

GOVERNMENT POLICIES ON ENTREPRENEURIAL DEVELOPMENT IN AKWA IBOM STATE (2000-2010)

Anietie E. Efi
Orok A. Imagha

Abstract

This study was an attempt to examine the relationship between government policies and entrepreneurial development in Akwa Ibom state from year 2000-2010. Population of the study was made up of 3,725 registered Small and Medium Scale Enterprises in Akwa Ibom State. Using Taro Yamene's formulae, 361 was determined as the sample size at 5% level of tolerable error. Data were collected from both primary and secondary sources. Primary source was from administered copies of questionnaire, while secondary source was from textbooks and published articles. Judgemental sampling technique was employed in the administration of the research instrument. Descriptive Statistics and Pearson Product moment Correlation Coefficient Statistics was employed in the analysis of the work. Findings revealed that there exist positive relationship between government fiscal policies and entrepreneurial development in Akwa Ibom State from year 2000-2010. As recommendation, government of the state should endeavour to initiate entrepreneurial development friendly policies so as to enable not just few entrepreneurs, but all interested ones to effectively engage in entrepreneurship in the state.

Keywords: Government policies, entrepreneurial development.

Introduction

Entrepreneurship is seen as an effective means of combating unemployment, poverty, under-development in the developing nations as well as a strategy for rapid economic development in both developed and developing nations (Clausen, 2006; Praag and Versloot, 2007). Global development is entering a stage where entrepreneurship is increasingly playing a major role. This is because the managed economy of the 1970s – 2000 in the West, characterized by reliance on big business and mass production, has given way to a entrepreneurial economy, where knowledge-driven goods and services are more flexibly provided by smaller creative class. Also, impressive growth in the economy in the emerging economies like India, China and Brazil, has been driven by innovative entrepreneurial revolution (Naude, 2011)

Government in Nigeria has over the past decades evolved policies and programmes aimed at developing entrepreneurship through the development of Small and Medium Scale Enterprises (SMEs). This is premised on the general view that entrepreneurial development is the key to poverty eradication, employment generation and rapid economic development. Government at various levels has in one way or the other focused their attention on the Small and Medium Scale Enterprises through formulated policies aimed at facilitating and empowering the growth and development and performance of the SMEs as well as assisting the SMEs to grow through soft loans and other fiscal incentives. In addition, international agencies and organisations (such as World Bank), non-governmental organisations such as Nigeria Investment Promotion Commission (NIPC) have heavily invested and promoted the growth of SMEs in Nigeria through advocacy and capacity- building initiative.

All the massive attention and support given to SMEs relate to the widely acclaimed fact that SMEs are job and wealth creators. More so, they play significant roles in the development and growth of various economies such as poverty reduction, employment generation, stimulation of economic activities and enhancement of standard of living of the people.

In recognition of the enormous existing and potential roles of SMEs, various measures and programmes have been designed and policies enunciated and executed by government to encourage

SMEs development. Some of these policies include: fiscal incentive and protective fiscal policies; specialized financial institutions and funding scheme for the SMEs; favorable tariff structure; selective exemption and preferential treatment in excise duties; selective reservation of items for exclusive production in the SME subsector.

However, despite the incentive, policies and programmes and support aimed at strengthening the SMEs, they have performed rather below expectation in Nigeria. It is against this background this paper is designed to examine the relationship between government policies and entrepreneurial development in Akwa Ibom State from year 2000-2010.

Objectives of the Study

The major objective of this study is to examine the relationship between government policies and entrepreneurial development in Akwa Ibom State from year 2000-2010. The specific objectives include;

- i. To assess the relationship between government fiscal policies and the entrepreneurial development in Akwa Ibom State from year 2000 – 2010.
- ii. To examine the relationship between government technical support policies and the entrepreneurial development in Akwa Ibom State from year 2000 – 2010.
- iii. To evaluate the relationship between government training and development policies and the entrepreneurial development in Akwa Ibom State from year 2000 – 2010.

Research Hypotheses

H₀₁: there is no significant relationship between government fiscal policies and the entrepreneurial development in Akwa Ibom State from year 2000 – 2010.

H₀₂: there is no significant relationship between government technical support policies and the entrepreneurial development in Akwa Ibom State from year 2000 – 2010.

H₀₃: there is no significant relationship between government training and development policies and the entrepreneurial development in Akwa Ibom State from year 2000 – 2010.

Literature Review

Entrepreneurship

Entrepreneurship is the process of innovation and new-venture creation through four major dimensions-individual, organizational, environmental, and process-that is aided by collaborative networks in government, education, and institutions. It is the process of designing a new business, that is a startup company offering a product, process or service (Reynold, 2005).

Entrepreneurship may operate within an entrepreneurship ecosystem which includes government programmes and services that promote entrepreneurs, entrepreneurship resources, entrepreneurship education, training and financing. It is all about the process of business entity: the idea, birth, nurturing, growth, sustenance and attainment of business objectives (Foss & Klein, 2004). Economic contributions of entrepreneurship are in areas of wealth, job, and product, service creation, transformation of traditional industry, utilisation of resources, better standard of living, addressing rural-urban migration and innovation.

Government Fiscal Policies and Entrepreneurial Development

The term fiscal policy has conventionally been associated with the use of taxation and public expenditure to influence the level of economic activities. It deals with government deliberate actions in spending money and levying taxes with a view to influencing macroeconomic variables in a desired direction. This includes sustainable economic growth, high employment creation and low inflation. Thus, fiscal policy aims at stabilizing the economy. As noted by Anyanwu (2003), the objective of fiscal policy is to promote economic condition conducive to business growth while ensuring that any such government actions are consistent with economic stability.

Fiscal policy is generally believed to be associated with entrepreneurial development, in other words, it is held that appropriate fiscal measures in particular circumstance can be used to stimulate entrepreneurial growth and development (Khosravi and Karimi, 2010).

The role of economic policy in the achievement of macroeconomic objectives has been extensively dealt with in Keynesian analysis of an activist macroeconomic policy. An activist macroeconomic policy involves setting fiscal variables in each time period at the values which are thought necessary to achieve the government's objectives. A basic premise of Keynesian economics is that the private sector is inherently unstable. It is subject to frequent and quantitatively important disturbance in the components of aggregate demand. It is the task of counter cyclical or stabilization policies to offset these private sector disturbance and so keep real output close to its market clearing equilibrium time path (Omitogun and Ayinla, 2007).

Government Technical Support Policies and Entrepreneurial Development

Entrepreneurship, technology and innovation are mutually supportive. Technology provides entrepreneurs with new tools to improve the efficiency and productivity of their business, or with new platforms on which to build their ventures. In turn, entrepreneurs fuel technological innovation by developing new or improving existing products, services or processes and ensuring commercialization. In Nigeria, both angles are important, to varying degrees, depending on the level of local economic development, the rate of adoption of technologies in use internationally, and the innovation capabilities and local firms or research institutions (Akpan, 2011).

Fostering innovation and technology in a country involves a complex set of relationship among the different actors involved. To help coordination and communication between those actors, many countries develop a National System of Innovation (NSI). An NSI could include the promotion of entrepreneurial activity and investment in pro poor technologies and innovations with a focus on needs- based innovation.

Some of the government policy objectives and policy options include: support greater diffusion of Information, Communication and Technology to private sector; promotion of inter-firm network that that help spread technology and innovation; building bridges between public bodies, research institutions, universities and the private sector; and support high- tech start- ups.

Entrepreneurs can greatly benefit from the use of modern ICTs in their business practices and policymakers should raise awareness of the advantages of ICTs and take concrete measures to encourage their use. According to Gordon (2010), the ways in which entrepreneurs may take advantage of different types of ICTs varies according to their firms' size, industry and market-orientation.

Government Training Development Policies and Entrepreneurial Development

The economic progress and development of a nation is not essentially constrained by the levels of natural resources it possesses, but by the human capacity and capability in responding to challenges in the environment. Through appropriate entrepreneurial education, training and development, individuals would be better equipped to be entrepreneur. For the desirable entrepreneurial educational training and development for national development, the following should be done: installing educational, training and development programmes; embed entrepreneurship in formal and informal educational systems; develop effective entrepreneurship curricula; train teachers; partner with the private sector (Andrew, 2011).

It must be stated here that, the levels of formal education will affect entrepreneurship. In addition, the levels and types of technical, vocational, managerial and other forms of specialized education, training and development will equally affect entrepreneurship. The other side of the coin is that the lack of appropriate and necessary education, training and development would adversely affect the pace of emergency; patterns of behaviors can consequently lead to a slow pace of performance of the economy.

Perception and attitude about entrepreneurship start at a young age. In developing countries, enrolment rates after primary education may decrease rapidly and therefore, entrepreneurship education should be considered a priority at early levels. Entrepreneurship education at the primary level focuses mainly on the soft skill including entrepreneurship awareness and the development of

entrepreneurial behaviours (e.g risk taking, teamwork skills, opportunity seeking). There is no single technical course on entrepreneurship at such a young age. The adoption of awareness programmes with interactive games and, where feasible, online tools have proven particularly useful in many countries (Dennim, 2012).

Methodology

For this paper, a survey research design was adopted. The choice of this research design was informed by the nature of the research problem and the objectives of the study. Sources of data were from primary and secondary sources. Secondary source was from published articles and textbook. Primary source was from a structured 5point Likert scale questionnaire, scored 1-5; strongly disagreed to strongly agree. Judgmental sampling technique was adopted for the study. This study was carried out in Uyo Metropolis. The population of this study is made up of the 3,725 registered Small and Medium Scale Enterprises in Akwa Ibom State. Given this population, a sample size was derived using Taro Yameni’s formula. Given as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size, N = population, e = sampling error (.05), 1 = Constant

$$\frac{3725}{1 + 3725(0.05)^2}$$

n = 361

The ‘n’ = 361 represent the number of respondents to administered questionnaire. Descriptive statistics and Pearson product moment correlation coefficient statistical tool was employed to test the hypotheses of the study. Statistical package for social science (SPSS) version 20 was used in the analysis.

Decision Criteria

- i. If the value of *r* is positive reject H_0 and accept H_1 ; and
- ii. If the value of ‘*r*’ is negative accept H_0 and reject H_1

Result and Discussion

This section presents the results and discussion of the study. It is devoted to discussing the relationship of the independent variables on entrepreneurial development.

Table: 1.1: Number of questionnaires administered and returned

Questionnaire	Number of Respondent	Percentage
Copies retrieved	300	0.83
Copies not returned	61	0.16
Total	361	100

Source: Researcher, 2017

From the table above, 361 questionnaires were administered and 300 representing 83% were successfully returned.

Table 2: responses whether SMEs operation in Akwa Ibom State encourage entrepreneurial development

Responses	No of Respondents	Percentage
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SA	105	35
A	84	28
UN	69	23
D	33	11
SD	9	3
TOTAL	300	100

Source: field survey, 2017

The Table above shows that, 105 respondents representing 35% of the sampled respondents strongly agree that SMEs operation in Akwa Ibom State encourages entrepreneurial development, 84 respondents representing 28% agree, 69 respondents representing 23% of the respondents were undecided, 33 respondents representing 11% disagree and 9 respondents representing 3% of the respondents strongly disagree.

Table 3: responses whether Government fiscal policy encourages SMEs operation in Akwa Ibome State.

Responses	No of Respondents	Percentage
SA	99	33
A	84	28
UN	66	22
D	33	11
SD	18	6
Total	300	100

Source: field survey, 2017

The table above shows that, 99 respondents representing 33% of the sampled respondents strongly agree that Government fiscal policy encourages SMEs operation in Akwa Ibom State, 84 respondents representing 28% agree, 66 respondents representing 22% of the respondents were undecided, 33 respondents representing 11% disagree and 18 respondents representing 6% of the respondents strongly disagree.

Table 4: responses whether Government Training and Development policy encourages SMEs operation in Akwa Ibome State.

Responses	No of Respondents	Percentage
SA	99	33
A	81	27
UN	66	22
D	33	11
SD	21	7
Total	300	100

Source: field survey, 2017

The table above shows that, 99 respondents representing 33% of the sampled respondents strongly agree that Government training and development policy encourages SMEs operation in Akwa Ibom State, 81 respondents representing 27% agree, 66 respondents representing 22% of the respondents were undecided, 33 respondents representing 11% disagree and 21 respondents representing 7% of the respondents strongly disagree.

Table 5: responses whether Government Technical supports policies encourage SMEs operation in Akwa Ibome State.

Responses	No of Respondents	Percentage
SA	105	35
A	84	28
UN	69	23
D	24	8
SD	18	6
Total	300	100

Source: field survey, 2017

The Table above shows that, 105 respondents representing 35% of the sampled respondents strongly agree that Government technical supports policies encourage SMEs operation in Akwa Ibom State, 84 respondents representing 28% agree, 69 respondents representing 23% of the respondents were undecided, 24 respondents representing 8% disagree and 18 respondents representing 6% of the respondents strongly disagree.

Hypotheses Testing

Hypothesis One: there is no significant relationship between Government Fiscal Policies from 2000-2010 and entrepreneurial development in Akwa Ibom State from 2000-2010.

Correlation of Government Fiscal Policies from 2000-2010 and entrepreneurial development in Akwa Ibom State

Variables	N	r	r ²	t-cal	t-tab	Remark
Government Fiscal Policies from 2000-2010 and entrepreneurial development	300	0.99	0.98	188	1.96	Significant

Source: field survey, 2017

Given that the value of $r = .99$ and $t\text{-cal}$ of $188 > t\text{-tab}$ of 1.96 , we thus reject the null hypothesis and accept the alternate. This implies that there is a significant relationship between Government Fiscal Policies and entrepreneurial development in Akwa Ibom State from 2000-2010.

Hypothesis Two: there is no significant relationship between Government Technical Support Policies and entrepreneurial development in Akwa Ibom State from 2000-2010.

Correlation of Government Technical Support Policies from 2000-2010 and entrepreneurial development in Akwa Ibom State

Variables	N	r	r ²	t-cal	t-tab	Remark
Government Technical Support Policies from 2000-2010 and entrepreneurial development	300	0.74	0.55	27.49	1.96	Significant

Source: computed based on field survey data (2016)

Given that the value of $r = .74$ and $t\text{-cal}$ of $27.49 > t\text{-tab}$ of 1.96 , we thus reject the null hypothesis and accept the alternative hypothesis. This implies that there is a significant relationship between Government Technical Support Policies from 2000-2010 and entrepreneurial development in Akwa Ibom State.

Hypothesis Three there is no significant relationship between Government Training and Development Policies and entrepreneurial development in Akwa Ibom State from 2000-2010.

Correlation of Government Training and Development Policies from 2000-2010 and entrepreneurial development in Akwa Ibom State

Variables	N	r	r ²	t-cal	t-tab	Remark
Government Training and Development Policies from 2000-2010 and entrepreneurial development	300	0.99	0.98	188	1.96	Significant

Source: field survey, 2017

Given that the value of $r = .99$ and $t\text{-cal}$ of $188 > t\text{-tab}$ of 1.96 , we thus reject the null hypothesis and accept the alternative hypothesis. This implies that there is a significant relationship between Government Training and Development Policies from 2000-2010 and entrepreneurial development in Akwa Ibom State.

Discussion of Findings

Finding shows that there exist a positive significant relationship between government fiscal policies and entrepreneurial development in Akwa Ibom State from 200-2010. This means that fiscal policies initiated by the government do impact on entrepreneurial development in the state under study between 2000-2010. The finding is in agreement with the work of Khosravi and Karimi (2010) which revealed that government fiscal policy was believed to be associated with entrepreneurial development and that it can stimulate entrepreneurial growth. Secondly, the result from this study shows that there is a significant positive relationship between government technical support policies and the development of entrepreneurship. This finding agreed with the view of Gordon (2010). Furthermore, the study revealed that significant positive relationship exists between government training and development policies and entrepreneurial development in Akwa Ibom state from 2000-2010. This simply means that government training and development policies influences entrepreneurial development in Akwa Ibom State between 2000-2010 to a great extent. This finding agrees with the assertion of Dennim (2012) which says that courses on entrepreneurship will aid its development

Conclusion/Recommendations

The study aims at examining the relationship between government policies and entrepreneurial development in Akwa Ibom State from year 2000-2010. The result shows positive relationship between the variables under study. Based on the findings from this study, the following recommendations are made:

1. Government of the State should endeavor to initiate entrepreneurial development – friendly policies so as to enable not just few entrepreneurs, but all interested ones to effectively engage in entrepreneurship in the State.
2. State government should make their technical support policies to be objective. This entails granting support to entrepreneurs that are only engaged in entrepreneurial activities in the State.
3. Entrepreneurs in the State should be periodically interviewed so as to know their entrepreneurial challenges which would be reflected on any entrepreneurial policy to be initiated.

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