nigerian business environment. Thus Fanimu, and Olayinka (2010) warned that entrepreneurs should be action-oriented, highly motivated and prepared to take risk. While individual entrepreneurs or groups should have ability to innovate, they should also endeavour to cultivate the abilities of hard work and effective leadership.

The concept of innovation is therefore an integral part of entrepreneurship and small business. Both constitute engine of growth and catalyst for socio-economic transformation of any country (Oacker 2004). In

Ugwu's (2010) analysis, small businesses represent veritable tools for the generation of employment and poverty reduction. Other intrinsic benefits of small business ranged from infrastructural development to service delivery, in order to create vibrant sources for government revenue generation through levies and taxes. Small business and entrepreneurs are necessary for the improvement of the standard of living of the society. This becomes possible not only through employment creation, but also by bridging the gap between science, technology and market (Hausmann, & Rodrik, 2003). Here the market is conceptualized as the consumers who have genuine need for goods and services made possible through scientific discovery and technology and are willing to pay for them. The entrepreneur takes responsibility in commercializing and making these goods and services available to the consuming public.

The expected role of entrepreneurship and small business in Nigeria's economic development is influenced by the evaluation result conducted elsewhere. In India and Japan, small scale business and entrepreneurs have been able to scale-up the economy by helping to checkmate unemployment as well as poverty. Judging by such performance, Ugwu (2010) argued that the contribution of small scale business to employment creation, harnessing of local raw materials, poverty reduction and alleviation, can enhance the standard of living of Nigeria and help boost the economy. The linkage suggests deliberate policy creation and strict implementations that can boost entrepreneurship. In every business, capital plays an important determinant. It enhances its existence and sustains operation. When an entrepreneur is denied access to formal sources of financing, or given access with high interest rate, the survival of the business and expansion face serious constraint. In Nigeria misuse of fund meant for the promotion of small scale businesses has been reported (Thaddeus, 2012). It has a rich history in corruption. In this context funding often end up benefiting groups that were not meant for it. Political loyalties become prime beneficiaries and channeled the loan to things other than small scale businesses. Access to micro-credit with favourable interest rate is therefore necessary.

Beyond funding capital is the entrepreneurial capital itself. It is not just enough to start a business, but how much do we know about it. The ability to conduct a market survey, revise ideas in the light of new experiences can improve the definition of business concept. Many entrepreneurs and small scale business proprietors lack basic knowledge of what their businesses entail beyond the surface. In such instances expansion becomes difficult (Nelson & Packer, 1999). When business is small, it is difficult to find the economies of scale from which firms can benefit; and their contribution to economic development can only be minimal. In his observation, Osaze (1987) argued that most small business entrepreneurs have little or no educational background. Their application for financial support is often poorly prepared and documented, such that banks and funding agencies find it difficult to understand their feasibility studies objectives and appraise their loan application.

Lack of business education affects good succession plan, book-keeping and proper records. In many instances, entrepreneurs are unable to separate business concern from family and revenue from profit (Zoltan, 2007). Such planlessness informs the extinction of many small scale businesses and inability of some to grow to break-even point. As Ghatak et al (2007) argued, entrepreneurs with low ability constitute hindrance to development because with less productive workers, they earn low wages, which "in turn reduced the opportunity costs of self-employment, thus causing the entry of even more low-ability entrepreneurs".

Kirzner (2008) grouped the challenges that confront small scale business and entrepreneur into two: external and internal. The external challenges include poor power supply and infrastructure, expensive mode of communication, inadequate and availability of credit facilities. The internal problem include lack of management skill, poor knowledge of industrial relations, poor knowledge of market condition, lack of quality control and testing facilities. Although these problems are not mutually exclusive, lack of patronage of locally produced goods and the dumping of foreign goods in the country constitute constraints to the performance of small scale businesses and entrepreneurs in country.

#### **IV. Theory**

The entrepreneurial literature seems to adopt a very restricted view of development. This is clearly seen in the review of entrepreneurship researches by Praag and Versloot (2007). Most empirical work seeking to establish the linkage between small business/entrepreneurships and development limit analysis to GDP, productivity and employment growth. No effort is made to examine the multi-dimensional aspect of development. In this work we adopt the Multi-dimension development approach. The approach is inspired by the seminal work of Dudley Seer (1969), and built upon by Sen (2000) who argued that development should result in human development (human flourishing) and wealth creation. Here economic development is re-defined in terms of reduction or elimination of poverty, unemployment and income inequality. Seer (1969) had explained that when all three (poverty, unemployment and income inequality) have declined from high levels, then we can conclude that there has been a

period of development for the country concerned. If one or two of these have been growing worse, especially if the entire three have, it would be strange to call the result development even if per capital income doubled.

Entrepreneurships can contribute to multi-dimensional well-being through what people can achieve through their capabilities. Using this approach, Robeyns (2003, p.6) argued that “entrepreneurship contribution can be measured in terms of its human functioning; how much it contributes to job satisfaction”, socio-economic wellbeing and poverty alleviation. Wealth creation seeks to reduce negative feelings and depression and the citizens and enhance the flow and ‘procedural utility’ not necessary growth in GDP (Block & Koellinger, 2009). Innovative entrepreneurships therefore count much when it comes to measuring development. They count not only for higher levels of productivity, but also higher employment growth, and can cause positive spillover to other firms. In this era where value added Tax (VAT) generate revenue to government, small businesses and entrepreneurship play leading role.

## **V. Methodology**

The survey design method involving questionnaire and interview was employed in the collection of data. The instruments were necessary for the purpose of collecting confidential information (questionnaire); but for the purpose of probing and clarifying some of the needed data, we employed interview. Each of the 14 political wards (ten (10) from Uyo, two (2) each from Itu local government area and Uruan local government were regarded as clusters, we employed purposive sample technique to select 6 small businesses and entrepreneurs each in 12 political wards in the metropolis, and another 7 each in the remaining 2 political wards within the metropolis. Our selections was guided by the number of employees ( $\geq 5$ ), rather than innovativeness and the concentration of small business and entrepreneurial concerns in the ward. In all 86 small businesses and entrepreneurial firms were selected. The sample consisted of 430 employees (216 or 50.23% male and 214 or 49.77% female) randomly selected (5 respondents from each of the 86 firms) who were administered questionnaire. In addition managers of these organizations were asked questions on constraints confronting their operation.

## **VI. Measures**

*Socio-demographic variables:* Socio-demographic characteristics of respondents including gender, marital status, income, age and educational attainment were assessed. Gender was measured as female = 1, male = 0. Marital status (single, married, divorced, and separated) and educational status were nominally coded on a scale of 1 – 4 and a 1 – 5 respectively. The age range of respondents included 18 -30 years (40%), 31 – 40 years (32.79%), 41 – 50 years (20.23%) and 51 – 60 years (6.98%). Mean and standard deviations of the socio-demographic variables are reported in Table 1.

*Entrepreneurship and small business personal goal facilitation:* Questions were formulated in line with Ford and Nichols (1987) employees’ personal goal domain on work facilitation of personal goals – measures to test job satisfaction and well-being. Respondents were asked to rate how engagement in entrepreneurial and small businesses facilitates their personal goals’ attainment: “To what extent would you agree that engagement in entrepreneurships and small businesses enables you to receive (1) adequate incentives and allowances?; (2) Overtime payment?; (3) inconvenience allowances?; (4) pay medical bill when sick?; (5) ensures commensurate work with your educational qualification? Answers were provided separately for each goal rating on a 6-point scale (1 = *Very strongly disagree*; 6 = *Very strongly agree*).

*Entrepreneurship development nexus:* were assessed on the extent to which entrepreneurships and small businesses enhance poverty alleviation and household expenses. Development was operationalized and anchored on the extent to which engagement in entrepreneurships enables human functioning abilities including having a house of one’s own, meeting children’s need, meeting feeding expenses, paying for clothing and ability to rent accommodation. Each question has six ordered categories: very strongly agree = 6; strongly agree = 5; agree = 4; disagree = 3; strongly disagree = 2; and very strongly disagree = 1.

*Entrepreneurship outcome measures:* In Robeyn’s (2003) analysis, “entrepreneurship contribution can be measured in terms of its human functioning - how much it contributes to job satisfaction, socio-economic wellbeing and poverty alleviation. They provide the summary of the impact of entrepreneurships. Respondents were asked to rate the impact of their engagement in entrepreneurships and small businesses on a 6-point scale with respect to job satisfaction, socio-economic wellbeing and poverty alleviation. The questions include, “how effective is your work in terms of job satisfaction?” (1 = not very-very effective, and 6 = very-very effective); how would you rate your overall socio-economic well-being? (1= Very satisfactorily and 6 = not-very good), and “how would you rate your poverty level at the present time?” (1= very poor, 2 = poor, 3 = fair, 4 = good, 5 = very good, 6 = excellent).

*Constraints that hindered entrepreneurships and small business activities* comprised nine questions: (1) Do you have difficulties in accessing finance/loan?; (2) there is high interest/hidden charges in loan; (3) there exist cheap raw materials; (4) there is availability of manpower/technology know how; (5) access to market is easy; (6)taxes on business activities is low; (7) Local Government levies and charges are high; (8) there is poor infrastructure – electricity; (9) there is poor infrastructure – road. Respondents were asked to answer the questions on a 6-point scale. Responses were coded such that a positive response to a positive assertion carried the highest score of 6 to indicate greater constraints.

**Table 1:** Mean and standard deviations of all variables, N = 430

	<b>Mean</b>	<b>SD</b>	<b>Scale endpoint</b>
<b>Descriptive variables</b>			
Gender	0.49	0.50	0 - 1
Age	33.63	9.32	1 - 4
Marital status	2.18	0.80	1 - 4
Educational level	3.30	1.01	1 - 5
Primary School Certificate			
Junior Secondary Certificate			
Senior Secondary Certificate			
College Certificate (NCE, OND, etc)			
University Degree			
Income	2.95	0.87	1 - 4
≤ N5,000.00			
N5,001.00 – N10,000.00			
N10,001.00 – N15,000.00			
≥ N15,001.00			
<b>Entrepreneurship-goals facilitation nexus</b>			
Adequate incentive/Allowance	2.09	1.17	1 - 6
Overtime payment	2.52	1.44	1 - 6
Inconvenience allowance	2.18	0.83	1 - 6
Pay medical bills	2.25	1.05	1 - 6
Ensure commensurate work with qualification	2.39	1.05	1 - 6
<b>Entrepreneurship-development nexus</b>			
Afford personal house	2.06	1.19	1 - 6
Meet children’s needs	2.73	1.11	1 - 6
Meet feeding expenses at home	2.87	1.48	1 - 6
Buy clothing of family members	3.75	1.44	1 - 6
Rent accommodation	2.58	0.86	1 - 6
<b>Constraints to Entrepreneurship activities</b>			
Access to Finance/loan	5.36	0.90	1 - 6
Bank interest/hidden charges	5.08	1.36	1 - 6
Availability of raw materials	2.31	1.20	1 - 6
Man power/ Technology know how	3.02	1.33	1 - 6
Access to market	2.55	1.21	1 - 6
Tax administration	3.00	0.85	1 - 6
Levies by Local Govt Council	4.02	1.30	1 - 6
Poor infrastructure – Electricity	5.69	0.56	1 - 6
Poor infrastructure – Road	4.17	1.12	1 - 6
<b>Entrepreneurship outcome</b>			
Job satisfaction	2.71	0.56	1 - 6
Socio-economic well-being	2.36	1.70	1 - 6
Poverty alleviation	1.89	1.21	1 - 6

## VII. Analysis of Findings

Data obtained from the questionnaires were analyzed using the Statistical Package for Social Sciences (SPSS). The data were collected from two set of respondents – the first from 430 employees, and the second from 86 managers of small businesses and entrepreneurship firms. The results which seek to answer the four research questions raised in the introduction are summarized in Tables, 2, 3, 4 and 5.

### *Characteristics of selected small businesses and entrepreneurships*

Table 2 below summarized the characteristics of the firms that participated in the study. In terms of sectorial classification, the small businesses and entrepreneurships were drawn from engineering and technology, food/hospitality industry, and service oriented industries. Majority of the enterprises were in the food/hospitality industry and contributed about 46.51per cent of the small businesses and entrepreneurships that participated in the

study. The rest of the firms were electrical and ICT related services (27.44%), and sale/marketing dominated by super-markets and super-stores (27.91%) and manufacturing (4.65%). The hospitality industry seemed to have received a boost in recent time due to the State government policy on tourism; many hotels are springing up in the Metropolis. Other than these the few manufacturing firms, some which started as corporate entrepreneurships, are engaged in food and beverages, metal doors and windows and bottle water manufacturing. The rest are predominantly in commerce, where buying and selling of finished products thrive.

**Table 2:** Distribution of small businesses/entrepreneurship respondents

Sector	Enterprises	No.	%
Engineering/Technology	Electrical	6	13.95
	ICT/related service	12	13.49
Food/Hospitality	Transport	3	3.49
	Hotel/Restaurant	16	18.60
	Food/Fruit/Bakery	21	24.42
Service related	Sales/Marketing	24	27.91
	Manufacturing	4	4.65
<b>Total</b>		<b>86</b>	<b>100.00</b>

Source: Field survey

*Distribution of respondents*

In the assessment of respondents (Table 3), we found that majority of the respondents were employed in the food and hospitality industry. The food/fruit/bakery business contributed 128(29.77%) of the respondents that participated in this study. This was followed by the super-markets and super-stores (114 or 26.51%), and the hotel/restaurant business (98 or 22.79%). The electrical and ICT related enterprises contributed 14.88 per cent of the respondents. From all indications, ICT business is fast growing much more than the manufacturing enterprises, and seems to provide employment more than the manufacturing sector in the Metropolis. The advent of fast food restaurants (Mr. Biggs, Chicken republic, Maxbites, Crunches, etc) and hotel and hospitality firms are also providing job to college graduates more than the manufacturing industry

**Table 3:** Distribution of respondents by small business/entrepreneurship N = 430

Sector	Enterprises	No. of employees	%
Engineering/Technology	Electrical	28	6.51
	ICT/related service	36	8.37
Food/Hospitality	Transport	14	3.26
	Hotel/Restaurant	98	22.93
	Food/Fruit/Bakery	128	29.77
Service related	Sales/Marketing	114	26.51
	Manufacturing	12	2.79
<b>Total</b>		<b>430</b>	<b>100.00</b>

Source: Field survey

**VIII. Answering of Research questions**

**Research question1:** Are there innovative small businesses and entrepreneurships that enhance personal goals realization of workers in Uyo Metropolis?

Entrepreneurships become human function when it enriches human capabilities and the achievement of personal goals (Ford & Nichols, 1987). Researchers have measured such capabilities in terms of enhancing valuable activities like healthy well-being, adequate job incentives that can contribute to happiness, respect and dignity of work and having the continuous urge to belong and serve the organization (Alkire, 2005). Such subjective well-being drives away negative feeling of depression from workers (Robeyns, 2003). When respondents were asked to evaluate the realization of personal goals from engagement in entrepreneurship and small businesses (by way of provision of enhance capabilities that enabled them acquire other necessities of life), the mean rating ranged from 2.09 on the provision of work incentive/ allowance, and 2.18 (SD = 0.83) on payment of inconvenience/allowance (Table 1). On a 6 scale rating, the findings suggest a fair satisfaction among the respondents.

The correlations between the five personal goals facilitation scale were mostly low and medium with negative relationship between “income, work incentive/allowance and commensurate work with educational qualification” (Table 4). Although positive relationship existed between entrepreneurship-personal goals’ facilitation variables, the relationship with “ensuring commensurate work with qualification” was not only negative when related to income, but also negative when related to other personal goals (all Ps < .05). Many of the small businesses

were yet to design innovativeness in terms of work incentives, overtime payment, medical and or sick benefits, etc, that would get employees out of the vicious cycle of poverty, and the realization of the expectation of entrepreneurship as the engine of growth and catalyst of economic transformation (Oacker, 2004).



Table 4: Correlation of income, Entrepreneurship goal facilitation and Entrepreneurship-development variables

Variables	1	2	3	4	5	6	7	8	9	10	11
Income	1.00										
<b>Entrepreneurship-personal goal facilitation nexus</b>											
Adequate incentives/allowance	.07	1.00									
Overtime payment	.45*	.50	1.00								
Inconvenience allowance	.10	.27*	.02	1.00							
Pay medical bills	-.06	.04	.10	.15*	1.00						
Ensure commensurate work with qualification	-.45*	-.16	-.12	-.07	-.18	1.00					
<b>Entrepreneurship-development nexus</b>											
Afford personal house	.35*	.21	.05	.02	-.07	-.03	1.00				
Meet children needs	.15*	-.03	-.07	.01	-.03	-.17	.15*	1.00			
Meet feeding expenses	.10	-.18	.06	-.18	-.15	-.15	.03	.05	1.00		
Buy clothing of family members	.07	.07	.18	-.03	-.01	-.01	.17	.06	.09*	1.00	
Rent accommodation	.63*	.20	.31	-.07	-.07	-.18	.25*	.10	.12	.53	1.00

\*Significant at P < .05

**Research question 2:** *What contributions do small business and entrepreneurships make to curb the rising rate of unemployment and poverty in the Metropolis?*

The proliferation of entrepreneurship and small business in the Metropolis is summarized in Table 3 above. We selected firms that employed more than five employees (86 included in the study). This suggests the existence of other smaller and even bigger firms that are in the Metropolis, as Table 2 revealed, existing enterprises cut across engineering and technology as well as food and hospitality industries. These sectors provide employment that complements those provided by formal organizations in the Metropolis.

In order to evaluate the role of small businesses and entrepreneurships in curbing poverty (an indication of economic development) we asked respondents to rate their satisfaction on the job based on the extent to which their salary assisted them to meet the basic needs of live. The summary of the responses is in Table 1. Only 12.09 per cent of the respondents rated that their salary could afford them personal house. The rating resulted in a mean score of 2.06 (SD = 1.49), far below the mean score for “clothing and feeding of family members” (3.75, SD = 1.44 and 2.87, SD =1.48 respectively). In a scale of 6-point, this finding suggests that employees have to engage in some other work to earn extra income to meet the demand of owning a house in the Metropolis. Similarly, the mean rating for “meeting of children’s needs; meeting expenses at home” was far below the 6-point scale.

The correlation results in Table 4 suggest consistent positive relationship between income and entrepreneurship-development variables. For instance the correlation between “income” and “paying rent for accommodation” was large and suggest positive relationship between them. However, beside income that comes as monthly salary, other sources of income that would have facilitated employees’ personal goals, like incentives and allowances, overtime payment, inconveniency allowances, etc, did not exert positive relationship with entrepreneurship-development variables. In the circumstance, it is difficult for employees own personal houses in the Metropolis..

**Research question 3:** *How satisfied are the employees in terms of poverty reduction and meeting the basic necessity of life?*

Entrepreneurship outcomes have widely been publicized. They include job satisfaction, socio-economic wellbeing and poverty alleviation (Robeyn, 2003). These are the expectations of employees of entrepreneurship and small scale businesses. In order to evaluate these, interactive effects of “entrepreneurship personal goals facilitation” and “entrepreneurship- development variables along with entrepreneurship outcome variables were tested to see the extent to which employees experience poverty reduction and hence socio-economic well-being through their engagement in entrepreneurship and small businesses using hierarchical regression analysis (Table 5). We adopted three component measures: entrepreneurship personal goals facilitation variable X entrepreneurship-development variables X Entrepreneurship outcome measures. In the analysis, the 5 entrepreneurship goals facilitation variables were entered in the first step; the entrepreneurship-development variables in the second step; while the three outcome measure variables were entered in the third step.

As shown in Table 5 the coefficient indicates that two variables: “overtime” and “commensurate work with qualification” significantly explained variance in entrepreneurship personal goal facilitation. However, only “payment of overtime” was positively associated with employee’s personal goal facilitation. The two variables significantly contributed to the 41.5% variance explained by entrepreneurship personal goals facilitation. When the interaction effect of entrepreneurship-development variables was added in model 2, an additional 0.002 percent

variation ( $\Delta R^2 = 0.002, P < .05$ ) was explained with significant contribution from “ability to pay rent”, “own a house” and “meet children needs”. This suggests the positive impact of entrepreneurship and small businesses on socio-economic lives of employees (Szirman, Naude&Alcorta, 2013). The significant coefficient ( $\beta = 0.17, P < .05$ ) was negative. Respondent reported no significant impact of entrepreneurship on poverty alleviation. In model 3 the interact effect of expected entrepreneurship outcome measure are entered along with entrepreneurship personal goal facilitation variables and entrepreneurship-development variables. They yielded no significant variance ( $\Delta R^2 = .000, P > .05$ ).

**Table 5:** Entrepreneurship expected outcome measure with Entrepreneurship personal goal facilitation and Entrepreneurship-development variables

	Variable	Model 1	Model 2	Model 3
<b>Step 1</b>	<b>Entrepreneurship-personal goal facilitation</b>	<b><math>\beta</math></b>	<b><math>\beta</math></b>	<b><math>\beta</math></b>
1	Adequate incentives/allowance	.17	.20	-.19
2	Overtime payment	.39*	.42	.26
3	Inconvenience allowance	.08	.12	.05
4	Pay medical bills	-.12	.15	-.32
5	Ensure commensurate work with qualification	-.09*	.11	-.01
<b>Step 2</b>	<b>Entrepreneurship-development nexus</b>			
1	Afford personal house		.24*	.00
2	Meet children needs		.18*	.05
3	Meet feeding expenses		.21	.07
4	Buy clothing of family members		.15	.01
5	Rent accommodation		.32*	.04
<b>Step 3</b>	<b>Entrepreneurship outcome</b>			
1	Job satisfaction			-.17*
2	Socio-economic well-being			.02
3	Poverty alleviation			-.03
	Adjusted R <sup>2</sup>	.415	.417	.417
	$\Delta$ adjusted R <sup>2</sup>		.002	.000

\*Significant at  $P < .05$

**Research question 4:** *What are the constraints faced by small businesses and Entrepreneurships activities in Uyo Metropolis*

As a part of this study managers and entrepreneurs were asked to rate constraints confronting the operation of their businesses in the Metropolis. Tables 1 and 6 are summary of the responses. In all “access to finance” received a mean score of 5.37 followed by bank interest/charges for loan (5.22). Majority of the entrepreneurs and small business operators (97.68% vs. 93.03%) acknowledged “access to finance” and “bank charges” as major constraints to small businesses and entrepreneurial operation. The problem of finance was very overwhelming except for “poor infrastructure” as demonstrated in rating of poor electricity power supply (5.69). Another problem that received elevated mean rating was Local Government levies (4.02), lack of manpower and technology (3.02), and taxes (3.00). These findings strike common cord in the earlier work by Olutunda (2001) and Oyelola et al (2013). Elsewhere in the country many companies have had to operate below their capacity because of poor power supply. Others that are unable to meet the high cost of electricity have closed down. High cost of alternative source of electric power and multiple taxes result in very high cost of doing business in Nigeria (Punch Editorial, 2010). In a report by the Daily Triumph in 2009 about 46 companies shut down operations in South-South zones of Nigeria comprising of Akwa Ibom, Rivers, Cross Rivers, Edo Delta, and Bayelsa because of insecurity. These findings suggest that those constraints still exist.

**Table 6:** Respondent’s rating of constraints that hindered small businesses and entrepreneurship activities in the metropolis (%), N = 86

S/N		VSA	SA	A	D	SD	VSD	Mean
1	Access to Finance	61.63	16.28	19.77	2.33	-	-	<b>5.37</b>
2	Bank interest/hidden charges	54.65	19.77	18.61	6.98	-	-	<b>5.22</b>
3	Availability of raw materials	-	-	25.58	16.28	22.09	36.05	<b>2.31</b>
4	Man power/ Technology know how	-	18.60	20.93	17.44	30.23	12.79	<b>3.02</b>
5	Access to market	-	5.81	22.09	13.95	37.21	20.93	<b>2.56</b>
6	Tax administration	-	-	31.40	41.86	22.09	4.65	<b>3.00</b>
7	Levies by Local Govt Council	13.95	20.93	38.37	10.47	12.79	3.49	<b>4.02</b>
8	Poor infrastructure – Electricity	73.26	22.09	4.65	-	-	-	<b>5.69</b>
9	Poor infrastructure - Road	10.47	31.40	33.72	13.95	10.47	-	<b>4.17</b>

Source: Field survey

## **IX. Discussion**

Scholars have advanced many reasons why small businesses and entrepreneurship should be encouraged to start, survive and grow in all economies (Olutunda, 2001, Naude, 2013). Many other scholars have justified the needs for small scale businesses and entrepreneurship on their contribution to employment, productivity, income generation, innovation, serving as incubators for potential large industries, etc., (Robeyns, 2003; Szirmai, Naude, & Alcorta, 2013). Investigating into the role of small businesses and entrepreneurs in economic development requires looking at these valid points, yet more contentious issues exist when examining the small businesses/entrepreneurships-development nexus. It involved looking at development not in terms of enhanced GDP, but in terms of poverty reduction, curbing unemployment, and wealth creation. In the course of literature review we meet fresh perspectives that seek to measure entrepreneurship in terms of human functioning, concluding that entrepreneurship influences development outcomes positively as well as negatively; and that until entrepreneurs exert positive impact by way of helping to curb unemployment, poverty and create wealth, as well as people's well-being, it cannot be said to impact positively on development.

Within the Uyo Metropolis, our findings confirmed that small businesses and entrepreneurs are valid and important sources of employment. They may not have been able to satisfy the basic needs of the employees in terms of paying enough salary that can meet the cost of living in the urban center; especially during the on-going economic recession. In effects of this on the promises of entrepreneurship prevent positive spillover impact that could enhance the livelihood of dependents. In spite of these entrepreneurs and small businesses have provided resources and means for many to hold on pending when the right job opportunity opens. Without job openings provided by these small businesses, there is the likelihood of many idle hands innovating into destructive activities, including crime. While this is said about employment, our study found a mixed bag of results on productivity. Many of the small businesses and entrepreneurs in the Metropolis are services oriented. In this study manufacturing firms constituted only 4.65 per cent. Many of the small businesses therefore are involved in activities they can easily make profit; very little R&D is involved in their operation, and many are without feasibility studies. In the end we have a high rate of entrepreneurial activities with very little impact on productivity and wealth creation.

In the process of creating wealth, the entrepreneurs must provide essential roles, including providing innovative intermediate inputs, permitting specialization and raising productivity and employment (Naude, 2013). This requires the availability of technology know-how. Very little is seen in this aspect in the Metropolis, and is demonstrated only in the ICT/related services. Respondents acknowledged that lack of technological expertise that can drive innovation constrained entrepreneurs in the Metropolis. The technological constraint along with incessant power failure and lack of it result in industries operating below capacity or closing shop. In its place supermarkets and super-stores are expanding for buying and selling of finish products; and creating externality through bringing new goods to the market and in the process showcasing new technology that has taken place. The Metropolis is thus becoming a huge market for goods produced elsewhere.

## **X. Conclusion and Recommendation**

### *Implications for policy and practice*

The constraints enumerated in our finding suggest implications for small business and entrepreneurial practices. Literature and researches elsewhere have shown the role of small business and entrepreneurs on economic development. In this work we found that the results recorded elsewhere is yet to be recorded here. In order to have an enabling environment that would make small business and entrepreneurship to thrive, the State must step in to address distortions that thwart entrepreneurship start-up and innovation activities, such as lack of access to finance and the high interest rate charge by banks. Even when there is access to credit, high interest rate and hidden charges introduced by banks can undermine entrepreneurship effort. Equally important is the problem of infrastructure ranging from electricity supply to road. Transporters lament daily on the poor road network, and the wears and tears to motor vehicles, especially those applying intercity roads. Addressing these constraints would remove the bottleneck to small business and entrepreneurial breakthrough to economic development.

### *Contribution to knowledge*

This study provides bottom-up inputs (from the views of operators of small businesses and entrepreneurs) and thus an evaluation of the impact of small business and entrepreneurship on the economy. Instead of examining the contribution in terms of enhanced GDP, we examined development nexus in terms of poverty reduction, curbing unemployment, and wealth creation. This approach resulted in the realization that in spite of the proliferation of small business and entrepreneurs in the Metropolis, and the availability of jobs, it is yet to impact effectively in the lives of the employees. We found that the operators of these businesses were confronted with several bottlenecks

ranging from lack of access to credit facility and high interest rate, double taxation from State and the Metropolis government, and poor power supply.

*Study limitation and suggestion for further research*

This work attempted to provide an evaluation of the impact of entrepreneurships and small businesses in economic development using respondents from Uyo Metropolis. We ended up using only 430 respondent-workers and 86 small business owners and entrepreneurs. Even when the Metropolis was divided into clusters to enable us draw representative sample, the number of respondents still appear small to enable us generalize the findings to cover the entire state. In this context it becomes difficult to make policy suggestions. Future researchers should expand the research beyond the Metropolis to other urban centers in the state. Their findings would therefore help not only for generalization but also for purpose of comparison of the role of entrepreneurship and small business in economic development in the urban settings. This is important as urban centers still hold attraction to migrants; and remains the centers of job creation in the country.

### **Recommendations**

Based on the finding of this study we make the following recommendations:

- I. Access to finance by small business operators and entrepreneurship should be enhanced by removing several bottleneck introduced by the institutions and agencies in charge of providing small scale loans.
- II. Many Commercial banks are fun of introducing hidden charges on loan extended to small business owners, the CBN should discourage such practices by banks.
- III. Many business operations are exposed to double taxation as result of charges by both the State and the Local Government Authority. Government should ensure that such burden of taxation is abolished.
- IV. The creation of roads will enhance the smooth operation of business especially those dealing with distribution and retail trading..

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