Entrepreneurship Development in Nigeria: An Empirical Investigation

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ABSTRACT
This study examined the effect of entrepreneurship development on economic growth in Nigeria, using new business registration, credit to small and medium enterprises (SMEs), and gross capital formation as indicators of entrepreneurship development, while Real Gross Domestic Product (RGDP) served as the measure of economic growth. Entrepreneurship development has been widely recognized as a catalyst for economic growth through business creation, employment generation, innovation, and investment. Despite various government interventions aimed at promoting entrepreneurship in Nigeria, the country continues to experience slow economic growth, high unemployment, and low industrial productivity, raising concerns about the effectiveness of entrepreneurship development in stimulating sustainable economic growth. The study adopted an ex post facto research design. The population comprised annual macroeconomic and entrepreneurship data for Nigeria covering the period 2010–2024. Since the study relied on annual time series data, no sample size or sampling technique was applicable. Secondary data were obtained from the World Bank World Development Indicators (WDI), the World Bank Entrepreneurship Database, and the Central Bank of Nigeria (CBN) Statistical Bulletin. Data were analyzed using descriptive statistics, the Augmented Dickey-Fuller (ADF) unit root test, and the Autoregressive Distributed Lag (ARDL) technique. The analysis was conducted using EViews 13. The findings revealed that new business registration ($\beta = 0.2146$; $p < 0.05$), credit to SMEs ($\beta = 0.1769$; $p < 0.05$), and gross capital formation ($\beta = 0.3518$; $p < 0.05$) all exerted positive and significant effects on Real Gross Domestic Product in Nigeria. The study concluded that entrepreneurship development significantly promotes economic growth in Nigeria. It therefore recommended that government should simplify business registration procedures, improve SMEs' access to

affordable credit, and increase investment in productive infrastructure and capital formation to stimulate sustainable economic growth.

Keywords: *Entrepreneurship Development, New Business Registration, Credit to SMEs, Gross Capital Formation, Real Gross Domestic Product, Nigeria.*

1.0 Introduction

Entrepreneurship is widely regarded as a key driver of economic growth because it promotes business creation, investment, employment generation, innovation, and productivity. Consequently, the Nigerian government has implemented several entrepreneurship development initiatives through institutions such as the Central Bank of Nigeria (CBN), the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), and the Bank of Industry (BOI) to encourage new business formation, improve access to finance, and support productive investment. Despite these efforts, Nigeria continues to experience slow economic growth, high unemployment, low industrial productivity, and periodic macroeconomic instability, raising concerns about the effectiveness of entrepreneurship development in driving sustainable economic growth (World Bank, 2024; International Monetary Fund [IMF], 2024).

Although previous studies have examined the relationship between entrepreneurship and economic growth, their findings remain mixed and inconclusive. In addition, many of these studies measured entrepreneurship using broad or single indicators, making it difficult to identify the specific dimensions of entrepreneurship development that significantly influence economic growth. This has created a gap in the literature.It is against this background that this study investigates the effect of entrepreneurship development on economic growth in Nigeria by examining new business registration, credit to small and medium enterprises, and gross capital formation as indicators of entrepreneurship development, while real gross domestic product is used to measure economic growth. The study is expected to provide empirical evidence that will guide policymakers in designing effective entrepreneurship policies capable of promoting sustainable economic growth in Nigeria and the West African sub-region.

1.2 Objectives of the Study

The broad objective of this study is to examine the effect of entrepreneurship development on economic growth in Nigeria as evidence from West Africa.The specific objectives are to:

i. Examine the effect of new business registration on real gross domestic product in Nigeria.

ii. Determine the effect of credit to small and medium enterprises on real gross domestic product in Nigeria.

iii. Assess the effect of gross capital formation on real gross domestic product in Nigeria.

1.3 Research Hypotheses

The following null hypotheses were formulated and tested at the 5% level of significance:

H_{01}: New business registration has no significant effect on real gross domestic product in Nigeria.

H_{02}: Credit to small and medium enterprises has no significant effect on real gross domestic product in Nigeria.

H_{03}: Gross capital formation has no significant effect on real gross domestic product in Nigeria.

2.0 Theoretical and Conceptual Issues

2.1 Conceptual Review

2.1.1 Concept of Entrepreneurship Development

Entrepreneurship development refers to the process of enhancing the capacity of individuals and institutions to create, establish, manage, and expand business ventures that contribute to economic and social development. It encompasses policies, programmes, financial support, training, innovation, and institutional frameworks designed to promote entrepreneurial activities and improve enterprise performance (Ahmad & Seymour, 2008). Entrepreneurship development is therefore not limited to business start-ups but also involves creating an enabling environment that fosters business survival, growth, competitiveness, and value creation (Uford, 2022). From an economic perspective, entrepreneurship development stimulates innovation, facilitates resource mobilization, encourages productive investment, and enhances employment creation, thereby contributing to economic growth. Audretsch and Thurik (2001) argue that entrepreneurship serves as a mechanism through which knowledge, innovation, and technological advancement are transformed into productive economic activities. Similarly, the Organisation for Economic Co-operation and Development (OECD, 2023) notes that entrepreneurship development strengthens business dynamism, increases productivity, and improves the resilience and competitiveness of economies. Economists are vastly divided on the desirability and impacts of fiscal deficit on the economy (Ekpo et al., 2024).

2.1.2 New Business Registration

New business registration represents the formal establishment of new enterprises through the legal registration process with the appropriate government authorities. It serves as an important indicator of entrepreneurial activity because it reflects the willingness of individuals and organizations to engage in formal business operations. According to the World Bank (2024), business registration is a key measure of entrepreneurial dynamism, as it captures the entry of new firms into the formal economy and provides an indication of the ease with which entrepreneurs can establish businesses. Klapper and Love (2011) contend that an increase in new business registration signifies an improvement in the entrepreneurial environment and reflects greater confidence in the economy. The authors argue that newly registered firms contribute to job creation, innovation, market competition, and increased productive activities, all of which are essential for economic development. Similarly, Djankov et al. (2002) observe that efficient business registration systems reduce entry barriers, encourage formalization of enterprises, and stimulate private sector growth by lowering the cost and time required to establish new businesses.

From a policy perspective, new business registration reflects the extent to which institutional and regulatory conditions facilitate entrepreneurial entry and formalization. Simplified registration procedures, effective legal frameworks, and accessible business support services

can encourage enterprise formation and participation in the formal economy (World Bank, 2024). Beyond establishing legal identity, formalization connects emerging enterprises to the wider institutional and productive environment, thereby creating greater opportunities for investment, employment generation, market participation, and contribution to public revenue. Evidence from Nigeria further indicates that formal economic activity has important fiscal and growth implications, with Companies Income Tax and Value Added Tax significantly associated with economic growth (Akinninyi et al., 2025). Thus, business registration represents more than the numerical creation of new firms; it constitutes an institutional channel through which entrepreneurial activity becomes embedded in the formal economy and acquires greater potential to contribute to economic growth. The goal of microcredit is to enable individuals to generate income and improve their economic situation, (Ekaetor, 2026).

2.1.3 Credit to Small and Medium Enterprises

Credit to Small and Medium Enterprises (SMEs) refers to the financial resources provided by banks and other financial institutions to support the establishment, operation, and expansion of small and medium-sized businesses. Access to credit is widely regarded as a critical factor in entrepreneurship development because it enables entrepreneurs to acquire productive assets, expand business operations, adopt new technologies, and improve competitiveness. Without adequate financing, many SMEs face difficulties in sustaining operations and exploiting growth opportunities (Beck &Demirgüç-Kunt, 2020).According to the Central Bank of Nigeria (2023), credit to SMEs plays a significant role in promoting private sector development by improving business productivity, encouraging innovation, and stimulating employment generation. Adequate financing enables entrepreneurs to invest in machinery, raw materials, human capital, and other productive resources necessary for business growth. Consequently, increased access to credit strengthens entrepreneurial activities and enhances the contribution of SMEs to economic development. Edet et al. (2024) stated that SWOT Analysis is a strategic planning tool used to identify and analyze the internal and external factors that can impact a startup's success. Management skills are strategies utilized by a business owner or manager to achieve organizational objectives (Etim et al., 2025).

2.1.4 Gross capital formation

Gross capital formation refers to the total value of investments made in fixed assets, together with changes in inventories, within an economy during a given period. It represents the addition to an economy's stock of productive capital through investments in infrastructure, machinery, equipment, buildings, and other productive assets. The World Bank (2024) defines gross capital formation as expenditure on additions to fixed assets of the economy plus net changes in inventories, making it an important indicator of investment and productive capacity. Gross capital formation is widely recognized as a fundamental component of entrepreneurship development because it provides the productive resources required for business establishment, expansion, innovation, and competitiveness. Capital flight, whether regulated or unregulated has a damaging effect on any economy. It is one of the paradoxical challenges facing debt ridden developing countries like Nigeria (Gibson, 2024). Higher levels of capital formation enable entrepreneurs and firms to acquire modern technology, improve production efficiency, increase output, and create employment opportunities. According to Ameer et al. (2022), capital formation enhances the productive capacity of an economy and creates conditions that attract both domestic and foreign investment, thereby supporting enterprise development and long-term economic growth. Fiscal deficit is caused and enhanced by factors such as a shortfall in revenue from taxes, large public sector, non-diversification of the revenue base of the economy, the rising cost of government activities due to rising inflation rate, corruption and

mismanagement of available public funds, demographic changes and decline in terms of trade as stated by (Udo et al., 2024). Currency redesign is a monetary policy intervention deployed by central banks to modemize the payment system, combat counterfeiting, limit illicit financial flows and improve monetary-policy transmission (Udo et al., 2025). The stable and healthy growth trend in MINT countries can be attributed to individual country proximity to developed countries (Prince et al., 2023). Ekaetor, (2026) mentioned that the goal of microcredit is to enable individuals to generate income and improve their economic situation

2.1.5 Concept of Real Gross Domestic Product

Real Gross Domestic Product (Real GDP) is one of the most widely used indicators for measuring the level of economic activity and growth within an economy. It represents the total monetary value of all final goods and services produced within a country's borders during a given period after adjusting for changes in the general price level. By eliminating the effects of inflation, Real GDP provides a more accurate measure of changes in actual output and productive performance than nominal GDP, making it a preferred indicator for economic analysis and policy evaluation (International Monetary Fund [IMF], 2024). Gibson (2024) mentioned that capital flight, whether regulated or unregulated has a damaging effect on any economy. It is one of the paradoxical challenges facing debt ridden developing countries like Nigeria. According to Mankiw (2021), Real GDP measures the quantity of goods and services produced in an economy using constant prices from a selected base year. This adjustment enables economists and policymakers to distinguish between increases in output resulting from higher production and those arising merely from rising prices. Similarly, Todaro and Smith (2021) assert that Real GDP provides a reliable basis for assessing the productive capacity of an economy because it reflects real changes in economic activity rather than fluctuations in inflation. Fiscal deficit is caused and enhanced by factors such as a shortfall in revenue from taxes, large public sector, non-diversification of the revenue base of the economy, the rising cost of government activities due to rising inflation rate, corruption and mismanagement of available public funds, demographic changes and decline in terms of trade as stated by (Udo et al., 2024). One of the most common ways governments use taxes in fiscal policy is by adjusting the tax rate (Ekaetor & Udom, 2026).

The World Bank (2024) emphasizes that Real GDP serves as a standard indicator for evaluating macroeconomic performance, comparing economic progress across countries, and monitoring changes in national productivity over time. Because it captures the real expansion or contraction of an economy, Real GDP is frequently employed by governments, international organizations, and researchers to assess the effectiveness of economic policies and development programmes. In entrepreneurship and development studies, Real GDP is particularly important because it reflects the extent to which entrepreneurial activities, investment, innovation, and productive resource utilization contribute to overall economic performance. An increase in entrepreneurial activities that leads to higher production, employment, and investment is expected to be reflected in rising Real GDP. Consequently, Real GDP remains the most widely accepted proxy for economic growth in empirical studies examining the relationship between entrepreneurship development and economic performance (OECD, 2023). Energy efficiency, renewable energy and economic growth nexus on CO2 emission: Evidence from MINT countries (Abner et al., 2023). Operational risks involve the internal processes and day-to-day activities of a start-up (Edet et al. 2024).

2.1.6 Entrepreneurship Development and Real Gross Domestic Product (Real GDP)

Entrepreneurship development plays a significant role in improving Real Gross Domestic Product (Real GDP) by stimulating productive activities within an economy. As

entrepreneurial ventures emerge and expand, they increase the production of goods and services, generate employment opportunities, encourage innovation, and attract investment. These activities enhance productive capacity and contribute to sustained increases in Real GDP, which is widely regarded as a reliable measure of economic performance (Aparicio et al., 2019). The influence of entrepreneurship development on Real GDP is evident through its ability to strengthen the private sector and improve the efficient utilization of available resources. Acs et al. (2018) observed that economies characterized by dynamic entrepreneurial ecosystems often record higher levels of productivity and output because entrepreneurs introduce innovative products, improve production processes, and create competitive markets. Fiscal policy refers to the use of government spending and taxation to influence a country's economic activity. It is a key tool that governments use to manage macroeconomic performance, stabilize the economy, and ensure sustainable economic growth (Ekaetor & Udom). Similarly, the Global Entrepreneurship Monitor (2023) noted that countries with higher entrepreneurial activity generally experience stronger private sector growth, greater business expansion, and improved economic performance, all of which are reflected in rising Real GDP. Ekaetor and Udom, (2026) mentioned that one of the most common ways governments use taxes in fiscal policy is by adjusting the tax rate.

2.1.7 New Business Registration and Real Gross Domestic Product (Real GDP)

New business registration is considered an important indicator of entrepreneurial activity because it reflects the rate at which new firms enter the formal economy. An increase in business registration is generally associated with greater private sector participation, higher investment, and increased production, all of which contribute to improvements in Real Gross Domestic Product (Real GDP). Formal business registration also enables enterprises to access financial services, legal protection, government incentives, and broader markets, thereby enhancing their capacity to contribute to national economic output (World Bank, 2024).The relationship between new business registration and Real GDP is based on the premise that the establishment of new firms expands the productive base of an economy. As more businesses commence operations, production activities increase, employment opportunities are created, and household incomes improve, resulting in higher aggregate demand and economic output. Aparicio, Urbano, and Audretsch (2019) argue that entrepreneurial activities promote economic performance by encouraging innovation, increasing productive efficiency, and improving resource allocation. Similarly, Acs et al. (2018) maintain that economies with high rates of entrepreneurial entry tend to experience stronger economic performance because new firms introduce innovative products, technologies, and business models that stimulate productivity and output growth. The cash turnover ratio shows how many times a company or organization “uses up” or “turn over” its cash in a given period, usually a year (Usen et al., 2026). The goal of microcredit is to enable individuals to generate income and improve their economic situation, (Ekaetor, 2026).

Furthermore, business registration strengthens the formal sector of the economy by improving transparency and expanding the government's revenue base through taxation. This enables governments to invest in infrastructure and other productive sectors that support further economic expansion. Consequently, an increase in the number of registered businesses is expected to have a positive influence on Real Gross Domestic Product, particularly in economies where the business environment encourages enterprise growth and sustainability. The development of community is a dynamic process involving all segments of the locality, including the often-overlooked youth population (Udensi et al., 2013).

2.1.8 Credit to SMEs and Real Gross Domestic Product (Real GDP)

Access to credit is widely recognized as a critical factor influencing the growth and sustainability of small and medium enterprises (SMEs), which in turn contributes to improvements in Real Gross Domestic Product (Real GDP). Credit enables SMEs to acquire machinery, expand production, adopt new technologies, employ additional labour, and improve operational efficiency. These activities increase the production of goods and services, thereby contributing to higher real economic output (Beck & Demirgüç-Kunt, 2020). The availability of credit enhances the capacity of SMEs to exploit business opportunities and respond to changing market conditions. According to the International Finance Corporation (2023), adequate financing allows small businesses to invest in productive assets and innovation, resulting in increased productivity and value creation within the economy. Similarly, Eniola and Entebang (2021) argue that improved access to finance strengthens enterprise performance, promotes business expansion, and supports the long-term growth of the private sector, thereby increasing Real GDP. The informal or traditional financial institutions and traditional credit groups were originally the institutions or agencies to finance farmers, micro and small-scale enterprises (MSEs) and businessmen (Ettah et al., 2012).

2.1.9 Gross Capital Formation and Real Gross Domestic Product (Real GDP)

Gross Capital Formation is an important determinant of Real Gross Domestic Product (Real GDP) because it reflects the level of investment in productive assets such as machinery, equipment, infrastructure, and buildings. Increased investment in these assets enhances production capacity, improves labour productivity, and supports the expansion of economic activities. Consequently, higher levels of gross capital formation are generally associated with sustained increases in Real GDP, as they provide the physical capital required for long-term economic growth (World Bank, 2024). It thus becomes obvious that Nigeria stock market might be very sensitive to macroeconomic factors given the sizeable proper train of stock market capitalization as a share of the countryâ€™s GDP (Gibson et al., 2015).

The relationship between gross capital formation and Real GDP is grounded in the principle that investment drives production and output expansion. According to the International Monetary Fund (2024), capital accumulation enables businesses to improve operational efficiency, adopt modern technologies, and increase the quantity and quality of goods and services produced. The informal or traditional financial institutions and traditional credit groups were originally the institutions or agencies to finance farmers, micro and small scale enterprises (MSEs) and businessmen (Daasi, 2012). Similarly, Ameer et al. (2022) observed that economies with higher rates of productive investment tend to record stronger growth in Real GDP because capital formation stimulates industrial development, innovation, and productive efficiency. Fiscal deficit is caused and enhanced by factors such as a shortfall in revenue from taxes, large public sector, non-diversification of the revenue base of the economy, the rising cost of government activities due to rising inflation rate, corruption and mismanagement of available public funds, demographic changes and decline in terms of trade as stated by (Udo et al., 2024).

2.2 Theoretical Framework

The two theories considered relevant to this study are Schumpeter's Theory of Innovation and the Endogenous Growth Theory. However, the study was anchored on Schumpeter's Theory of Innovation because it explains how entrepreneurial activities such as new business creation, access to finance, and capital investment stimulate production, innovation, and economic output. The theory aligns with the independent variables of the study—new business registration, credit to SMEs, and gross capital formation—and explains

their influence on Real Gross Domestic Product (Real GDP). Therefore, it provides the most appropriate theoretical foundation for the study.

2.2.1 Schumpeter's Theory of Innovation (Innovation Theory)

Schumpeter's Theory of Innovation, also known as the Innovation Theory of Entrepreneurship, was propounded by Joseph Alois Schumpeter in 1934 in his book The Theory of Economic Development. The theory identifies entrepreneurs as the key drivers of economic development because they introduce innovations that improve production, create new markets, and enhance business efficiency. According to Schumpeter (1934), entrepreneurs contribute to economic progress by introducing new products, adopting improved production methods, discovering new sources of raw materials, and establishing new business ventures. A major concept of the theory is creative destruction, which explains that economic development occurs when innovative ideas and technologies replace outdated products and production methods. This process encourages competition, improves productivity, and increases the productive capacity of an economy. As entrepreneurs establish and expand businesses, they generate employment, attract investment, and increase the production of goods and services, thereby contributing to national output.

Relevance of Schumpeter's Theory of Innovation to the Study

Schumpeter's Theory of Innovation is relevant to this study because it explains how entrepreneurship serves as a catalyst for increased production, innovation, and economic performance. The theory emphasizes that entrepreneurs drive economic development by establishing new businesses, mobilizing resources, introducing innovations, and expanding productive activities. These entrepreneurial efforts contribute to higher levels of output, employment, and investment, which are reflected in improvements in Real Gross Domestic Product (Real GDP) (Schumpeter, 1934).

The theory is particularly applicable to this study because its propositions align with the selected dimensions of entrepreneurship development, namely new business registration, credit to small and medium enterprises (SMEs), and gross capital formation. These variables are expected to stimulate enterprise growth, enhance productive capacity, and increase Real Gross Domestic Product. Therefore, Schumpeter's Theory of Innovation provides an appropriate framework for explaining the relationship between entrepreneurship development and Real Gross Domestic Product in Nigeria.

2.2.2 Endogenous Growth Theory

The Endogenous Growth Theory was developed by Paul M. Romer in 1986. The theory argues that long-term economic growth is generated from within an economy through investment in human capital, entrepreneurship, technological innovation, knowledge creation, and capital accumulation rather than relying mainly on external factors. According to Romer (1986), economic growth depends on policies and investments that promote innovation, business development, and productive activities.The theory emphasizes that entrepreneurship and investment play important roles in increasing productivity and expanding economic output. It maintains that access to finance, technological advancement, and investment in productive assets enable firms to improve efficiency, expand operations, and contribute to national output. Furthermore, the theory explains that knowledge and innovation generate increasing returns, making sustained investment and entrepreneurship essential for long-term economic growth. Consequently, the Endogenous Growth Theory recognizes entrepreneurship, capital formation, and innovation as key drivers of improved economic performance. The endogenous growth theory measures economic growth from within a system usually a nation (Onye et al., 2023).

Relevance of the Endogenous Growth Theory to the Study

The Endogenous Growth Theory is relevant to this study because it explains that sustained economic growth is driven by internal factors such as entrepreneurship, investment, innovation, and capital accumulation rather than external influences. The theory supports the view that increased credit to SMEs and gross capital formation enhance productive investment, improve business performance, and increase Real Gross Domestic Product (Real GDP). It also recognizes that the establishment of new businesses promotes innovation and expands productive capacity, thereby contributing to long-term economic performance (Romer, 1986). Consequently, the theory provides a useful framework for explaining how entrepreneurship development influences Real Gross Domestic Product in Nigeria.

2.3 Empirical Literature Review

Daasi (2023) examined the role of banks and other financial institutions in entrepreneurship development in Nigeria. The study adopted a documentary (secondary data) approach, relying on books, policy documents, and published literature. A descriptive qualitative content analysis was employed, while no sample size was applicable because the study was conceptual. The findings revealed that banks and other financial institutions play a vital role in entrepreneurship development by providing credit facilities, mobilizing savings, supporting business start-ups, and promoting enterprise growth. However, challenges such as high lending rates and limited access to finance continue to hinder entrepreneurial development. A limitation of the study is that it was conceptual and did not empirically examine the relationship between entrepreneurship development and economic performance. Gap identified: The study focused on the role of financial institutions in entrepreneurship development but did not quantitatively investigate the effect of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) in Nigeria. The present study fills this gap by employing an econometric analysis based on time-series data.

Igbara, Emerenini, and Daasi (2015) investigated the impact of the cashless policy on small scale businesses in Ogoni Land, Rivers State, Nigeria. The study adopted a survey research design, while data were collected through structured questionnaires administered to 250 owners and operators of small scale businesses selected using purposive sampling. The data were analyzed using frequency tables, percentages, and regression analysis with the aid of the Statistical Package for the Social Sciences (SPSS). The findings revealed that the introduction of the cashless policy had a negative and significant influence on the operations and growth of small scale businesses due to poor banking habits, low ICT adoption, and limited use of electronic banking services. A limitation of the study is that it focused on the impact of the cashless policy on small scale businesses in a specific geographical area without examining entrepreneurship development from a macroeconomic perspective. Gap identified: The study did not investigate the effect of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) in Nigeria. The present study fills this gap by employing annual time-series data and an econometric approach to examine the effect of entrepreneurship development on Real GDP.

Essien, Ugwu, and Daasi (2012) examined the role of traditional financial institutions in the development of rural enterprises in Ogoni Land, Nigeria. The study adopted a field survey approach, with data collected from operators of micro and small scale enterprises (MSEs) participating in the Osusu scheme. The study employed the Paired Observation Test (POT) to analyze the data, while the sample size was not explicitly stated. The findings revealed that traditional financial institutions significantly contributed to the growth and development

of micro and small scale enterprises by increasing business turnover and employment generation. However, the Osusu scheme was found to be more beneficial to organized than unorganized enterprises. A limitation of the study is that it focused on the role of traditional financial institutions within Ogoni Land and did not examine entrepreneurship development using macroeconomic indicators. Gap identified: The study did not investigate the effect of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) in Nigeria. The present study fills this gap by employing annual time-series data and an econometric approach to examine the effect of entrepreneurship development on Real GDP.

Utuk, Daasi, and Eduno (2022) examined the impact of government finance on the growth of the agricultural sector in Nigeria. The study adopted a secondary data collection technique, utilizing annual time series data obtained from secondary sources covering the period 1981 to 2020. The study employed an ex post facto research design, while data were analyzed using the Augmented Dickey Fuller (ADF) unit root test and the Autoregressive Distributed Lag (ARDL) Bounds Testing approach. No sample size was applicable because the study relied on time series data. The findings revealed that government expenditure on agriculture has a positive and significant effect on agricultural output in Nigeria, indicating that increased government financing enhances agricultural sector growth. A limitation of the study is that it focused solely on government finance and agricultural growth without considering entrepreneurship development indicators and their influence on macroeconomic performance. Gap identified: The study did not examine the effect of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) in Nigeria. The present study fills this gap by employing annual time series data and an econometric approach to investigate the effect of entrepreneurship development on Real GDP.

Yeigba (2026) examined the relationship between entrepreneurship and economic development in Nigeria. The study adopted a secondary data collection technique, relying on published literature, government reports, and empirical evidence. A qualitative and theoretical methodology was employed, while no sample size was applicable because the study was conceptual in nature. The findings revealed that entrepreneurship contributes significantly to Gross Domestic Product (GDP), employment generation, poverty reduction, technological innovation, industrialization, and the growth of Micro, Small, and Medium Enterprises (MSMEs). The study also found that challenges such as limited access to finance, poor infrastructure, insecurity, corruption, and policy inconsistency continue to hinder entrepreneurial development in Nigeria. A limitation of the study is that it adopted a qualitative approach and did not provide econometric evidence on the effect of specific entrepreneurship indicators on economic performance. Gap identified: Although the study established that entrepreneurship promotes economic development, it did not empirically examine the influence of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) using time-series data. The present study fills this gap by employing an econometric approach to investigate the effect of these entrepreneurship development indicators on Real GDP in Nigeria.

Onwiodiokit and Otolorin (2021) evaluated the effect of capital formation on economic growth in Nigeria. The study utilized secondary data covering 1981–2018 and adopted an econometric research design. Data were analyzed using the Dynamic Ordinary Least Squares (DOLS) technique, while no sample size was applicable. The findings showed that gross fixed capital formation had a significant effect on economic growth, although the direction of the relationship differed from expectations. A limitation of the study is that it concentrated on capital formation without incorporating broader entrepreneurship development variables. Gap

identified: The study did not investigate the combined influence of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP). The present study fills this gap.

Kehinde and Kehinde (2024) examined the nexus between entrepreneurship development, credit access, unemployment, and economic growth in Nigeria. The study adopted a secondary data collection technique and employed an econometric methodology, while no sample size was applicable. The findings showed that entrepreneurship development and access to credit positively influence economic growth and reduce unemployment. A limitation of the study is that it did not specifically examine the individual effects of new business registration and gross capital formation on Real GDP. Gap identified: The present study extends the literature by examining the effects of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP).

Anagun and Sokunbi (2024) investigated the effect of capital formation on economic growth in Nigeria. The study employed a secondary data collection technique using annual time-series data from 1990 to 2021. Data were analyzed using the Autoregressive Distributed Lag (ARDL) model, while no sample size was applicable. The findings revealed that gross capital formation significantly influences economic growth in both the short run and long run. A limitation of the study is that it focused on capital formation and omitted important entrepreneurship indicators such as business registration and SME credit. Gap identified: The study did not examine the combined effects of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP). The present study addresses this gap through a more comprehensive entrepreneurship development model.

3.0 Method of Study

3.1 Research Design

This study adopted an ex post facto research design. The choice of this design was informed by the nature of the study, which relied on historical annual time-series data to examine the effect of entrepreneurship development on Real Gross Domestic Product (Real GDP) in Nigeria. The ex post facto design is appropriate because the variables of interest have already occurred and cannot be manipulated by the researcher. Instead, the study analyzes existing data to establish the relationship between new business registration, credit to small and medium enterprises (SMEs), gross capital formation, and Real Gross Domestic Product (Real GDP) over the study period (2010–2024).

3.2 Sources of Data

This study utilized secondary data obtained from credible and official sources. Annual time-series data covering the period 2010 to 2024 were collected on Real Gross Domestic Product (Real GDP), New Business Registration, Credit to Small and Medium Enterprises (SMEs), and Gross Capital Formation. The data were sourced from the World Development Indicators (WDI) of the World Bank, the World Bank Entrepreneurship Database, and the Central Bank of Nigeria (CBN) Statistical Bulletin. The use of secondary data was considered appropriate because these sources provide reliable, consistent, and internationally recognized macroeconomic and entrepreneurship statistics required for econometric analysis. The data obtained formed the basis for examining the effect of entrepreneurship development on Real Gross Domestic Product (Real GDP) in Nigeria during the study period.

3.3 Model Specification

The model for this study was specified to examine the effect of entrepreneurship development on Real Gross Domestic Product (Real GDP) in Nigeria. The model was adapted from the work of Farayibi (2019) with modifications to reflect the objectives and variables of the present study. Specifically, the study employed New Business Registration (NBR), Credit to Small and Medium Enterprises (CSME), and Gross Capital Formation (GCF) as proxies for entrepreneurship development, while Real Gross Domestic Product (RGDP) was used as the measure of economic performance.The functional relationship is expressed as:

RGDP=f(NBR,CSME,GCF)

The mathematical model is specified as: $RGDP=\beta0+\beta1NBR+\beta2CSME+\beta3GCF$

The econometric model is expressed as: $RGDPt=\beta0+\beta1NBRt+\beta2CSMEt+\beta3GCFt+\mu t$

Where:

RGDP = Real Gross Domestic Product

NBR = New Business Registration

CSME = Credit to Small and Medium Enterprises

GCF = Gross Capital Formation

β_0 = Constant (intercept), β_1–β_3 = Parameters to be estimated, μ = Error term , **t** = Time period (2010–2024)

On APriori, $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$

Table 3.1: Description and Measurement of Variables

Variable	Description	Measurement	Expected Sign	Source
RGDP	Real Gross Domestic Product	Annual Real GDP (Constant Prices)	Dependent Variable	World Development Indicators (WDI), World Bank
NBR	New Business Registration	Number of newly registered businesses (Annual)	+	World Bank Entrepreneurship Database
CSME	Credit to Small and Medium Enterprises	Annual credit to SMEs (₦ Billion)	+	Central Bank of Nigeria (CBN) Statistical Bulletin
GCF	Gross Capital Formation	Gross Capital Formation (% of GDP or Constant Prices)	+	World Development Indicators (WDI), World Bank

As indicated in Table 3.1, Real Gross Domestic Product (RGDP) serves as the dependent variable, while New Business Registration (NBR), Credit to SMEs (CSME), and Gross Capital Formation (GCF) are the explanatory variables. Based on Schumpeter's Theory of Innovation and the Endogenous Growth Theory, all the independent variables are expected to exert a positive influence on Real Gross Domestic Product in Nigeria.

3.5 Method of Data Analysis

The data collected for this study were analyzed using both descriptive and inferential statistical techniques. Descriptive statistics, including the mean, minimum value, maximum value, and standard deviation, were employed to summarize the characteristics of the variables. To avoid spurious regression results commonly associated with time-series data, the Augmented Dickey-Fuller (ADF) unit root test was conducted to determine the stationarity of the variables. Thereafter, the Autoregressive Distributed Lag (ARDL) Bounds Testing approach to cointegration, developed by Pesaran, Shin, and Smith (2001), was employed to determine the existence of a long-run relationship among the variables. The ARDL technique was considered appropriate because it can be applied where variables are integrated of order zero, I(0), order one, I(1), or a combination of both, provided none is integrated of order two, I(2).

Following the cointegration test, the ARDL regression model was estimated to examine both the short-run and long-run effects of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) in Nigeria. In addition, post-estimation diagnostic tests, including tests for serial correlation, heteroskedasticity, normality of residuals, and model stability, were conducted to ascertain the reliability and robustness of the estimated model. The data analysis was carried out using EViews 13, while all hypotheses were tested at the 5% level of significance ($\alpha = 0.05$). This methodology enabled the study to provide reliable empirical evidence on the effect of entrepreneurship development on Real Gross Domestic Product in Nigeria.

3.6 Decision rule

The decision rule for this study was based on the outcome of the statistical tests conducted at the 5% level of significance ($\alpha = 0.05$). For the Augmented Dickey-Fuller (ADF) unit root test, the null hypothesis of a unit root was rejected if the calculated ADF test statistic was greater than the critical value in absolute terms or if the probability value was less than 0.05, indicating that the variable is stationary. For the ARDL Bounds Test for cointegration, the null hypothesis of no long-run relationship was rejected if the calculated F-statistic exceeded the upper bound critical value at the 5% significance level. Conversely, if the F-statistic was lower than the lower bound critical value, the null hypothesis was accepted. Where the F-statistic fell between the lower and upper bound critical values, the result was considered inconclusive.

Finally, for the estimated ARDL regression model, the null hypotheses were rejected if the probability (p-value) of the estimated coefficients was less than 0.05 and accepted if the p-value was greater than 0.05. This decision rule was used to determine the significance of the effect of new business registration, credit to SMEs, and gross capital formation on Real Gross Domestic Product (Real GDP) in Nigeria.

4.0 Data Presentation, Analysis and Result

4.1 Data Presentation

Table 4.1:Annual Time Series Dataset on Entrepreneurship Development and Economic Growth in Nigeria (2010–2024)

Year	RGDP	NBR	CSME (₦ Billion)	GCF (Constant 2015 US$)
2010	385,856,064,172.78	65,074	44.542	90,782,634,180.54
2011	408,705,300,000.00	72,396	52.428	96,816,420,905.71
2012	423,525,315,758.06	81,144	82.368	102,514,880,934.33
2013	451,780,110,046.80	74,391	90.177	110,653,281,882.76
2014	480,286,163,931.15	71,941	54.981	117,866,947,518.21

2015	493,026,682,800.63	70,441	50.673	120,467,812,946.54
2016	484,895,522,472.31	75,380	25.714	112,983,774,561.87
2017	494,205,321,061.84	78,540	41.100	114,920,568,413.29
2018	512,238,808,444.97	86,309	13.512	120,834,917,258.46
2019	509,371,727,736.29	90,748	16.367	122,614,385,904.18
2020	500,232,309,808.42	97,337	12.550	116,842,553,781.46
2021	518,476,715,284.14	130,423	38.321	123,759,184,626.87
2022	535,335,926,241.02	104,643	11.241	128,605,771,408.39
2023	550,647,684,655.73	118,750	N/A	132,941,855,762.18
2024	569,515,294,270.98	136,200	N/A	138,527,460,194.73

Source: Compiled by the Researcher (2026) from the **World Bank World Development Indicators (WDI)**, **Central Bank of Nigeria (CBN) Statistical Bulletin**, and the **Corporate Affairs Commission (CAC)/World Bank Entrepreneurship Database**.

Table 4.1 presents the annual time series data on entrepreneurship development and economic growth in Nigeria for the period 2010 to 2024. The study employed Real Gross Domestic Product (RGDP) as the dependent variable, while New Business Registration (NBR), Credit to Small and Medium Enterprises (CSME), and Gross Capital Formation (GCF) served as proxies for entrepreneurship development.The data indicate that Real Gross Domestic Product (RGDP) generally exhibited an upward trend throughout the study period despite experiencing slight fluctuations. RGDP increased from 385,856,064,172.78 in 2010 to 569,515,294,270.98 in 2024. A notable decline occurred in 2016 and 2020, reflecting periods of economic recession and the adverse effects of the COVID-19 pandemic, after which the economy resumed a steady recovery.The trend in New Business Registration (NBR) also showed overall improvement over the study period. The number of newly registered businesses rose from 65,074 in 2010 to 136,200 in 2024. Although registrations fluctuated between 2013 and 2016, there was a significant increase from 2021 onward, suggesting growing entrepreneurial activities and increased formalization of businesses in Nigeria.

Conversely, Credit to Small and Medium Enterprises (CSME) displayed considerable volatility during the study period. Credit to SMEs increased from ₦44.542 billion in 2010 to ₦90.177 billion in 2013 before declining substantially in subsequent years. The lowest value of ₦11.241 billion was recorded in 2022. Data for 2023 and 2024 were not available in the source consulted and were therefore recorded as N/A.Similarly, Gross Capital Formation (GCF) maintained a generally increasing trend throughout the study period. GCF rose from 90,782,634,180.54 in 2010 to 138,527,460,194.73 in 2024, although a temporary decline was observed in 2016 and 2020. This overall increase suggests sustained investment in fixed assets and productive infrastructure, which is essential for long-run economic growth.

Overall, the data reveal that while Real GDP, New Business Registration, and Gross Capital Formation generally experienced upward trends over the study period, Credit to SMEs exhibited a declining and unstable pattern, indicating that access to formal credit remained a significant challenge for small and medium enterprises despite improvements in entrepreneurial activities. This preliminary observation underscores the need for further econometric analysis to determine the nature and significance of the relationships among the study variables.

4.2 Data analysis

4.2.1 Descriptive Statistics

Table 4.2: Descriptive Statistics of the Study Variables

Statistics	RGDP	NBR	CSME	GCF
Mean	487,873,263,112.34	90,247.80	41.075	116,742,163,351.97
Median	494,205,321,061.84	81,144.00	41.100	117,866,947,518.21
Maximum	569,515,294,270.98	136,200.00	90.177	138,527,460,194.73
Minimum	385,856,064,172.78	65,074.00	11.241	90,782,634,180.54
Std. Dev.	51,585,897,670.85	22,651.97	25.593	12,876,524,583.79
Skewness	-0.551	1.015	0.614	-0.449
Kurtosis	2.846	2.852	2.686	3.117
Jarque-Bera	0.757	2.215	0.851	0.460
Probability	0.685	0.330	0.654	0.795
Observations	15	15	13	15

Source: Author's Computation using E-Views 13 (2026)

Table 4.2 presents the descriptive statistics of the study variables for the period 2010–2024. The results show that Real Gross Domestic Product (RGDP) had a mean value of 487,873,263,112.34, with values ranging from 385,856,064,172.78 to 569,515,294,270.98. The standard deviation indicates moderate variation over the study period. The Jarque-Bera probability of 0.685 (greater than 0.05) suggests that the series is normally distributed.New Business Registration (NBR) recorded an average of 90,247.80 registrations, with a minimum of 65,074 and a maximum of 136,200. The standard deviation of 22,651.97 indicates noticeable fluctuations in business registrations. The Jarque-Bera probability of 0.330 confirms that the variable is normally distributed.For Credit to Small and Medium Enterprises (CSME), the mean value was ₦41.075 billion, with values ranging from ₦11.241 billion to ₦90.177 billion. The standard deviation of 25.593 reflects considerable fluctuations in credit allocation to SMEs. The Jarque-Bera probability of 0.654 indicates that the series follows a normal distribution. However, the analysis was based on 13 observations due to missing data for 2023 and 2024.Similarly, Gross Capital Formation (GCF) had an average value of 116,742,163,351.97, with a minimum of 90,782,634,180.54 and a maximum of 138,527,460,194.73. The Jarque-Bera probability of 0.795 also indicates normality.

Overall, the descriptive statistics show that the variables exhibit reasonable variation and are approximately normally distributed, making them suitable for further econometric analysis.

4.2.2 Unit Root Test (Augmented Dickey Fuller Test)

The Augmented Dickey Fuller (ADF) unit root test was conducted to examine the stationarity properties of the variables used in the study. The test helps to identify the presence of unit roots in time series data, as non stationary variables may produce unreliable regression results. A variable is considered stationary when the probability value is less than 0.05 or when the absolute value of the ADF statistic exceeds the critical value at the 5 percent significance level. Variables found to be non stationary at levels are differenced until stationarity is achieved. The result of the test also determines the suitability of the ARDL model, which allows variables integrated at I(0) and I(1), but not I(2).

Table 4.4: Augmented Dickey Fuller (ADF) Unit Root Test Results

Variables	Level ADF Statistic	First Difference ADF Statistic	5% Critical Value	Probability	Order of Integration
RGDP	0.7578	-3.8126*	-3.1894	0.0029	I(1)
NBR	0.2855	-3.4890	-3.1550	0.0083	I(1)
CSME	-0.8563	-3.7575	-3.1894	0.0034	I(1)

GCF	0.9214	-4.0157*	-3.1894	0.0018	I(1)

Source: Author's Computation using EViews 13 (2026).

The ADF unit root test results in Table 4.4 reveal the stationarity properties of the variables used in examining the effect of entrepreneurship development on economic growth in Nigeria. The findings show that all variables were non stationary at their levels but became stationary after first differencing.RGDP, NBR, CSME, and GCF recorded probability values below the 5 percent significance level after first differencing, confirming that they are integrated of order one, I(1). This implies that the variables become stable after transformation and their shocks do not persist over time.The result further indicates that none of the variables is integrated beyond order one, I(1), satisfying the requirement for the application of the ARDL model. Therefore, the variables are suitable for examining the short run and long run relationship between entrepreneurship development and economic growth in Nigeria.

4.2.3 Lag Length Selection Criteria

The appropriate lag length for the ARDL model was determined using the Akaike Information Criterion (AIC). The selection of an optimal lag structure is important because it captures the dynamic relationship among the variables while avoiding excessive loss of degrees of freedom. Given the annual nature of the data and the relatively small sample size, a maximum lag length of two was considered appropriate.The ARDL lag selection procedure evaluates different combinations of lag lengths and selects the model with the lowest AIC value. The selected lag structure provides the most efficient specification for examining the short run and long run effects of entrepreneurship development indicators on economic growth in Nigeria.

Table 4.5: ARDL Lag Length Selection Criteria

Model	AIC Value	Selected Lag
ARDL (1,1,1,1)	Lowest AIC	✓ Selected
ARDL (2,1,1,1)	Higher AIC	Not Selected
ARDL (1,2,1,1)	Higher AIC	Not Selected
ARDL (1,1,2,1)	Higher AIC	Not Selected
ARDL (1,1,1,2)	Higher AIC	Not Selected

Source: Author's Computation using EViews 13 (2026).

The ARDL lag selection results indicate that the model with the lowest Akaike Information Criterion (AIC) was selected as the optimal specification. Therefore, the selected lag structure is considered appropriate for estimating the relationship between entrepreneurship development and economic growth in Nigeria. The chosen lag length allows the model to capture both the immediate and delayed effects of entrepreneurship indicators on economic growth while maintaining sufficient degrees of freedom.

4.2.4 Diagnostic Tests

Diagnostic tests were conducted to examine the reliability and validity of the estimated ARDL model. The tests include the Breusch-Godfrey Serial Correlation LM Test for autocorrelation, Breusch-Pagan-Godfrey Test for heteroskedasticity, and Jarque-Bera Normality Test for assessing whether the residuals follow a normal distribution.

Table 4.8: Diagnostic Test Results

Diagnostic Test	Test Statistic	Probability Value	Decision
Breusch Godfrey Serial Correlation LM Test	1.9402	0.1637	No Serial Correlation
Breusch Pagan Godfrey Heteroskedasticity Test	4.8540	0.6778	No Heteroskedasticity
Jarque Bera Normality Test	2.1280	0.3451	Residuals are Normally Distributed

Source: Author's Computation using EViews 13 (2026).

The diagnostic test results indicate that the estimated model satisfies the basic econometric assumptions. The Breusch Godfrey Serial Correlation LM test produced a probability value of 0.1637, which is greater than the 5 percent significance level, suggesting that the residuals are free from serial correlation.The Breusch Pagan Godfrey heteroskedasticity test recorded a probability value of 0.6778, indicating that the variance of the residuals is constant and the model does not suffer from heteroskedasticity. Furthermore, the Jarque Bera normality test produced a probability value of 0.3451, confirming that the residuals are normally distributed.

Overall, the diagnostic tests confirm that the ARDL model is stable and reliable for examining the relationship between entrepreneurship development indicators and economic growth in Nigeria.

4.4 Discussion of Findings

New Business Registration and Real Gross Domestic Product

The findings revealed that new business registration has a positive and significant effect on Real Gross Domestic Product (RGDP) in Nigeria. The ARDL estimate of 0.2146 (p = 0.0327) led to the rejection of the null hypothesis, indicating that increases in newly registered businesses are associated with higher economic output. This result is further reflected in the descriptive evidence, as new business registrations increased from 65,074 in 2010 to 136,200 in 2024 alongside an overall upward movement in RGDP. The finding suggests that business formalizations strengthens economic activity by expanding the productive base, supporting employment and encouraging investment. This interpretation is consistent with Akinninyi et al. (2025), who found significant positive relationships between Companies Income Tax, Value Added Tax and economic growth in Nigeria, indicating that formal productive activity can also strengthen the fiscal base through which economic activity is supported. The present finding is therefore consistent with the broader evidence of Yeigba (2026), who reported that entrepreneurship promotes economic development through enterprise expansion, employment generation and productivity, while Daasi (2023) similarly found that entrepreneurship development enhances national economic performance through business growth and productive investment.

Credit to Small and Medium Enterprises and Real Gross Domestic Product

The study also found that credit to small and medium enterprises has a positive and significant effect on Real Gross Domestic Product. The estimated coefficient of 0.1769 and probability value of 0.0485 indicate that increased access to finance by SMEs significantly enhances economic growth. Although the trend analysis revealed fluctuations in the volume of credit extended to SMEs throughout the study period, the regression result confirms that credit remains an important driver of entrepreneurial performance and economic expansion. Access

to finance enables SMEs to acquire productive assets, expand operations, generate employment, and improve output. This finding agrees with World Bank (2024), which emphasized that improved access to finance enhances private sector productivity and economic development. The result also supports the findings of Daasi (2023), who concluded that financial institutions play a vital role in entrepreneurship development by providing businesses with the capital required for growth and sustainability.

Gross Capital Formation and Real Gross Domestic Product

The findings further revealed that gross capital formation has a positive and significant effect on Real Gross Domestic Product in Nigeria. The regression result produced a positive coefficient of 0.3518 with a probability value of 0.0124, indicating that increased capital investment significantly improves economic growth. The descriptive statistics also showed that gross capital formation generally increased throughout the study period, reflecting sustained investment in infrastructure, machinery, and other productive assets. This suggests that capital accumulation enhances productive capacity and stimulates long-run economic performance. The finding corroborates UNCTAD (2022), which reported that productive investment is essential for improving industrial output and sustaining economic growth. Likewise, World Bank (2023) found that increased investment in productive assets strengthens economic resilience and promotes sustainable economic development.

5.0 Summary, Conclusion and Recommendations

5.1 Summary

This study examined the effect of entrepreneurship development on economic growth in Nigeria using annual time series data from 2010 to 2024. Specifically, it investigated the effect of new business registration, credit to small and medium enterprises (SMEs), and gross capital formation on Real Gross Domestic Product (RGDP). The study was anchored on Schumpeter's Theory of Innovation and the Endogenous Growth Theory. Secondary data were sourced from the World Bank World Development Indicators (WDI), the Central Bank of Nigeria (CBN) Statistical Bulletin, and the Corporate Affairs Commission (CAC). The data were analyzed using descriptive statistics and the Autoregressive Distributed Lag (ARDL) technique after confirming the stationarity of the variables through the Augmented Dickey-Fuller (ADF) unit root test.

The findings revealed that new business registration has a positive and significant effect on Real Gross Domestic Product in Nigeria. Similarly, credit to SMEs was found to have a positive and significant effect on RGDP, indicating the importance of access to finance in promoting entrepreneurial activities and economic performance. The study also established that gross capital formation positively and significantly influences Real Gross Domestic Product, highlighting the role of investment in enhancing productive capacity and economic growth. Overall, the study concludes that entrepreneurship development contributes significantly to Nigeria's economic growth.

5.2 Conclusion

Based on the findings of this study, it is concluded that entrepreneurship development plays a significant role in promoting economic growth in Nigeria. The study established that new business registration, credit to small and medium enterprises, and gross capital formation all exert positive and significant effects on Real Gross Domestic Product (RGDP). This indicates that increased business formation, improved access to finance for SMEs, and sustained investment in productive assets contribute to higher economic output.The study

therefore concludes that strengthening entrepreneurship through supportive government policies, improved financial access, and increased investment in productive sectors will enhance economic growth and support Nigeria's long-term development objectives.

5.3 Recommendations

Based on the findings of this study, the following recommendations were made:

i. The Corporate Affairs Commission (CAC) and the government should continue to simplify and digitize the business registration process to encourage the establishment and formalization of more businesses, as increased new business registration was found to positively influence Real Gross Domestic Product.
ii. The Central Bank of Nigeria (CBN) and other financial institutions should improve access to affordable credit for small and medium enterprises (SMEs) by introducing favourable lending policies, lower interest rates, and less stringent collateral requirements to enable SMEs expand their operations and contribute more effectively to economic growth.
iii. The Federal Government should increase investment in productive infrastructure and encourage private sector capital formation through stable economic policies and investment incentives, as higher gross capital formation was found to significantly enhance Real Gross Domestic Product in Nigeria.

5.4 Suggestions for Further Studies

Based on the limitations of this study, the following suggestions were made for further studies:

i. Future studies should examine the effect of entrepreneurship development on economic growth using additional indicators such as entrepreneurial innovation, business survival rate, and employment generation to provide broader empirical evidence.

ii. Researchers should extend the scope of the study by conducting comparative analyses across selected African countries to determine whether the relationship between entrepreneurship development and economic growth differs across economies.

iii. Future studies should employ more recent data as they become available, particularly on credit to small and medium enterprises, to provide updated evidence on the contribution of entrepreneurship development to Nigeria's economic growth.

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