ECONOMIC ENVIRONMENT AND ENTREPRENEURIAL DEVELOPMENT IN NORTH CENTRAL, NIGERIA.

Laven Ubandoma Joshua[1], Agbaeze Emmanuel Kalu (Prof.)[2]

and Egrinya Francis Ogabo (Ph.D.)[3*]

[1-3]Department of Business Management, Faculty of Business Administration, University of Nigeria, Enugu Campus, Nigeria.

[*]Corresponding Author's Email: egrinyafrank1@gmail.com

ABSTRACT: This work sought to determine the impact of Economic Environment (EE) and Entrepreneurial development in North central, Nigeria. The unprecedented factors arising from inconsistencies, to lack of continuity of policies and programmes implementation constitute a lot of constraints that impede on the establishment, growth and development of Small and Medium Enterprises (SMEs) in the North central, Nigeria. The specific objectives of the study were to: (i) Ascertain the extent to which unemployment rate effects start-up business and entrepreneurial development in North central, Nigeria. (ii) Evaluate the extent to which total tax rate effects the growth of business enterprises in North central, Nigeria. (iii) Assess the extent to which domestic interest rate by banks to private sector impact on entrepreneurship development in North central, Nigeria. The study adopted survey research design, and ex-post facto, the population of the study was 18,173 staff made of owner-founder and management staff, from 2,178 private enterprises that registered with the respective state ministries of trade, commerce, industry and tourism in North central, Nigeria. A sample size of 377 was drawn from the population using Krejcie and Morgan (1970), sample size determination. The instrument used for data collection was mixed method: Quantitative method (structured questionnaire) and Ex-post facto (secondary data). The hypothesis were tested using Augmented Dickey-Fuller (ADF) and Phillips Perron (PP) to ascertain the time series properties of the variable for hypothesis one. Hypotheses two and three were tested using simple linear regression. The findings revealed that, to a large extent the listed Economic factors had significant negative relationship with entrepreneurial development in North central, Nigeria. Based on the findings of the study it was recommended that, there should be strategic policy by government and individual put in place to ensure substantive numbers of work force engaged in both private and public sectors; government should encouraged entrepreneurial development by enforcing on financial institutions to issue one-digit interest rate loan to entrepreneurs and business concern to boost business activities in the region. More so the issue of double taxation on entrepreneurial activities should be minimized or avoided to provide a level plane ground for business enterprises to strive, grow and develop in North central, Nigeria.

KEYWORDS: Economic Environment, Entrepreneurial Development.

INTRODUCTION

The Economic environment is one of the major determinants of market potential and opportunity. The economic environment consists of external factors in a business market and the broader economy that can influence venture creation. This economic environment can be divided into microeconomic environment which affects business decision making such as individual actions of firms and consumers and the macroeconomic environment which affects an entire economy and all its participants. Many economic factors act as external constraints on venture creation, successful management and/ or failure. The economic environment of a business will play a pivotal role in determining the success or failure of business establishment, management, growth and development from inception to maturity.

Adeoye (2013), opined that the interactions between the business and its environment is to give direction for growth and development of the business; this assertion is that the relationship between business and its environment is one of mutuality: that is, the environment exerts pressure on the business while the business, in turn, influences some aspects of its environment. This is permissible in an enabling environment.

The World Bank (2008), posits that improvements in the enabling environment leads to greater levels of investment by private sector, more wealth creation, job creation and ultimately more poverty alleviation. Consequently, an economy devoid of enabling environment provides a platform for unemployment, lack of wealth creation, and unleveraged business operations. Entrepreneurial development has been conceived by successive government as Programmes of activities to enhance the knowledge, skill, behavior and attitudes of individual and groups to assume the role of "Entrepreneurs". Based on this dimension the Federal Government has adopted general strategies and policies towards entrepreneurial development in Nigeria by establishing institution and agencies, which provide variety of support services to entrepreneurs. The policy implementation of such programmes saw the introduction of Entrepreneurship Development Programmes (EDP) in Nigeria. These programmes are usually targeted at owner-managers of Small and Medium Enterprises (SMEs) as well as those identified to possess the potential to start their own business and become self-employed.

The term entrepreneurial development further looked at from productive transformation by (Ndechukwu, 2001, McOliver, 1998, Ameashi, 2007), as the ability to identify business opportunities, the ability to be able to harness the necessary resources, to use opportunities identified, the ability and willingness to initiate and sustain appropriate actions towards the actualization of business objectives. Entrepreneurial skills and knowledge through structured training and institution building programmes, aimed to enlarge the base of entrepreneurs in order to hasten the horizon at which new ventures are created; thereby accelerates employment generations and economic development of any society.

Gana (2001), posits that entrepreneurship is the willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on identified opportunities. It is a well established fact that entrepreneurship development constitutes a pivot engine for economic hub. Social, practical and all round development of any country. It is seen as a tool for a sustainable and stable economy. It is on this basis that both past and present government in Nigeria have attempted to strengthen relevant agencies and programmes in order to achieve this enviable economic height, through its transformation agenda (Olorundare and Kayode, 2004).

As the effort of entrepreneurship development is all geared towards having a viable economy, the role of Small and Medium Enterprises (SMEs) cannot be over-emphased, the sectors have the potentials to reduce unemployment rate in Nigeria and thus to contribute to the Gross Domestic Products (GDP) and economic growth of the nation (Oshagbemi, 1993).

From the global perspective, there is an international consensus on the vital roles of entrepreneurship for economic development, job creation, innovation and creativity. The importance of entrepreneurship and its impact on economic growth can be highlighted in many theoretical and empirical studies. More importantly, the public authorities in most countries of the world aim to promote the entrepreneurial activity in order to develop national economies. According to the literature in the discipline (Wennekers, Van stel, Thurik, & Reynoids, 2005), (Thurik, Carrec, Van stel,& Audretech,2008), (Danakol, Estrin, Reynolds,&Weitzel,2014), the entrepreneurial activity is influenced by many factors, the most important of which being the level of development of national economy, the institutional environment, as well as national cultural specificities. Identifying and understanding these factors both at country level and at the level of groups of countries (continent), has an essential role to put in place adequate measures in order to support and develop the entrepreneurial activity.

The economic recession and the significant increase in unemployment, in context of the recent international crisis, have renewed the researchers interest on the role of entrepreneurship and its determinant factors. Total tax rate is another important factor affecting entrepreneurial activity. Djankov,Ganser, Mcliesh, Ramalho, & Shleifer, (2010); they postulates that high tax rates have a negative impact on entrepreneurial activity because they are obstacle for starting new business and lead to a decrease in business activity. Among the most important factors affecting the entrepreneurial process researchers have found out, the ease of access to finance: Taking into consideration the fact that in the European countries the credits obtained from banks are the most important source of external financing of the enterprises. An increase of the share of domestic credit to private sector offered by banks may reflect an easier access of the firms to bank financing, which has a positive impact on entrepreneurship, by stimulating new business start-up and sustaining the development of firm activity (Aghion, Fally, & Scarpetta, 2007; Sayed, & Slimane, 2014).Traditionally, the external business environment has been viewed as uncontrollable so that organisations seeking success had to device means of coping with this environment (Wheelen, & Hungers, 1995).

The most developed nations of the world are those that create a conducive and enabling environment for their citizens to innovate, venture in business, compete, take over the market system, and create an enormous wealth for the citizens, such countries enjoy the highest ranking in gross domestic production (GDP), income per capita, human development index (HDI) and the competitive index.

The greatest need for entrepreneurial development in Nigeria today, more than ever, is informed by the high rate of unemployment and its adverse effects on both the people and the country's economy as a whole and the need for the recognition of SMEs as the engine for economic growth and development (Anyadike, 2012). In recognition of the indispensability of SMEs and entrepreneurial activities as a dynamic tool for general economic development, many countries of the world have instituted enterprise support networks and programmes to propel the development of these enterprises.

The focus of this work is on the Economic variables which comprises of unemployment rate, bank interest rate and total tax rate.

Statement of the problem

The Nigerian Economic environment is characterized by a lot of unprecedented factors arising from inconsistencies, to lack of continuity of policies and programmes implementation, attributed to both internal and external constraints that impede on the establishment, growth and development of Small and Medium Enterprises (SMEs) in North central, Nigeria. The most thrust of this work as mentioned earlier arouse on the grounds that unemployment, total tax rate, bank interest rate, etc. in Nigeria increases at an alarming rate especially since 1999. The high unemployment rate seem to be orchestrated by high exchange and interest rate induced by high rate of inflation. However, it is against this backdrop that this study seeks to examine the impact of Economic environment and Entrepreneurial development in North central, Nigeria.

Objectives of the study

The main objective of the study is the Economic environment and entrepreneurial development in North central, Nigeria. The specific objectives of the study are to:

i. Ascertain the extent to which unemployment rate affects start-up business and implicitly the entrepreneurial development in North central, Nigeria.

ii. Determine the extent to which total tax rate affects the growth of business enterprises in North central, Nigeria.

iii. Evaluate the extent to which domestic interest rate by banks to private sectors impact on entrepreneurship development in North central, Nigeria.

Research Question

For this study to accomplish the set objectives, the following research questions are presented thus:

i. What extent does unemployment rate affects start-up business and entrepreneurial development in North central, Nigeria.

ii. How does total tax rate affects growth of business enterprises in North central, Nigeria.

iii. How does domestic interest rate by banks to private sectors impact on entrepreneurship development in north central, Nigeria.

Research Hypotheses

Based on the highlighted objectives and research questions, the following hypotheses are formulated to effectively guide and direct the study, they are:

i. To a large extent unemployment rate has significant effect on start-up business and entrepreneurial development in North central, Nigeria.

ii. To a large extent total tax rate has significant effect on the growth of business enterprises in North central, Nigeria.

iii. Domestic interest rate by banks to private sectors has significant effect on entrepreneurship development in North central, Nigeria.

Significance of the study

The relevance of this study cannot be over -emphasized due to the importance of Economic environment and entrepreneurial activities in the economy. The following people or group or sectors will benefit from the information contain in this work, they include:

The government, non-governmental organizations (NGOs), intending entrepreneurs, already existing entrepreneurs, with other stakeholders will get to understand the impact of Economic environment on entrepreneurial development in Nigeria. Moreso, it will give policy makers a greater understanding of the relationship between Economic factors and entrepreneurial activities in their quest for economic growth and development. Researchers and students of various disciplines, more importantly, students of entrepreneurship development department, who need theoretical and empirical data on the subject matter will find this work helpful for further research. This study will attempt to fill the gap in literature and will contribute to knowledge in the field of entrepreneurial development.

LITERATURE/THEORITICAL UNDEPINING

Unemployment Rate and Entrepreneurship Development

This unproductive economic factor arise as a result of when persons who are capable and willing to work are not able to be engaged resulting to labour wastage. The nexus of entrepreneurial development and unemployment is like the two side of the coin. Reviewed literature suggests that increase unemployment will lead to an increase in start-up or entrepreneurial activity, on the grounds that the opportunity cost of not starting a business has decreased. Meanwhile, the other side has it that, the unemployed tend to possess lower endowments of human capital and entrepreneurial talent required to start and sustain business enterprises (Lucas, 1978). This assertion implies that high unemployment is associated with a low degree of entrepreneurial activities. A low rate of entrepreneurial activities may also be consequence of the low economic growth levels, which has reflected higher levels of unemployment.

Entrepreneurial opportunities are not just result of the "Push effect" of the (threat of) unemployment but also the "pull effect" produced by a thriving business operation as well as by entrepreneurial activities in the past. Moreso, as unemployment lead to more or less business activities, the reverse is also the case to some extent. On the other hand, unemployment slows down business activities in one hand and business activities reduces unemployment in another.

Unemployment Rate and other Economic Factors

In the 1960's and 1970's the Nigeria economy provided jobs for the teeming population, the economy was able to absorbed considerable number of imported labor in the scientific sectors. The country's wage rate compared favourable with international standards. There was also relative industrial peace in most industries and some sectors of the economy. Specifically, during the oil boom of the 1970's, there was rapid migration of the youths to the urban areas

in search of wage employment. But following the down turn of the economy in the 1980's, the problem of unemployment started to manifest.

Unemployment is defined as the condition of having no jobs or being out of work or proportion of people which are able to work and actively searching for jobs but they are unable to find one. Unemployment is a problem of great concern to policy makers of both emerging and developed countries. To Kyei and Gyekye, (2011), unemployment is a real matter of concern as it can yield devastating effect on economic welfare, crime, the erosion of human capital, misery and social instability and above all constitute impediment to entrepreneurial growth and development in the economy of a nation. Moreso, unemployment results in some psychological problems of hopelessness, frustration, hostility and gradual drift of some visible unemployed youth into all manner of criminal behaviour, Bakare, (2011). To Muhammad, Tahir and Bhalli, (2013), the focus of every government must be to create employment opportunities through various productive activities by using all available factors of production and entrepreneurial intents for the youths and private investment. Adversely, persistent unemployment not only affects the status of a nation in comparison to other nations, but it also leads to cruel home country problems. it is also an established facts that long-term unemployment always results in creating financial hardships, poverty, homelessness, crime, frustration and many other problems like breakdown and family tension, social isolation, loss of confidence and self-esteem, all these lead to the erosion of a healthy society.

To Bakare, (2011), some of the very common causes of unemployment in Nigeria is due to structural factors such as the nature of the educational system and its interface with the labour market (that is, the mismatch problem), technological change, permanent shifts in the demand for goods and services and the skill content of the labour force. Cyclical factors such as the fluctuations in aggregate local and foreign demand for goods and services and institutional factors such as the presence of strong labour unions and labour legislation also determine the underlying changes in the unemployment rate. The author went further by using the time series data to analysed that demand for labour, supply of labour, population growth, inflation rate, capacity utilization, gross capital formation, and nominal wage rate are important determinants of urban unemployment in Nigeria. They authors were able to demonstrate a much more complex interplay of economic variables that try to explain the phenomenon of unemployment. He was specific, when he showed that a combination of the shortages of capital, raw materials, intermediate products, skilled and managerial human resources with poorly functioning and insufficiently organized commodity and loan markets, poor transport and communications, shortage of foreign exchange and import dominated communication patterns existed among the emerging economy nations. All these and many other structural and institutional factors were the real cause of unemployment in developing countries. As a result, the simple notion that expanded government and private demand would be effective in tackling the challenge of unemployment in most third world countries remained a mirage. For instance, the National Bureau of Statistics in 2013 shows that overall unemployment rate reduced from 5.2 percent in 1981 to 2.0 percent in 1998 but increased from 6.6 percent in 1999 to 23.5 percent in 2013. The present unemployment rate in Nigeria stands as at 41%. The question then is can the trend be revised if proper policy framework is put in place to upturn the current macroeconomic environment?

Total Tax Rate and Entrepreneurial Activity

Total tax rate is another important factor affecting entrepreneurial activity, high tax rates have a negative impact on entrepreneurship because, they are obstacles for starting new businesses and lead to decrease in business turnover and activity (Djankov, 2010). The Nigerian tax system is basically structured as a tool for revenue generation.This is a legacy from the pre-independence government based on 1948, British tax laws and have been mainly static since enhancement. Taxation in Nigeria is enforced by the three (3) tiers of government, Federal, state, and local government with each having its sphere clearly spelt out in the levies (approved list to investors both foreign and local. The major tax laws in existence as of September, 2003, and various related amendment includes the following:

i.   Personal income tax act of 1993;

ii.   Companies profits tax of 1990;

iii.   Petroleum profits tax act of 1990;

iv.   The petroleum tax act of 1990;

v.   Value- added tax act of 1990;

vi.   Education tax act of 1993;

vii.   Capital gain tax act of1990;

viii.   Customs and Excise management act of 1990;

ix.   Minerals and Mining act of 1990;

x.   Stamp duties act of 1990;

xi.   1999 Constitution of the federal Republic of Nigeria.

All laws currently in effect date the military regime. The civilian regime, which has ruled the country since 1999 is yet to enact laws despite critical pending issues, with the exception of 1990 constitution, the laws have been amended on a yearly basis in conjunction with the annual budget to correct loopholes and to promote their use as macroeconomic management instruments.

Bank Interest Rate and Entrepreneurial Development

To Kimutai, (2003), interest rate is the price one pays for using borrowed money (loans). Therefore, interest rate can be express as the price lenders expect, and borrowers pay for exchanging current claims for greater future claims to goods and services. Interest rates represent the cost of money.

Technically, interest rate is fee charged by a lender to a borrower for the use of borrowed money, usually expressed as an annual percentage of the principal, the rate is dependent upon the time value of money, the credit risk of the borrower, and inflation rate among others. Ingram, (2011), posits that interest rate are important because they control the flow of money into business organization. High interest rates curb inflation, but also slow down business

operations. Low interest rates stimulate business operations, but could lead to inflation. To Zachary (2012), he observed that these effects, although certainly not direct, but then are enough to stimulate the market when interest rates are low. That low interest rates are not beneficial for lenders, who are seeing less of a return on their loan than in times when interest rates are high. However, it is beneficial to borrowers and the businesses they operate with it.

Entrepreneurial Processes

The process of entrepreneurship starts from generation of business idea through implementation to the realization of output and profit. To Hisrich and Peters (2002), business ideas and opportunities comes from a variety of ways, these include:

i.   Consumers: opinions, information and complaints of consumers can be very useful source of information as to what the consumer wants. The entrepreneur can obtain this from market survey of preferences, discussions, age, socio-cultural background, and wealth status of the consumers, etc. the entrepreneur can map out critical areas of consumers need, deficiency and inefficiency and exploit it.

ii. From existing business: entrepreneurs and intra-preneurs can get business clues by constantly monitoring and evaluating market performance of products and services of existing businesses.

iii. Research and Development (R&D): the entrepreneur who is seen as an agent of change, should constantly explores and get involved in research, as to develop new products, improved on service delivery, or establish ways of production.

iv. Distributive channels: distributive trade both at local and international levels provide opportunities for auxiliary industries to spring up.

The development of business idea, which is the other part of the entrepreneurship process, the authors were of the view that the translation of business idea into a business venture takes the following process: when a business idea struck an entrepreneur, the first thing is to write it down to avoid; out of memory; the various ideas that have been so recorded are then screened and the feasible or plausible and more profit-oriented ones, selected for implementation. A good feasibility or business plan must be systematic and integrates market, finance, production and human resource, taking into consideration the external environment in which the business will be establish.

Entrepreneurship process is a course of action that involves all functions, activities and actions associated with identifying and evaluating perceived opportunities and the bringing together of resources necessary for the successful formation of a new firm to pursue and seize the opportunities. Once establish the process of entrepreneurship becomes effectively a cyclical progression of opportunity targeting and making strategic decisions regarding the allocation of scarce resources in pursuit of value adding opportunities (Kolveried and Westhead, 1991).

Hisrich and shepherd, (2005), posits that the entrepreneurial process can be characterized by different phases: identification and evaluation of the opportunity; development of the business plan; determination of the required resources and lastly, the management of the resulting business venture. Results indicates that these phases proceed progressively, no single phase is dealt with in isolation or is totally completed before work on the other phases occurs.

Supporting the phases development, Rwigema and Venter, (2004), identify five specific steps these are: identifying; measuring and refining an opportunity from multiple ideas; formulating a business plan; marshaling the resources; organizing and mobilizing a team; and overseeing the new venture creation and growth. To Baron, (2000), postulates that there are four stages involved in entrepreneurial process, these include:

i. Innovation: which means generating the idea, identifying a market opportunity, information search, conception, screening ideas for feasibility, identifying where to extract value and the development of the product or service.

ii. Triggering event, which includes gestation, the motivation to start a new business, the decision to proceed, the business planning, identifying the different resources required, risk assessment, resources acquisition and assembling.

iii. Implementation, which includes infancy, incorporating, setting up and launching the new venture, business strategy, implementing the business plan, running the business, deploying of resources, building success and managing the venture.

iv. Growth, which includes adolescence, maximizing profits, harvesting the rewards and continually growing the venture to include other opportunities. Moving away from the stage process, Venkataraman and Sarasvathy, (2001), posits that an entrepreneurial process starts from identifying opportunity, that entrepreneurial opportunity consists of the opportunity to create future economic artifacts and as such, involves a demand side, supply side and the means to bring them together. That without an opportunity, an entrepreneur cannot start a business and therefore the notion of opportunities is fast becoming a central and cardinal theme in the field of entrepreneurship research. To this end, entrepreneurship researchers have focused substantial attention on studying the nature of opportunity recognition; the development through which ideas for potentially profitable business venture are recognized by certain persons.

Entrepreneurial Emergence

The term entrepreneurial emergence connotes the actual ownership of a business venture by individuals. The concept has to do with the translation of ideas and values to a functional and working business venture. It relates to the transition from unemployment or salary employment of job to self-employment, as becoming an owner of a business, the word "entrepreneur" emerged when an individual becomes an owner-manager of a business enterprise; here the individual operates and manage a business of his own, such that rather than earn salary, he earns profit, rather than receives salaries, he pays salaries to employees.

The view expressed by many in the literature is that entrepreneurial emergence can be enhanced through mentoring, behavior modification and conditioning, learning and value orientation (Hisrich, and Peters 2002; Ogunleye, 2000). These help to create the necessary entrepreneurial personality needed by individuals to enhanced new venture creation.

Entrepreneurial Attitude, Behaviour and Intention for Successful Venture Creation

There is a substantial literature on entrepreneurial attitude, behaviour and intention, which is referred to as the big five (5) personality dimensions (Vecchio, 2003). These dimensions are: Need for Achievement; Need for Autonomy, Locus of control; Risk taking and self-efficacy.

i. **Need for Achievement:** A well acclaimed conclusion in the investigation of entrepreneurial personality by McClelland, (1991), has it that the driving force to own a business is need for achievement. As the trait model focuses on in born qualities and locus of control on the individuals perceptions about the rewards and punishments in one's life, need for achievement theory by McClelland (1991), explains that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel with the ability to see and act on opportunities. Stoke, (2006), opined that parenting influences are significant in the development of this basic need for achievement personality. He observed that entrepreneurs are likely to have parents who expect them to be self-reliant at an early age while remaining supportive and not rejecting of their offspring. More so another study has it that family background and experience are significant in forming an entrepreneurial personality. He gave an illustration that hardship endure in childhood which leaves an adult troubled by images of the past, leading to low self-esteem, insecurity and lack of confidence, such people often exhibit driving ambition and hyper-activity, but linked to a non-conformist and rebellious nature (Ket de Uries, 2005). Johnson, (1990), points out that achievement motivation may be the only convincing factor, related to new venture creation but argues that the societal perceptions and values about achievement (ascribed or achieve) is a strong determinant factor.

ii. **Need for Autonomy:** One of the characteristics prevalent among entrepreneurs and owner-managers, alike is their strong desire for independence, and freedom to create their own futures (Timmons, 2004). The desire to be independent and self-directing is a predictor of the successful fit of an individual with an entrepreneurial position (Stopford, 1994). The author went further to say that because entrepreneurs must take decisions contrary to the opinion of the majority (in order to be able to exploit opportunities) the need to be self-reliant could arise from the desire for independent and confidence of success.

iii. **Self-efficacy:** Self-efficacy is described as an individual belief in their ability to undertake and accomplish some particular task or activity. Self-efficacy/belief is a predominant trait and appears to characterize the process (Blackburn, 1991). Accepting this assertion Stoke, (2006), describe self-efficacy trait as the most compelling of the five personality trait itemized. The entrepreneur, as an innovator, is dealing with new situations and out comes; whereas many management function or task are carried out according to some existing guidelines and expectations, the entrepreneur is breaking a new ground, identifying a good business opportunity such that no one else has already spotted, it requires self-believe. An entrepreneur is not daunted by rejection. He reiterates many examples of innovations that were originally regarded as crazy or cranky ideas.

To Brandstater, (2011), a typical entrepreneur has the following five characteristics: "initiating a life of self-determination and independence; finding new opportunities and ways of structuring and developing the enterprise; (being) hard working and persistent in

goal striving; establishing a social network and taking the risk of failure". However, it should be noted that successful entrepreneurs must be both "willing" and "able" to be engaged in entrepreneurial activities. Entrepreneurs are sometimes outliners, but they have to work in a context shared with others (Ruixiang, 2012).

iv.   **Risk-taking Propensity:** The existence of risk is an indication that failure is probable, and the probability of entrepreneurial failure is so high that people regard this process as an adventure. Shane, (2008), postulates that roughly 25% of start-up businesses fail in the first year and 55% fail within the first five years. In fact, on the account of fierce competition and expedited technological advances, failure is out of a business control on some occasions and managers can frequently learn a lesson from the failing experience, which can help them achieve success in the future.

   Cantillon, (1755), argued that the principal factor that separated entrepreneurs from hired employees was the uncertainty and riskiness of self-employment. Accepting this assertion Brockhaus, (2004), argues that entrepreneurship centered on the willingness of entrepreneurs to engage in calculated business-related risks. The concept of risk taking is a quality that is repeatedly used to describe entrepreneurship. There is an argument for a possible strong association of risk-taking with other intra-preneurship dimensions, as risk-taking has been considered a distinctive characteristics or dimensions of entrepreneurship within existing firms (Covin and Slevin, 1999). Nystrom, (1990), opines that organizations are likely to be innovative when risk-taking is promoted in an organization.

v.   **Locus of Control:** This is an important aspect of personality. Locus of control refers to an individual perception about the underlying main causes of events in one's life (Robinson, Stimpson and Hunt, 1991). Locus of control orientation is a belief about whether the outcomes of our actions are contingent on what we do (internal control orientation) or events outside our personal control (external control orientation). In this context the entrepreneur success comes from his/her own abilities and also support from outside (Cromie, 2000). Here ability is referred to as internal locus of control and the outside support as external locus of control. As individuals with an internal locus of control believe that they are able to control life events, individuals with an external locus of control believe that life's event are the result of external factors, such as chance, luck or fate (Ho, and Koh, 1992; Koh, 1996; Robinson, Stimpson and Hurt, 1991). Here the emphasis is on external locus of control which influences the internal locus of control. Bonnet, (2000), opines that internal locus of control was found to be positively associated with the desire to become an entrepreneur. Also it was found that business owners have a slightly higher internal locus of control than any other populations; other studies have also found a high degree of innovativeness, competitive aggressiveness and autonomy reports (Utsch, Rauch, Rothfuss and Frese, 1999).

Small and Medium Enterprises in Nigeria

The issue of what constitutes a small or medium enterprises is major concern in the literature. Different authors have usually given different definitions to this category of business. The definition of business by size varies among researchers. Some attempt to use the capital assets, while others use skill of labour and turnover level. Others define small and medium enterprises (SMEs) in terms of their legal status and method of production. At the 13th council meeting of

the National Council on Industry held in July, 2001, micro, small and medium enterprises (MSMEs) were defined by the council as follows:

i.   **Micro/cottage industry:** An industry with a labour size of not more than 10 workers, or total cost of not more than ₦1.5million, including working capital but excluding cost of land

ii. **Small-scale industry:** An industry with a labour size of 11 – 100 workers or a total cost of not more than ₦50 million, including working capital but excluding cost of land.

iii. **Medium – scale industry:** An industry with a labour size of between 101 – 300 workers or a total cost of over ₦50 million but not more than ₦200 million, including working capital but excluding cost of land.

iv. **Large – scale industry:** An industry with a labour size of over 300 workers or a total cost of over N200 million, including working capital but excluding cost of land.

The European Commission, (2003), defines small and medium enterprises largely in terms of the number of employees as follows:

i.   Firms with 0 – 9 employees: micro enterprises

ii. 10 – 99 employees: small enterprises

iii. 100 – 499 employees: medium enterprises

In the view of Van der Wijst (1989), small and medium businesses are privately held firms with 1 – 9 and 10 – 99 people employed respectively.

These entrepreneurial businesses are generally referred as small and medium enterprises in business parlance, provide the logical starting point for big businesses. They also serve as the spring board and the training ground for entrepreneurship in many societies. There have been many publicized studies, which demonstrates that most job creation originates from the small and medium enterprises sector and are responsible for creating virtually all new jobs in an economy. In supporting the theory that small and medium enterprises are more entrepreneurial than large businesses, Schumpeter (1934), proposes a theory of "creative destruction" where new firms, small and medium enterprises with the entrepreneurial spirit displace less innovative incumbents, ultimately leading to a higher degree of economic growth. He further argued that "entrenched large corporations tend to resist change, forcing entrepreneurs to start new firms in order to pursue innovative activity."

Agreeing to Schumpeter's view, it is common knowledge that the dynamism in every national economy is always correlated to the size of the small and medium enterprises in that economy as well as the buoyancy of the small and medium enterprises in terms of new business creation, and their ability to transform innovative ideas into companies and products or services. In other words, it is now generally agreed that the strength of any economy depends on the strengths of its small and medium enterprises. Adequate attention to small and medium enterprises has gained global recognition as these sectors as earlier said played a vital role in a country's economic growth through the creation of new businesses as well as expanding the current businesses to new market. Statistics showed that this type of business has contributed significantly (64%) to the United States' gross domestics product (Astrachan and Shaker,

2003). Likewise in Malaysia, small and medium enterprises have been the backbone for the country's economic growth that contributed 37% to the GDP in 2010 (Kumar, 2000). In this regard, it is quite accepted that small and medium enterprises are widely seen as a critical tool to solve current economic issues such as unemployment and industry stagnation (Fakhrul and Wan Norhayate, 2011). Hence the government supports for the development of small and medium enterprises is increasing and there are several types of activities that have been supported by the government, including the establishments of agencies to encourage entrepreneurship in Nigeria, such as Small and Medium Enterprises Development Agencies of Nigeria (SMEDAN). In 2005, SMEDAN was commissioned. The agencies have completed a nation-wide survey on small and medium scale enterprises as basis for articulating ideas for micro, small and medium enterprises policy thrust.

Conceptual Framework

This section tends to explain further the proxies of both the independent and dependent variables after the conceptualization of the topic, other business environment would further be explained, as some of these variables tends to affects business organization either directly or indirectly as shown in figure 2.1 below, such factors, to Karam and Bofda (2001), Galbraith (2003), the summarize factors include: Political environment, economic, socio-cultural, technological, demographic environment, etc.
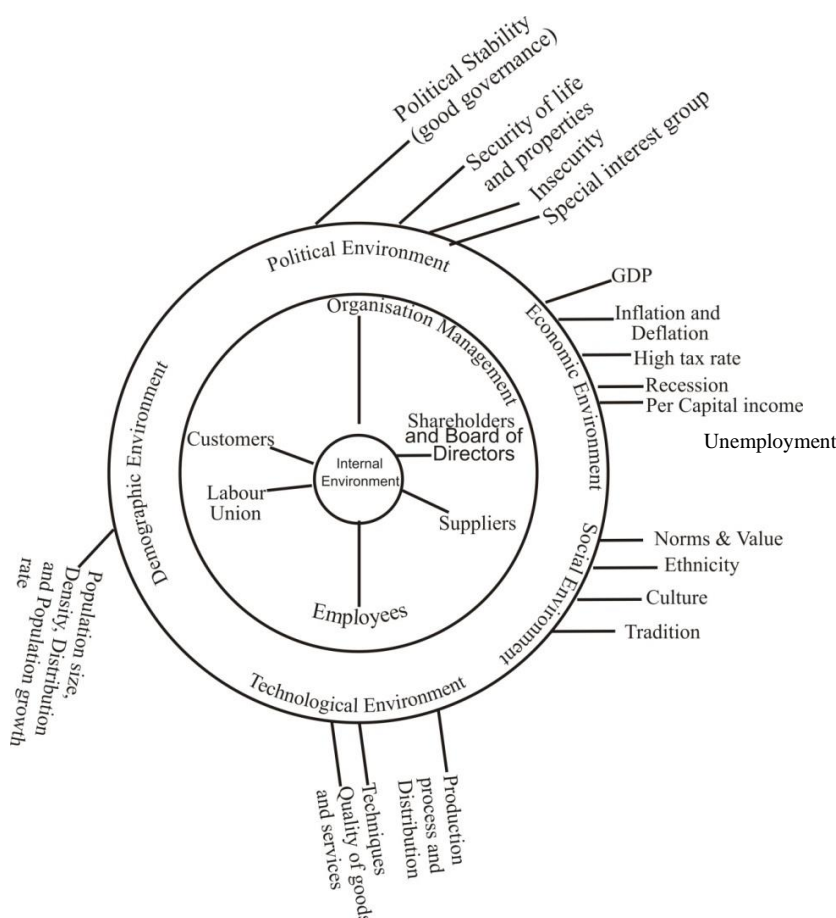

Figure 1: Diagram of Business Environment
Source: *Researchers intuition 2022.*

Although these environment (internal and external environment) seem to be independent variables but work interdependently, the internal environment cannot exist without the interface of the external environment and vice versa, they have relative tendencies in the business ecosystem.

Review of Related Theories

There are large-scale theories that can be used to describe the link between Economic Environment (EE) and Entrepreneurial Development. In the midst of many theories, this work will use theories such as the Economic theory of Entrepreneurship, Kirzner's theory, and Open System theory. These theories have been gainfully used in both theoretical and empirical discourses relating to Economic and Entrepreneurial development issues. This work chooses to use the aforementioned theories as they are considered relevant to the Nigerian environment.

Economic Theories of Entrepreneurship

The theory was postulated by one famous scholar Schumpeter, (1934), as one of the classic theory of economies analysis. Became advanced in 1991, Schumpeter believe that creativity or innovation is the key factor in any entrepreneurs field of specialization. He believed that creativity was necessary if an entrepreneur was to accumulate a lot of profits in a heavily competitive market. The concept of innovation and its corollary development embraces five functions:

i. Introduction of a new good;

ii. Introduction of a new method of production

iii. Opening of a new market.

iv. Conquest of a new source of supply of raw materials

v. Carrying out of a new organization of any industry.

Schumpeter, represents a synthesis of different notions of entrepreneurship. His concept of innovation included elements of "risk taking", super intendance and coordination. According to the authority, development is not an automatic process, but must be deliberately and actively promoted by some agency within the system. Schumpeter (1991), called the agent who initiates the development as entrepreneur. Entrepreneur provides "economic leadership" that changes the initial conditions of the economy and causes discontinuous dynamic changes. He went further to argue that, by nature, entrepreneur is neither technician nor a financier but he is considered an 'innovator". This newness is an innovation. It manifests through starting up an organization or diversification with an existing one (Aldrich and Fiol, (1974). That entrepreneur is responsible for doing new things or the things that have already been done in a new way (Sledzik, 2013). Schumpeter regarded entrepreneurial actions as a major factor causing business cycles and economic developments according to his vision of "creative destruction", when an entrepreneurial innovation hits the economy, it leads to the replacement of old products and processes which is eventually and rapidly imitated by competitors (Braguinsky, Klepper and Ohyama, 2011).

This theory was adopted for this study based on the role of the entrepreneur as an "innovator and risk-taker" of every business organization, most especially today's turbulent business environment, the environment provides either favorable or adverse factors for business to survive, grow and developed to a competitive edge, as such entrepreneurs should be able to detect these factors and proffer solution for the business to strive.

Open System Theory

This open system theory was propounded by Biologist Ludwig Von Bertanlanffy between 1930 and 1956. The open system theory is applicable to all facets of human endeavours and has it that the use of external resources by individual organisations in any form is application of open system principles. To Bastedo, (2004), views an organisation as being strongly influenced by their external environment which exerts various factors of an Economic, Political, or socio-cultural and provides key resources that sustain the organisation and lead to change and survival. In this world of enterprises, business organisations regularly interact with its environment, and have permeable boundaries that allow feedback exchanges from inside and outside the business. With constant interactions, organisations develop different ways of solving particular goals in their existing environment. This made possible by the open system eclectic concepts of subsystem, holistic, input-transformation-output, system boundaries, negative entropy, steady state feedback, hierarchy, internal elaboration multiply goal seeking equifinality, (Kast and Rosenzweih, 1985).

Empirical Review of Related Literature.

The empirical review section will cover issues on the relationship that literature has established between Economic factor and Entrepreneurial development. To this extent the empirical perspective established by researchers have been reviewed below as:

Joshua and Helen, (2013), examined the relationship between entrepreneurial development and youth unemployment reduction in Nigeria, using the ordinary least square regression/correlation models. The findings revealed that capacity utilization explain variations in unemployment, in a negative manner which the regression results shows that; an increase in economic activities will improve the level of entrepreneurship positively. The third model strongly supports the need for government to encourage economic activities in order to improve entrepreneurship development that may reduce unemployment. They concludes that Nigeria is not producing at full capacity of output; the existing excess labour in the country at present could not be fully absorbed by the industry in Nigeria because of their low productivity level and low capacity utilization. The study recommends that there is more than a enough that the government should do to improve on some of these economic factors and formulate strategic economic policies that will turn around the economy base that will encourage entrepreneurial development in the country.

Kim, Kim and Yang, (2010), examined the impact of public policy (finance, labour and tax policy) on entrepreneurial activities in the 28 countries in OECD (of which 17 EU member state), the analysis use regression methods. Some of their main findings regarding government expenditure on economic affairs and education have a significant role promoting entrepreneurship, and also that an increase in the public expenditure for stimulating start-ups increases the level of entrepreneurial activity.

Adeoye and Elegunde (2012) carried out a study on impact of external business environment on organizational performance in the food and beverage industry in Nigeria. The paper was meant to investigate the influence of economic and political environment on organizational performance. The questionnaire was the instrument of data collection and was analysed using multiple regression. The result establishes that external business environment (PEST-D) have impact on organizational performance (effectiveness, efficiency, increase in sales, achievement of corporate goals, etc.) That based on the findings environmental scanning was recommended for organisations.

Teboho (2013) investigated the effect of unemployment rate on gross domestic product: case of South Africa, the study observes that unemployment is the macroeconomic problem that effect individuals most differently and severely. The annual time series used for the estimation cover the period 1980-2011. Using Augmented Dickey-Fuller (ADF) stationarity test, the variables proved to be integrated of order one. Johansen co-integration test and Granger causality was applied, it was found that there is no causality found between unemployment rate and GDP growth. The study, therefore, encourages all policies on economic growth with the idea that growth will bring employment in the country.

Summary of the Review of the Related Literature

The study reviewed some of the existing literature by scholars in the field of economies and entrepreneurial development. Most scholars agreed that economic factors are significant variables to be considered by both policy-makers on the course of formulating policies that will enhance the establishment of business organizations and entrepreneurs who perceived opportunities of starting, managing and developing a going-concern that will add values to the growth and development of the economy. The conceptual review explores concepts such as; concepts of economic environment and entrepreneurial development. The theories surrounding economic environment and entrepreneurship development, with a view of establishing the relationship between the two variables were reviewed. Among such theories are Economic Theory of Entrepreneurship, Kirzner's theory and Open System theory.

The imperatives in all these are that economic factors are determinants and a rallying points in a successful entrepreneurial activities. Both the theoretical and empirical review align with the facts that economic factors may influence the level of entrepreneurial activities positively or negatively. As such different economic factors at different level of the nation's development impact differently on business operations. To be explicit about the complexity of entrepreneurial development process, the study further reviews some approaches require for the creation of more emergence of entrepreneurs and entrepreneurship development. The acknowledgement of economic factors will place the field of entrepreneurship process in the right direction with the appropriateness of the examination of informal institutional condition of Small and Medium Scale Enterprises (SMEs). It is quite clear from the literature that Economic factors has the potentials of influencing the rate and development of entrepreneurial activities across regions and national spheres.

METHODOLOGY

Research Design

Base on the nature of this study, survey research design and ex-post facto design was used, as survey research design is a series of self-report measures administered either through interview/or structured questionnaire. The ex-post facto is also adopted as a result of the facts that some of the research objectives will be achieve from already established or existing data. As such some of the major data for the study was gotten from central Bank of Nigeria (CBN), Federal Bureau of Statistics (FBS).

Area of study

The geographical coverage of this study is the North-Central, Nigeria, which comprises of Plateau State, Benue State, Nasarawa State, FCT, Niger State, Kwarra State and Kogi State. The study was conducted among selected entrepreneurial business organization, which is the Small and Medium Enterprises (SMEs), registered with the various states ministry of Trade, Commerce, Industry, and Tourism in the North-central region of the country, as at 2018-2022.

Population of the Study

The population of this study consists of 18,173 Staff made of owner-founder and management staff of private enterprises from 2,178 enterprises that registered with the respective state ministry of trade, commerce, industry and tourism in North-Central Nigeria as at 2018-2022. Moreso, the selection of businesses was done through convenience non-probability sampling techniques and business organizations selected cut across all business sectors such as trading, manufacturing, hospitality, services and others. The population per state is given below in table 1.

Table 1: Break down of the population of states selected, SMEs and No. of Staff.

S/No.	Name of State	No. of Small and Medium Enterprises (SMEs)	No. of Staff
1.	Plateau	141	2305
2.	Benue	238	2014
3.	Nasarawa	589	3145
4.	FCT(Abuja)	725	4057
5.	Niger	212	2714
6.	Kwara	146	2182
7.	Kogi	127	1756
	Total	2178	18,173

Source: *State Ministry of Trade, Commerce, Industry and Tourism, 2022*

Sample Size Determination and Sampling Technique.

To determine the sample size for this study, Krejcie and Morgan, (1970), Sample size determination was adopted, the choice of this method is inform by the facts that the population for the study is known. The formula is given as:

$$n = \frac{x^2 NP(1-P)}{d^2 N - 1 + x^2 P(1-P)}$$

Where

n = Sample Size

$x^2 x^2$ = Table value of Chi-Square for 1 degree of freedom at the accepted confidence level of 93.841)

N = the population size

P = Population Proportion (to be 50% or 0.05) assumed to provide the maximum Sample Size

d = degree of accuracy expressed as a proportion (5% or 0.05)

Given that the population size (N) = 18173

$$n = \frac{x^2 NP(1-P)}{d^2 N - 1 + x^2 P(1-P)}$$

$$n = \frac{3.841 \times 18173 \times 0.5 (1-0.5)}{0.05^2 \times (18173-1) + 3.841 \times 0.5 (1-0.5)}$$

$$n = \frac{69802.493 \times 0.25}{45.43 + 0.96025}$$

$$n = \frac{17450.6232}{46.39025}$$

n = 376.17   ≅   n = 377

These sample size will be shared among the state in the North-Central region, proportionally using Bowley's proportional allocation statistical technique.

Description of Research Instruments

The major instrument that was used in this study is structured questionnaire and oral interview. The structured questionnaire is design in a five (5) point likert scale. The questionnaire is divided into two sections. Section A: Bio-data is all about information concerning the respondent profile. Section B: Address the research questions. Moreso oral interview was conducted to compliment information from the questionnaire.

Validity of the Research Instrument

Uzoagulu, (1998), posits that validity measure of an instrument determines the appropriateness of an instrument in measuring what it is intended to measured. The study adopted content and face validity. The work was validated by three (3) senior lecturers from the Department of Management, University of Nigeria, Enugu Campus and three (3) owner-Founders of business organizations. The contributions and observations of these persons go a long way to add value to the instruments used on the course of this study. Pre-test was carried out on each question to ensure the validity of the instrument and the supervisors vetting was used to re-affirmed the appropriateness of the instruments. The corrections were reflected in the construct and Cronbach Alpha test was used to validate the results.

Reliability of the Research instruments

In this study, test retest method of instrument reliability was adopted. Moreso, the spearman ranking correlation coefficient method was used to analysed the result, the used of the two methods of statistical reliability is informed by the consistency of the methods. A total of 30 copies of the test instrument were administered before the actual survey for the study. All the copies were filled and returned. The Spearman ranking correlation coefficient formula for analyzing the result is thus:

$$r = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

Where

r = Spearman's rank correlation$r$ = Spearman's rank correlation

d = difference between rank of the responses $(Rx - Ry)$

n = number of respondents

Therefore,

$$r = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

$$r = 1 - \frac{6 \times 35}{30(30^2 - 1)}$$

$$r = 1 - \frac{6 \times 35}{30(900-1)} r = 1 - \frac{6 \times 35}{30(900-1)}$$

$$r = 1 - \frac{210}{26970}$$

$$r = 1 - 0.007786429$$

$$r = 0.99$$

From the above computation of Spearman's Ranking Correlation Coefficient (r) =0.99. As r =0.99, the reliability of the test instrument is very strong, as r>0.7. Conventionally, it is an accepted rule that, if the reliability value of a research instrument is greater than 0.7, then the instrument is adjudged to be reliable.

Methods of Data Analyses

In this study, descriptive statistic, such as frequency counts with simple percentage were used to analysed Bio-data of the respondents. At the inferential level of analyses, the secondary data from World Bank and Central Bank of Nigeria were used to analysed hypothesis 1, using Augmented Dickey-fuller(ADF) and Philip's Perron (PP) tests to ascertain the time series properties of the variables, while hypotheses 2 and 3 were tested using simple linear regression. All analyses shall be done through the application of Statistical Package for Social Science (SPSS 20.0).

Confidence Level/Level of Significance

The confidence level is the probability level in which the Null hypothesis can be rejected with confidence and research hypotheses accepted with assertion. In this study, we tested all the hypotheses at 5% level of significance. This implies that our level of confidence is set at 95%.

Decision Rule

The decision rule for this study shall be: Reject the Null hypothesis (H_0), if P-Value < 0.05. Do not reject if otherwise.

RESULTS AND FINDINGS

Data Presentation

The five (5) point Likert Scale was used with values as 5 (SA) to 1 (SD) for positive responses.

Table 2: Summary of Bio-data of the Respondents

Sex	Frequency	Percentage (%)
Male	272	72
Female	105	28
Total	**377**	**100**
Staff Position		
CEO	110	29
Management Staff	207	55
Non-management staff	60	16
Total	**377**	**100**
Age Bracket of Staffs		
30 – 40 years	30	8
41 – 50 years	140	37
51 – 60 years	105	28
61 and above	102	27
Total	**377**	**100**

Educational Qualification		
SSCE	22	6
ND/NCE	90	24
B.Sc/BA/B.Ed/HND	215	57
M.Sc/MA/MBA	20	5
PhD	-	-
Professional Certificate	30	8
Total	**377**	**100**
Types of Business/Organization		
Manufacturing	45	12
Trading	130	34
Transportation	90	24
Agro-allied	97	26
Services/Hospitality	15	4
Total	**377**	**100**

Source: *Field Survey 2022.*

Research Question 1

To what extent does unemployment rate effects start-up business and entrepreneurial development in North central, Nigeria.

Data gotten from central Bank of Nigeria and federal Bureau of statistics was used to analysed the research question, as ex-post facto.

Research Question 2

Evaluate the extent to which total tax rate affects the growth of enterprise in North Central, Nigeria.

Questionnaire code 1 – 6 was designed to provide answers to this research question. Responses from the respondents were analysed as follows:

Table 3: Total Tax Rate and Growth of Business Enterprises.

Code	Items Description	F	SA	A	U	D	SD	Total	Mean
	Total Tax Rate								
1.	Most business organization could not survive due to multiple tax from government	F	-	300	12	65	-	377	
		%	-	80	3	17	-	100	
2.	Is there tax holiday for SMEs, to boost their business operations	F	-	-	-	-	377	377	
		%	-	-	-	-	100	100	
3.	This tax policy is meant to cushion certain economic factors that will negatively effects your business operations	F	-	-	-	77	300	377	
		%	-	-	-	20	80	100	

	Growth Enterprises								
4.	There is a substantive improvement in the market shares of SMEs in the recent times	F	-	10	57	160	150	377	
		%		3	15	42	40	100	
5.	Your business have been able to establish another branch elsewhere since your establishment, even with the tax extortion	F		50	-	127	200	377	
		%		13	-	34	53	100	
6.	The profit turnover in your business is encouraging even with the multiple tax	F		12	10	140	215	377	
		%		3	3	37	57	100	

Field *Survey 2022*

Research Question 3

To what extent does banks interest rate impact on entrepreneurship development in North Central, Nigeria.

Questionnaire code 1 – 6 was designed to provide answers to this research question. Responses from the respondents were analysed as follows:

Table 4: Banks Interest Rate and Entrepreneurship Development

Code	Items Description	F	SA	A	U	D	SD	Total	Mean
	Bank Interest Rate								
1.	Banks interest rate to business customers is favourable (one digit interest rate and repayment period negotiable)	F	-	-	12	150	215	377	
		%	-	-	3	40	57	100	
2.	Banks collateral for business loan is favourable without stiff conditions	F	-	-	67	150	160	377	
		%	-	-	18	40	42	100	
3.	Have you obtain any loan from the banks for your business before or now	F	-	160	-	217	-	377	
		%	-	42	-	58	-	100	
Entrepreneurship Development									
4.	We have been able to expand the business due to loan obtain from the banks	F	-	140		237		377	
		%		37		63		100	

5.	We have included another business due to incentives from financial house	F	-	-	-	-	377	377	
		%	-	-	-	-	100	100	
6.	We have diversified into Foreign Direct Investment (FDI) as a result of financial support and loans from the banks	F	-	-	-	-	377	377	
		%	-	-	-	-	100	100	

Source: Field survey 2022.

Hypothesis Testing

To achieve the research objectives of the study, three hypotheses are tested in the alternate form:

i. To a large extent unemployment rate has significant effect on entrepreneurial development in North central, Nigeria.

ii. To a large extent total tax rate has significant effect on the growth of business enterprises in North central, Nigeria.

iii. Determine the extent to which bank interest rate effects entrepreneurial development in North central, Nigeria.

The Null hypotheses are thus:

i. To a large extent unemployment rate has no significant effect on start-up business and entrepreneurial development in North central, Nigeria.

ii. To a large extent total tax rate has no significant effect on the growth of business enterprises in North central, Nigeria.

iii. There is no significant positive relationship between bank interest rate on entrepreneurship development in North central, Nigeria.
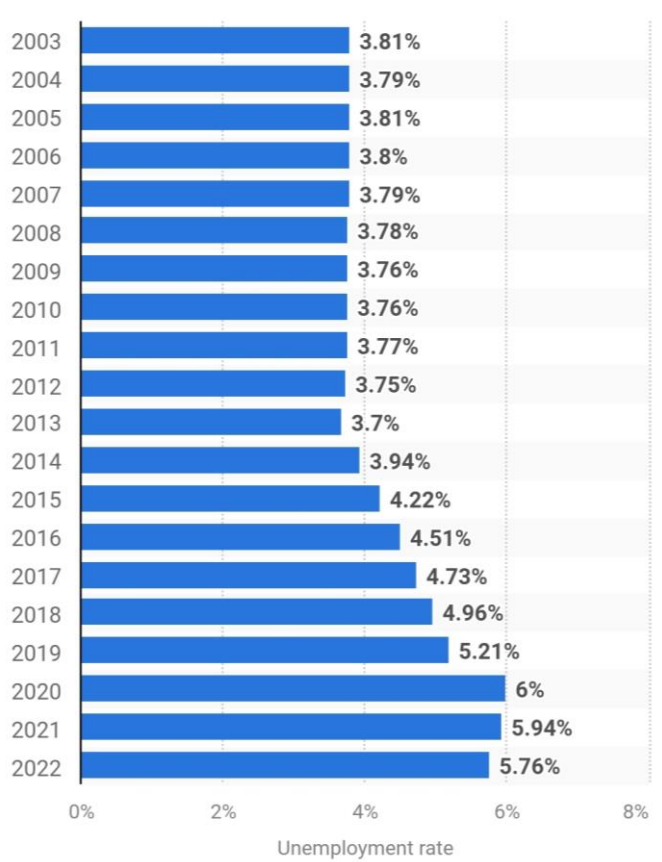
Test of Hypothesis One

Figure 2: Nigeria Unemployment Rate from 2003-2022
Source: *CBN Research Department, (2016)*

From the data above, it was used in analyzing hypothesis one below:

Test of Hypothesis One

H₁: To what extent does unemployment rate affects start-up business and entrepreneurial development in North central, Nigeria.

H₀: To a large extent unemployment rate has no significant effect on start-up business and entrepreneurial development in North central, Nigeria.

This hypothesis will be tested using Augmented Dickey-fuller (ADF) and Phillips Perron (PP) tests to ascertain the time series properties of the various variables. The data obtained from World bank and Central Bank of Nigeria (CBN) data base, as secondary data are analysed as follows from table 7-10 below:

$$EE = UNR + PDI - 1$$

Where:

EE = Economic Environment

UNR = Unemployment rate

PDI = Private Domestic Investment (entrepreneurship)

Analysis

The analysis commenced with the unit root test, which is used to test whether the variables are stationary or not and their order of integration. This study tends to use Augmented Dickey-fuller (ADF) test. The summary of the unit root test is presented below in table :

Table 5: Summary of ADF Unit Root Test Results

Variables	ADF	
UNR	-6.64	-.5.34*

NB * *indicates stationary at the 1% level*

The result of the ADF unit root test suggests that the variable is non-stationary. They however became stationary after the first difference was taken. Johansen co-integration test was used for the existence or not of a long relationship between the independent and dependent variables.

The result of the Johansen co-integration test for the dependent variables is shown below:

Table 6: Johansen Co-integration Test Result

Trace	Test K = 2		Maximum Eigen Value		Test K = 2
H0	H1	(λ trace)	Critical value 5%	(λ max)	Critical Value
r $\leq$ l	r > 1	80.8923*	69.8881	61.1679	43.8687

Note: r represents number of co-integrating vectors and K represents the number of lags in the unrestricted VAR model * denotes rejection of null hypothesis at the 5% (1%) level.

From the above test results, the result reveal one co-integrating vector exists between the variables of interest. It also means that the study can proceed to estimate the Error Correction Model (ECM).

Table 7: Summary of Over-parameterize ECM Result

Variables	Co-efficient	Standard Error	t-statistic	Probability
UNR	0.03	0.04	0.67	0.52
PDI	2.42	5.09	0.39	0.78

$R^2 = 0.03$ Adj $R^2 = 0.04$ F-statistic $= 0.67$

Over-parameterize and parsimonious ECM provides solution to the problem of spurious or non-regression associated with estimating models involving time series variables and also to reflect the dynamic adjustment to the long run. ECM is preferred as it provides the framework for establishing the link between the long-term and short run approaches to economic modeling, Enang, (2010).

Table 8: Summary of Parsimonious (Preferred) ECM Result

Variables	Co-efficient	Standard Error	t-statistic	Probability
UNR	0.05	0.02	-0.31	0.056
PDI	9.76	2.96	3.09	0.058

$R = 0.05$ Adj $R^2 = 0.02$ F-statistic $= -0.31$

FINDINGS

The Parsimonious result indicates that unemployment rate (UNR) are statistically significant in influencing entrepreneurial development or Private Domestic Investment (PDI) in the short run particularly during the period under consideration.

The results of the short run coefficient shows that changes in Unemployment Rate (UNR) is negatively related to changes in entrepreneurial development or Private Domestic Investment (PDI), this implies that a unit increase of 0.05 in unemployment rate will lead to 9.76 reduction in entrepreneurial activities.

Decision Rule

The null hypothesis is rejected and the alternate hypothesis which states that to a large extent unemployment rates has significant effect on start-up business and entrepreneurial activities in North Central, Nigeria is accepted.

Test of Hypothesis Two

H_1: To a large extent total tax rate has significant effects on the growth of business enterprise in North Central, Nigeria.

H_0: To a large extent total tax rate has no significant effect on the growth of business enterprise in North Central, Nigeria.

Table 9: Model summary for Hypothesis Two.

Model	R	R square	Adjusted R Square	Std. Error of the Estimate
1	.915[a]	.847	.847	.948

a. Predictors: (Constant) total tax rate

Source: *SPSS Version 20.0*

Table 10: ANOVA for Hypothesis Two

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1663.430	1	1663.430	1852.836	.000[b]
	Residual	326.873	364	.898		
	Total	1990.303	365			

a. Predictors: (Constant) total tax rate

b. Dependent Variable: Growth of Business Enterprise

Source: *SPSS Version 20.0*

Table 11: Coefficients of Hypothesis Two

Model		Unstandardized Coefficients		Standardized Coefficient		
		B	Std. Error	Beta	t	Sig.
1	Constant	- 5.206	.436		-11.972	.000
	GBUSE	1.324	.032	.915	43.034	.000

c. Predictors: (Constant) total tax rate (TTR)

d. Dependent Variable: Growth of Business Enterprise (GBUSE)

Source: *SPSS Version 20.0*

Interpretation: Table 9-11 shows the model summary for hypothesis two. The regression sum of square (1663.430) is greater than the residual sum of squares (326.873), this indicates that more of the variables in the dependent variable are not explained by the model. The table shows further that there is a positive relationship between the variables (r = .915) and that 85% changes (R^2 = .847) in growth of business enterprises is explained by changes in total tax rate of business enterprises in North Central, Nigeria.

Table 10: shows the ANOVA for hypothesis two. The F-statistics is 1852.836 and the p-value (sig) is .000 (p-value < 0.05), with this indication, there is a significant positive relationship between total tax rate and growth of business enterprises in North Central, Nigeria.

Decision Rule

The alternate hypothesis is accepted and it is stated that, to a large extent total tax rate has significant effects on the growth of business enterprises in North Central, Nigeria.

Test of Hypothesis Three

H₁: There is significant positive relationship between bank interest rate on entrepreneurial development in North Central, Nigeria.

H₀: There is no significant positive relationship between bank interest rate on entrepreneurial development in North Central, Nigeria.

Table 12: Model Summary for Hypothesis Three

Model	R	R Square	Adjusted R Square	Std. error of the estimate
1	.965[a]	.925	.945	.829

a. Predictors: (constant) Bank interest rate

Source: *SPSS Version 20.0*

Table 13: ANOVA for Hypothesis Three

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	2546.676	1	2546.676	3767.006	.000[b]
	Residual	258.383	364	684		
	Total	2805.059	365			

a. Predictors: (Constant) Bank Interest Rate

b. Dependent Variable: Entrepreneurial development

Source: *SPSS Version 20.0*

Table 14: Coefficient of Hypothesis Three

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std Error	Beta	t	Sig.
1	Constant	.285	.213		-7.345	.180
	BIR	.978	0.18	.965	63.194	.000

b. Dependent variable: Entrepreneurial development

Source: SPSS Version 20.0

Table 12-14: shows the model summary for hypothesis three. The regression sum of squares (2546.676) is greater than the residual sum of squares (258.383), this indicates that more of the variables in the dependent variable were not explained by the model. The table indicates further that there is a positive relationship between the variables (r = .965) and the coefficient of determination (R^2 = .925). This shows that a 93% change in entrepreneurial development of SMEs in North Central, Nigeria is accounted for by changes in Bank Interest Rate.

Table 13: shows the ANOVA for hypothesis three, which shows that the F-statistics is 3767.006 and the sig. representing the P – value is 0.000 (P < 0.05), going by this indication, there is a significant positive relationship between Bank Interest Rate and entrepreneurial development of SMEs in North Central, Nigeria.

Decision Rule

The alternate hypothesis is accepted which states that, there is significant positive relationship between Bank Interest Rate on entrepreneurial development in North Central, Nigeria.

IMPLICATION TO RESEARCH/PRACTICE

Results related to the first objectives

Research Objective One: Ascertain the extent to which unemployment rate affects start-up business and entrepreneurial activities in North Central, Nigeria. Using Augmented Dickey Fuller (ADF) test, it was found that there is a significant positive relationship between unemployment rate in the economy and start-up business or entrepreneurial activities in North

Central, Nigeria. This results is in line with the work carried out by Echebiri, (2005), on determinants of unemployment in Umuahia, Nigeria. The sample of 220 youths was drawn from areas with varying residential configurations and found that youth unemployment in the town shared common characteristics with that studied in many other cities in the developing world. It was particularly found that majority of the unemployed and first time job seekers preferred salaried employment to self-employment, due to lack of start-up capital to carry out their own business enterprises. The study concluded that as a result of the individual not been employed cannot save to start-up business even with their entrepreneurial intention and ability, as such the youths showed that they dislike the rural residency because there is lack of opportunities and poor social and physical infrastructures.

Chowdhury and Tanjil, (2013), investigated the determinants of unemployment in Bangladesh from 2001 to 2011 by using Simple Single Equation Linear Regression Model (SELRM). The variables selected for the study are unemployment rate, GDP per capita, Exchange rate and inflation rate and how the impact on Private Domestic Investment (PDI) or Entrepreneurship development in Bangladesh. The results show significant impact of all the variables, it was concluded, that inflation rate stimulate unemployment positively and GDP per capita and exchange rate has negative impact on unemployment, as a result the entire Economic Environment (EE), which has entrepreneurship development as a hub for national development is affected negatively despite certain variables impacting positively on the other variable.

Reviewed literature suggests that increased unemployment will lead to an increase in start-up or entrepreneurial activity on the grounds that the opportunity cost of not starting a firm has decreased. On the other hand, the unemployed tend to possess lower endowments of human capital and entrepreneurial talent required to start and sustain business organization. (Lucas, 1978; Jovanovic, 1982), suggested that high unemployment is associated with a low degree of entrepreneurial activities. A low rate of business organization may also be a consequence of the low economic growth levels which also reflect higher levels of unemployment, (Audretsch, 1995). Entrepreneurial opportunities are not just the result of the push effect of (the threat of) unemployment but also of the pull effect produced by a thriving business organization as well as by entrepreneurial activities in the past. In addition to unemployment leading to more or less business activities, the unemployment slows down business organizations in one hand and business organization reduce unemployment in another.

Results Related to the Second Objective

Research Objective Two: Evaluate the extent to which Total tax rate affects the growth of enterprises in North Central, Nigeria. Table 9-11 was used with simple linear regression to evaluate the extent to which total tax rate affects the growth of enterprises in North Central, Nigeria. The results indicated that there are significant positive relationship between the independent and dependent variables with (r = .915), t = 43.034, F-statistics value 1852.836 and $p < 0.05$.

This result is in line with the study of Kim; Kim and Yang, (2010). The study adopted regression methods, with the study carried out in 28 countries in the OECD (of which 17 were EU member states). The study was on the impact of public policy (finance, labour and tax policy) on entrepreneurship activity in these countries. Some of their main findings regard the fact that the government expenditure on economic affairs and education have an important role in promoting entrepreneurship, and that an increase in the public expenditure for stimulating

start-ups increases the level of entrepreneurial activity. On the other hand an increase in the total tax policy by government on individuals reduce or slow down entrepreneurial activity in the countries' economy.

Moreso, the study of Salman, (2014), indicated that high total tax rates have negative impact on entrepreneurship, because they are obstacles for starting new business and lead to a decrease in business activity. Thus, we expect a negative relationship between total tax rates and entrepreneurial development in the economy.

Result Related to the Third Objectives

Research objective Three: To what extent does banks interest rate impact on entrepreneurship development in North Central, Nigeria.

Table 12-14, was used with Simple linear regression to analyze the extent to which banks interest rate affects entrepreneurship development in North Central, Nigeria. The result indicated that there is significant positive relationship between the independent and dependent variables with ($r = .965$, t value = 63.194, F-statistics value = 3767.006 and $p < 0.05$). The results is in line with the study by Kimutai, (2003), who defines interest rate as the price one pays for using borrowed money (loans). Therefore, interest rate can be expressed as the price lenders expect (and borrowers pay) for exchanging current claims for greater future claims to goods and services. As such interest rate represent the cost of money. Ingram, (2011) states that interest rate are important because they control the flow of money into business organization. High interest rates curb inflation but also slow down entrepreneurship development or activities in an economy. Low interest rates stimulates entrepreneurial activities, but could lead to inflation. Zachary, (2012) observed that these effects, although certainly not direct, are enough to stimulate the market when interest rates are low. Low interest rates are not beneficial for lenders, who are seeing less of a return on their loan than in times when interest rates are high. However, it is beneficial to borrowers and the businesses they operate with it. More so, Imoisi, Chika and Moses, (2012) had a study on an analysis of Banks interest rate and exchange rates effect on the Nigerian economy. The study examined the impact of interest rate and exchange rates on the economy from 1975 – 2008. CBN statistic bulletin was the source of data and were analyzed with the Ordinary Least Square (OLS) technique. From the findings it was discovered that an increase in interest rate retards investment and subsequently entrepreneurial growth.

SUMMARY OF FINDINGS

It was found from the analysis of the research questions, hypotheses and oral interview that:

i. To a large extent unemployment rate had significant negative effect on start-up business and entrepreneurial development in North Central, Nigeria (r, coefficient 0.05). This implies that a unit increase in unemployment rate will lead to 9.76 reduction in entrepreneurial activities.

ii. To a large extent total tax rate had significant negative effect on the growth of business enterprises in North Central, Nigeria. ($r = .915$, $p < 0.05$).

iii.   There is significant negative effect of Bank interest rate on entrepreneurial development in North Central, Nigeria ($r = .965$, $p < 0.05$).

Conclusion

Government expenditure and individual entrepreneurship intentions and behavior have positive impact on entrepreneurship development in the various economy. Government policies and programmes, that would improve infrastructures and social status, that would increase the volume and efficiency of output, the purchasing power and by extension demand as employment is increased. These policies implications include the need for efficient management of resources in such a way as to stimulate the economy growth and development. The effective management of these Economic Environment (EE) by policy makers in this country, Nigeria, would improve entrepreneurship advancement and development of the country. Thus the Nigerian government should not only strive to achieve macroeconomic stability but attain appropriate levels of these fiscal variables. Thus total entrepreneurial activity is influenced by unemployment rate, total tax, Bank interest rate, etc.

Recommendations

It is recommended that policies focusing on increasing Economic growth and development through Entrepreneurial enhancement should be implemented. Private sector investment should be encouraged by the government at all levels. Government should put in place policies that will mandate financial institution's interest rate not to be more than one-digit interest rate for loans on investment. More so, policy makers should adopt depreciation policy along with reduction in trade restrictions, this would not only encourage investment projects, but would also encourage private sector investment in entrepreneurship.

More importantly, programmes of integrated rural development and re-orientation of economic activity and social investments towards the rural areas need to be embarked upon to create an appropriate rural-urban economic balance.

Future Research

The future research can expand the scope of this study to include:

- Economic factors and entrepreneurship intents.
- Government policies and programmes and the enhancement of entrepreneurial activity.
- Economic policies and entrepreneurial development of the economy.

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