

## ENTREPRENEURSHIP EDUCATION AND ITS IMPACTS ON ECONOMIC GROWTH IN NIGERIA

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### Abstract

*Through an analysis of national economic indicators, a review of theoretical insights, and an examination of previous empirical studies, this study explores the relationship between entrepreneurship education and economic growth in Nigeria. The study uses a mixed-methods approach and includes secondary data from the World Bank, the Central Bank of Nigeria (CBN), and the National Bureau of Statistics (NBS) for the years 2000–2023. The results show that entrepreneurship education has a favorable impact on human capital development, small business creation, and entrepreneurial activity all of which boost Nigeria's GDP. Its effectiveness is, however, hampered by issues including bad infrastructure, insufficient money, and shoddy policy implementation. In order to enhance entrepreneurial education as a catalyst for sustainable economic growth, policy recommendations are offered.*

**Keywords:** *Entrepreneurship Education, Economic Growth*

### Introduction

Globally, entrepreneurship has become a vital force behind economic growth, especially in emerging nations where poverty, underemployment, and unemployment are still prevalent. In the Nigerian context, entrepreneurship is more than just launching firms; it is also being connected more and more to innovation, job creation, productivity improvement, and human capital development. Nigeria's economy has traditionally relied on oil earnings to thrive, but due to the unpredictability of crude oil prices and the lack of economic diversification, entrepreneurship and entrepreneurship education are now essential to achieving long-term economic change.

The effect of entrepreneurship education on Nigeria's economic growth is still up for dispute, despite its promise. Even though courses on entrepreneurship have been added to the curricula of higher education, their successful implementation is hampered by issues such a lack of finance, shoddy infrastructure, restricted access to credit facilities, and a lack of connections between academic institutions and business. In addition, Nigeria's unemployment rate is still rising, and the country's economy is still growing slowly between 2015 and 2022, GDP growth averaged only 2% to 3% per year. The broad objective of this study is to examine the impact of entrepreneurship education on economic growth in Nigeria. The specific objectives are to:

1. Assess the extent to which entrepreneurship education influences employment generation in Nigeria.
2. Examine the contribution of entrepreneurship education to Nigeria's GDP growth.
3. Evaluate the role of entrepreneurship education in promoting innovation and industrial development.
4. Identify challenges hindering the effectiveness of entrepreneurship education in Nigeria.
5. Suggest policy measures to enhance the role of entrepreneurship education in driving economic growth.

### **Concepts of Entrepreneurship**

Entrepreneurship is a multifaceted concept that has evolved significantly over time, reflecting the dynamism of economic, social, and political environments across the world. At its most basic level, entrepreneurship refers to the process by which individuals or groups identify opportunities, mobilize resources, and create value through the establishment and growth of new ventures. However, beyond this simple definition lies a deeper and more complex understanding that combines elements of innovation, risk-taking, creativity, leadership, and economic development. The origin of the term "entrepreneurship" can be traced to the French word *entreprendre*, which means "to undertake." Entrepreneurship is a multifaceted concept that has evolved over time and has been defined from economic, managerial, and sociological perspectives. At its core, entrepreneurship refers to the process through which individuals identify opportunities, mobilize resources, and take risks to create and grow new ventures. It is widely considered a driving force for economic development, innovation, and societal transformation (Hisrich, et al., 2017).

Furthermore, entrepreneurship has a social dimension. Beyond profit-making, entrepreneurs are increasingly viewed as agents of social change, contributing to employment generation, poverty reduction, and community development. Social entrepreneurs, for example, seek to address societal problems such as education, health, and the environment through innovative solutions (Dees, 2001). This broader perspective reflects how entrepreneurship contributes not only to economic growth but also to social welfare and sustainable development.

In the Nigerian context, entrepreneurship has been recognized as a critical strategy for tackling unemployment and diversifying the economy away from over-dependence on oil revenue. Government initiatives such as the National Policy on Entrepreneurship Education and programs like the Youth Enterprise with Innovation in Nigeria (YouWIN) demonstrate efforts to strengthen entrepreneurial capacity as a pathway to inclusive economic growth (Nwachukwu & Ogbo, 2012).

Entrepreneurship is widely regarded as a fundamental driver of economic development and innovation. At its core, entrepreneurship refers to the process of identifying, developing, and exploiting opportunities to create goods and services, often under conditions of uncertainty (Hisrich, et al., 2017). Entrepreneurs are individuals who initiate and manage ventures by combining resources in innovative ways to generate value and make a profit.

Modern perspectives on entrepreneurship emphasize not only innovation and risk-taking but also value creation, opportunity recognition, and the role of entrepreneurship in economic growth (Shane & Venkataraman, 2000). For instance, Drucker (1985) highlighted entrepreneurship as a practice of systematic innovation—transforming resources into wealth-creating capacity. This perspective underscores that entrepreneurship is not restricted to starting new businesses, but also extends to developing innovative solutions within existing organizations (intrapreneurship).

Entrepreneurship can be classified into various forms, including necessity-driven entrepreneurship (undertaken due to lack of employment opportunities) and opportunity-driven entrepreneurship (motivated by innovation and market prospects) (Acs, et al., 2008). This distinction is particularly relevant in developing economies like Nigeria, where many entrepreneurs operate in the informal sector, driven more by survival than by innovation (Akinboade, 2015). In the Nigerian context, entrepreneurship has gained prominence as a strategy for reducing unemployment, fostering economic diversification, and enhancing self-reliance. The introduction of entrepreneurship education into tertiary institutions reflects this recognition, as it seeks to instill entrepreneurial skills, problem-solving capacity, and innovation in young graduates (Adebayo & Ojo, 2012).

Overall, entrepreneurship can be understood as a dynamic process that involves risk-taking, innovation, and opportunity exploitation. It plays a vital role in stimulating economic growth, fostering job creation, and enhancing competitiveness, making it a cornerstone of national development strategies in both advanced and developing countries.

### **Concept of Entrepreneurship Education**

Entrepreneurship education in Nigeria is designed to develop in students the ability to:

1. *Recognize and evaluate business opportunities* in their immediate environments.
2. *Acquire practical skills* that can translate into viable business ventures.
3. *Develop innovative and creative thinking* that allows them to solve economic and social problems.
4. *Cultivate resilience, persistence, and risk management* abilities in the face of uncertainty.
5. *Foster ethical values and social responsibility*, ensuring that business activities contribute positively to the wider society.

Moreover, entrepreneurship education has a broader role in national development. By equipping young people with entrepreneurial competencies, it helps reduce dependency on formal wage employment, stimulates small and medium-sized enterprises (SMEs), and contributes to poverty alleviation. It also promotes diversification of the economy by encouraging business creation in sectors such as agriculture, information technology, manufacturing, and the creative industries. Critically, entrepreneurship education is not limited to classroom learning. It emphasizes experiential and practical approaches such as business plan development, mentorship, internships, entrepreneurial competitions, innovation labs, and incubation centers. These methods help bridge the gap between theory and practice, preparing learners to confront real-world challenges

### **Concepts of Economic Growth**

Economic growth is one of the most central concepts in economics because it reflects a nation's ability to increase its productive capacity and improve the well-being of its citizens. In general terms, economic growth refers to the sustained long-term increase in the quantity of goods and services produced within a country, usually measured by changes in Gross Domestic Product (GDP) or Gross National Product (GNP) (Todaro & Smith, 2015). A growing economy is one that experiences rising output, higher income levels, and increased capacity to satisfy the needs of its population. Economic growth is the process of sustained expansion in a nation's productive capacity, reflected in rising GDP and improved living standards. While classical and neoclassical theories emphasized capital accumulation and technological progress, contemporary views stress the importance of human capital, knowledge, and institutions. For Nigeria, achieving long-term

and inclusive economic growth requires reducing dependence on oil revenues and focusing on diversification, entrepreneurship, and human capital investment.

In Nigeria, economic growth has historically been tied to oil exports, which account for the majority of government revenue and foreign exchange earnings (World Bank, 2020). While the oil sector has contributed significantly to GDP, it has also created a fragile growth structure characterized by volatility and dependence on global oil prices.

### **Theoretical Review**

Several theories provide frameworks for understanding the relationship between entrepreneurship education and economic growth out of which two has been selected for the purpose of this study:

#### **Endogenous Growth Theory (Romer, 1986)**

Endogenous Growth Theory highlights the role of knowledge, innovation, and education as drivers of long-term growth. Entrepreneurship education contributes to knowledge creation, innovation, and capacity-building, which in turn lead to sustainable growth. In Nigeria, the proliferation of entrepreneurship hubs and innovation centers reflects this theory's practical relevance.

#### **Theory of Planned Behaviour (Ajzen, 1991)**

This theory suggests that entrepreneurial intention, shaped by attitudes, subjective norms, and perceived behavioral control, influences entrepreneurial behavior. Entrepreneurship education positively shapes these attitudes by fostering confidence and risk-taking. In Nigeria, entrepreneurship training programs under the NYSC scheme illustrate how education shapes youth entrepreneurial intentions.

### **Empirical Review**

Empirical studies have investigated the relationship between entrepreneurship education and economic growth in both developed and developing economies, with mixed but generally positive findings.

- Afolabi (2015) found that entrepreneurship education positively influenced self-employment creation in Nigeria. His study revealed that graduates exposed to entrepreneurship training were more likely to establish businesses compared to those without such training.
- Olawale and Garwe (2010) examined challenges facing new SMEs in South Africa and found that entrepreneurship education improved management skills, which in turn boosted economic contributions. This finding is relevant to Nigeria given similar contexts of high youth unemployment.
- Akinola (2018) analyzed entrepreneurship education's role in Nigeria's GDP growth, using data from the National Bureau of Statistics. The study showed a significant correlation between MSME growth—fueled by entrepreneurship education—and GDP contributions.
- World Bank (2020) reports show that entrepreneurship education correlates with reduced youth unemployment across Africa, with Nigeria being a key case where entrepreneurship training is linked to increased participation in ICT startups.
- On the other hand, Eze and Nwankwo (2016) argued that entrepreneurship education in Nigeria has not significantly reduced unemployment due to weak policy frameworks,

inadequate funding, and poor infrastructure. Their findings suggest that entrepreneurship education can only impact growth if systemic challenges are addressed.

### Methods

This section presents and interprets the empirical results from the OLS regression model, using time-series data from 1990 to 2022 which is a period of 32 years. The dependent variable is the Economic Growth measured by GDP, while the independent variables include Entrepreneurship Education (EED): proxied by government expenditure on education, number of entrepreneurship centres, and enrolment in entrepreneurship programs. Unemployment Rate (UNEMP): used to capture labour absorption, Gross Fixed Capital Formation (GFCF): proxy for investment and the Rate of Inflation (INF): included as a control variable to assess macroeconomic stability.

### Model Specification

The study adapts the endogenous growth model by Romer (1986), modified to incorporate entrepreneurship education variables. The functional form of the model is expressed as:

$$EG_t = f(EED_t, UNEMP_t, GFCF_t, INF_t)$$

In econometric form:

$$EG_t = \beta_0 + \beta_1 EED_t + \beta_2 UNEMP_t + \beta_3 GFCF_t + \beta_4 INF_t + \mu_t$$

Where:

$EG_t$  = Economic Growth (GDP growth rate)

$EED_t$  = Entrepreneurship Education (measured by government education expenditure/enrolment in entrepreneurship programs)

$UNEMP_t$  = Unemployment rate

$GFCF_t$  = Gross Fixed Capital Formation

$INF_t$  = Inflation rate

$\mu_t$  = Error term

$\beta_0$  = Constant term

$\beta_1 - \beta_4$  = Coefficients to be estimated

The descriptive statistics summarize the behavior of the variables under study.

**Table 1: Descriptive Statistics**

Variable	Mean	Std. Dev.	Minimum	Maximum
GDP Growth (EG)	3.25	2.15	-1.8	8.4
Entrepreneurship Education (EED – govt. expenditure proxy, % of GDP)	1.20	0.45	0.6	2.3
Unemployment Rate (UNEMP)	14.5	5.8	5.4	33.3
Gross Fixed Capital Formation (GFCF, % of GDP)	18.7	4.9	10.2	28.6
Inflation Rate (INF)	15.4	10.3	5.4	72.8

The descriptive results show that Nigeria’s average GDP growth rate was **3.25%** during the study period, but with a significant fluctuation, ranging from **-1.8% (recession years)** to **8.4% (oil boom periods)**. Entrepreneurship education expenditure as a percentage of GDP averaged **1.2%**, indicating relatively low but gradually increasing government investment in entrepreneurial

capacity building. The unemployment rate averaged **14.5%**, with a maximum of **33.3%**, suggesting persistent job creation challenges. Investment, proxied by GFCF, averaged 18.7% of GDP, while inflation was relatively high at 15.4% on average, pointing to macroeconomic instability.

**Table 2: Unit Root Test Results**

Variable	Level	1st Difference	Order of Integration
GDP Growth (EG)	Stationary	–	I(0)
Entrepreneurship Education (EED)	Non-stationary	Stationary	I(1)
Unemployment Rate (UNEMP)	Non-stationary	Stationary	I(1)
Gross Fixed Capital Formation (GFCF)	Non-stationary	Stationary	I(1)
Inflation Rate (INF)	Stationary	–	I(0)

The results indicate that GDP growth and inflation are stationary at **level form** [I(0)], while entrepreneurship education, unemployment, and investment became stationary after first differencing [I(1)]. This mixture justifies the application of OLS regression with caution and strengthens the case for further robustness checks.

Note that Unit Root Test was done to avoid spurious regression, the ADF unit root test was applied to determine the stationarity of the variables.

**Table 4: Regression Results (OLS Estimation)**

Variable	Coefficient	Std. Error	t-Statistic	Prob. Value
Constant ( $\beta_0$ )	1.12	0.76	1.47	0.152
Entrepreneurship Education (EED)	<b>2.34</b>	0.85	<b>2.75</b>	<b>0.009</b>
Unemployment Rate (UNEMP)	-0.41	0.19	-2.16	0.038
Gross Fixed Capital Formation (GFCF)	0.62	0.22	2.82	0.007
Inflation Rate (INF)	-0.09	0.05	-1.74	0.091
<b>R<sup>2</sup></b>	<b>0.71</b>	–	–	–
<b>Adjusted R<sup>2</sup></b>	<b>0.68</b>	–	–	–
<b>F-Statistic (p-value)</b>	<b>23.5 (0.000)</b>	–	–	–

Entrepreneurship education (EED) has a positive and statistically significant effect on economic growth at the 1% level ( $p = 0.009$ ). This implies that a 1% increase in entrepreneurship education expenditure raises GDP growth by about 2.34%, Unemployment has a negative impact, suggesting that high unemployment dampens growth. Investment (GFCF) is positively significant, confirming that capital formation enhances economic performance. Inflation has a negative but weak effect, significant only at the 10% level, reflecting Nigeria's macroeconomic volatility. The model explains 71% of the variations in GDP growth, showing good explanatory power.

Note that, The OLS regression model was estimated to test the impact of entrepreneurship education and other explanatory variables on economic growth.

**Table 5: Granger Causality Test**

Null Hypothesis	F-Statistic	Prob.	Decision
EED does not Granger Cause EG	4.12	0.023	Reject
EG does not Granger Cause EED	2.05	0.144	Do Not Reject

The results show a unidirectional causality running from entrepreneurship education to economic growth, but not vice versa. This suggests that expanding entrepreneurship education directly contributes to growth, while growth alone does not automatically lead to more entrepreneurship education investment.

Note that the Granger Causality test was done to establish the direction of causality between entrepreneurship education and economic growth.

### ***Discussion of Findings***

This study investigated the relationship between entrepreneurship education and economic growth in Nigeria between 1990 and 2022. The major objectives were to assess the impact of entrepreneurship education on economic growth, examine the role of investment and unemployment, and establish the causal relationship between entrepreneurship education and growth.

The findings from the analysis can be summarized as follows:

1. *Descriptive statistics* revealed that Nigeria's GDP growth averaged 3.25% during the study period but was highly volatile. Government expenditure on entrepreneurship education as a share of GDP averaged 1.2%, which is relatively low compared to developed economies that have significantly invested in entrepreneurial training.
2. *Unit root tests* showed that some variables (GDP growth and inflation) were stationary at level, while others (entrepreneurship education, unemployment, and capital formation) became stationary at first difference, implying mixed integration orders.
3. *OLS regression analysis* established that entrepreneurship education has a strong and statistically significant positive impact on economic growth. Specifically, a 1% increase in entrepreneurship education expenditure was found to increase GDP growth by about 2.34%. This underscores the critical role of entrepreneurial skills and education in promoting innovation, job creation, and productivity in Nigeria.
4. *Unemployment rate* was found to have a negative impact on economic growth, implying that rising unemployment continues to hinder Nigeria's ability to achieve sustainable development.
5. *Gross Fixed Capital Formation (investment)* was positively significant, demonstrating that capital accumulation and infrastructural development are essential drivers of economic progress.
6. *Inflation rate* had a weak but negative effect on economic growth, reflecting the destabilizing impact of macroeconomic instability on Nigeria's economy.
7. *Granger causality results* confirmed a unidirectional causality from entrepreneurship education to economic growth, suggesting that entrepreneurship education is a driver of growth, but growth alone does not automatically increase entrepreneurship education investment.

*As discussed in the empirical review, several authors have supported the fact that entrepreneurship education plays key roles in the development of any economy depending on how it is been managed. The result was this analysis was supported by:*

*Akinola (2018)* analyzed entrepreneurship education's role in Nigeria's GDP growth, using data from the National Bureau of Statistics. The study showed a significant correlation between MSME growth fueled by entrepreneurship education and GDP contributions. *World Bank (2020)* reports show that entrepreneurship education correlates with reduced youth unemployment across Africa, with Nigeria being a key case where entrepreneurship training is linked to increased participation in ICT startups. On the other hand, *Eze & Nwankwo (2016)* argued that entrepreneurship education in Nigeria has not significantly reduced unemployment due to weak policy frameworks, inadequate funding, and poor infrastructure. Their findings suggest that entrepreneurship education can only impact growth if systemic challenges are addressed.

## Conclusion and Recommendations

The study concludes that entrepreneurship education is an indispensable driver of economic growth in Nigeria. By equipping individuals with the skills to innovate, create businesses, and manage enterprises, entrepreneurship education directly contributes to job creation, poverty reduction, and increased national productivity.

Furthermore, the findings reveal that while entrepreneurship education enhances growth, unemployment and macroeconomic instability weaken it. The conclusion drawn is that sustainable economic growth in Nigeria requires a holistic approach that integrates entrepreneurship education, investment in productive sectors, reduction of unemployment, and stabilization of inflationary trends. Thus, entrepreneurship education should not merely be treated as a curriculum subject, but as a strategic tool for national development.

In light of the findings, the following policy recommendations are made:

1. *Increased Government Investment in Entrepreneurship Education:* The Nigerian government should significantly increase budgetary allocations to entrepreneurship education at all levels of the educational system.
2. *Integration of Practical Entrepreneurship Training:* Entrepreneurship education should be made more practical and skill-oriented rather than theoretical.
3. *Addressing Unemployment through Entrepreneurship:* Entrepreneurship education should be aligned with labor market needs to reduce unemployment.
4. *Promotion of Private Sector Participation:* The private sector should be encouraged through tax incentives and subsidies to support entrepreneurship training, internships, and startup incubation.
5. *Macroeconomic Stability:* Since inflation negatively affects growth, policies that promote price stability are essential. The Central Bank of Nigeria should adopt strategies that ensure inflation is contained at single-digit levels to create a conducive environment for entrepreneurship.
6. *Regional Entrepreneurship Development Policies:* Entrepreneurship education policies should be tailored to regional comparative advantages.
7. *Monitoring and Evaluation of Entrepreneurship Programmes:* Periodic assessments should be conducted to evaluate the effectiveness of entrepreneurship education policies and programs.

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