

## **ENTREPRENEURSHIP DEVELOPMENT, POVERTY REDUCTION, AND JOB CREATION IN SOUTH-SOUTH NIGERIA**

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### **ABSTRACT**

This study examines the impact of entrepreneurship development on poverty reduction and job creation in South-South Nigeria, focusing on the mediating role of the institutional environment and firm-level resource capabilities. Drawing on the Institution-Based View, the Resource-Based View, and the Triple Bottom Line framework, the study explores how improvements in the Ease of Doing Business and increases in the Number of New Businesses translate into welfare-enhancing outcomes. Data were collected from entrepreneurs and small business operators across six South-South states, using a structured questionnaire design. Using multiple regression and structural modelling analysis, the findings reveal that both ease of doing business and increases in the number of new companies have significant positive effects on poverty reduction and job creation. The results further indicate that institutional quality magnifies the developmental impact of entrepreneurship by reducing transaction costs and fostering firm-level capabilities. The study concludes that entrepreneurship development contributes to inclusive growth when supported by sound institutions, resource orchestration, and targeted capacity-building interventions. Policy recommendations emphasise institutional reforms that lower business frictions, enhance access to finance, and strengthen human capital.

**Keywords:** Entrepreneurship Development, Ease Of Doing Business, Poverty Reduction, Job Creation, South-South Nigeria, Institutional Economics, Resource-Based View.

### **1. INTRODUCTION**

Entrepreneurship development has emerged as a critical driver of inclusive economic growth and social transformation, particularly in developing economies where unemployment and poverty remain pervasive. Nigeria, despite being Africa's largest economy, continues to grapple with structural unemployment, underemployment, and widespread poverty that undermine its development potential. The South-South geopolitical zone, endowed with vast natural resources, especially crude oil, paradoxically remains one of the regions with the highest unemployment and poverty rates (National Bureau of Statistics [NBS], 2024). This paradox underscores a persistent gap between economic potential and welfare outcomes—a gap that entrepreneurship development could bridge if supported by conducive institutional and resource conditions.

Globally, entrepreneurship is recognized as a catalyst for job creation, innovation, and competitiveness (Acs, Audretsch, Braunerhjelm, & Carlsson, 2009). In Nigeria, the growing youth population and vibrant informal sector make entrepreneurship an indispensable channel for economic diversification and poverty alleviation (Naudé, 2010). Yet, the benefits of entrepreneurship depend on the surrounding institutional and infrastructural environment. When entrepreneurs face barriers such as multiple taxation, poor access to credit, weak infrastructure, and regulatory uncertainty, their capacity to contribute to welfare-enhancing growth diminishes (Ajide & Dada, 2023).

This study therefore investigates the relationship between entrepreneurship development, poverty reduction, and job creation within the South-South region of Nigeria, drawing insights from both institutional and resource-based theories. Specifically, it evaluates how the Ease of Doing Business (EDB) and the Number of New Businesses (NNB) influence Poverty Reduction (PR) and Job Creation (JC). The study's approach integrates macroeconomic and microeconomic perspectives, highlighting how institutional frameworks shape entrepreneurial opportunities, and how firm-level capabilities translate these opportunities into sustainable outcomes.

The significance of this study lies in its contextual and theoretical integration. Empirical research on entrepreneurship and welfare outcomes in sub-Saharan Africa often isolates institutional reforms from firm-level dynamics. By combining the Institution-Based View (IBV), which emphasizes the “rules of the game,” with the Resource-Based View (RBV), which focuses on firm-specific capabilities, and the Triple Bottom Line (TBL), which links economic,

social, and environmental dimensions, this study offers a multidimensional understanding of entrepreneurship as both an economic and social process.

## 2. LITERATURE REVIEW

The literature review looks at concepts, theoretical, and empirical review of the variables of the study.

### 2.1 Entrepreneurship Development and Inclusive Growth

Entrepreneurship development (ED) encompasses the processes through which individuals and firms acquire the skills, resources, and enabling conditions necessary to create and sustain productive ventures (Hisrich, Peters, & Shepherd, 2017). Scholars such as Audretsch and Thurik (2001) argue that entrepreneurship fuels economic growth through innovation, productivity enhancement, and job creation. In developing economies, the linkage between entrepreneurship and welfare is particularly strong, as new businesses provide employment opportunities and alternative income sources that alleviate poverty (Adenutsi, 2009).

#### 2.1.1 Ease of Doing Business and Entrepreneurial Outcomes

The Ease of Doing Business (EDB) measures the conduciveness of the business environment in terms of regulation, infrastructure, and access to finance (World Bank, 2020). Economies with high EDB scores tend to experience faster business entry, improved firm survival, and greater employment generation (Djankov, La Porta, Lopez-de-Silanes, & Shleifer, 2002). In Nigeria, reforms such as the digitalization of company registration and tax filing have improved business processes, yet persistent challenges including bureaucracy, poor power supply, and multiple taxation continue to constrain entrepreneurial performance (Ola, Oto, Adegbeye, & Ola, 2022).

#### 2.1.2 Entrepreneurship and Poverty Reduction

Entrepreneurship contributes to poverty reduction through multiple channels, including income generation, job creation, and empowerment of marginalized groups (Mohammed, 2022). Studies show that regions with higher rates of firm creation and survival experience lower poverty levels, as entrepreneurship increases household income and strengthens economic resilience (Naudé, 2010; Anekwe, Ndubuisi-Okolo, & Attah, 2018).

### 2.2 Theoretical Underpinnings

This study adopts three interrelated theoretical perspectives:

**Institution-Based View (IBV):** The IBV posits that institutional frameworks which include laws, regulations, property rights, and governance structures shape the incentives and constraints faced by economic actors (North, 1990). Effective institutions reduce transaction costs, improve contract enforcement, and enhance investment security, thereby promoting entrepreneurship and employment (Williamson, 2000).

**Resource-Based View (RBV):** The RBV focuses on firm-specific resources and capabilities that are valuable, rare, inimitable, and non-substitutable (Wernerfelt, 1984; Barney, 1991). Entrepreneurs who possess strong managerial skills, financial acumen, and technological capacity can better exploit market opportunities and achieve superior performance (Sirmon, Hitt, & Ireland, 2007).

**Triple Bottom Line (TBL):** The TBL framework broadens the notion of performance to include economic, social, and environmental outcomes (Elkington, 1997). Within entrepreneurship, it emphasizes that growth must translate into improved livelihoods and environmental sustainability (Hall, Daneke, & Lenox, 2010).

Collectively, these theories suggest that entrepreneurship development contributes to inclusive growth when institutional reforms and resource capabilities align to produce economic, social, and environmental benefits.

### 2.3 Empirical Review

Li, Zhao, and Chen (2025) investigated institutional quality, entrepreneurship, and regional growth in China through a comparative econometric approach using panel data across provinces. The study established that institutional efficiency and property rights enforcement are significant predictors of regional entrepreneurial intensity and output expansion. Their findings support the Institution-Based View, demonstrating that weak institutions suppress innovative behaviour even in advanced economies. They conclude that institutional reforms and transparent governance systems are prerequisites for entrepreneurship-led growth.

Mai, Yusuf, and Hassan (2025) explored macro factors and entrepreneurship using dynamic system GMM analysis across 70 countries between 2003 and 2019. The research revealed a strong bidirectional causality between entrepreneurship and GDP growth, indicating that entrepreneurship stimulates macroeconomic stability while economic expansion, in turn, encourages entrepreneurial activity. The authors identified foreign direct investment,

trade openness, and consumer confidence as key mediators in the growth–entrepreneurship loop. Their findings highlight the global universality of entrepreneurship as an engine for sustainable economic advancement.

Jerônimo Soares et al. (2025) investigated university entrepreneurship and economic growth in Latin America through cross-country synthesis of innovation and higher-education data. The study found that knowledge transfer and university-based incubation systems significantly drive regional productivity and employment creation. Their results demonstrated that economies with higher investments in research-driven entrepreneurship experience stronger technological spillovers. They recommended that universities in developing regions strengthen partnerships with industry to enhance innovation-led development outcomes.

Noah, Kareem, and Bello (2025) examined ICT, entrepreneurship, and economic growth in Africa using panel data from 29 African countries spanning 2006–2020. The moderated regression results indicated that ICT infrastructure enhances the impact of entrepreneurship on economic growth, but the effect varies across income levels. In low-income nations, limited broadband penetration dampens the potential gains from entrepreneurship. The study concludes that digital inclusion policies are critical to unlocking entrepreneurship's full contribution to continental development.

Abari-Ogunsona, Danmola, Braimoh, and Bofele (2025) employed an ARDL bounds approach to study SME performance and poverty alleviation in Nigeria (1990–2022). Findings indicated a long-run equilibrium relationship between SME output and poverty reduction, confirming the pro-poor growth hypothesis. The study urged policymakers to improve SME credit flow, infrastructure, and technology adoption to enhance entrepreneurship's contribution to welfare.

Ebinum (2025) examined inflationary trends and SME growth in Nigeria (1990–2024) using ARDL estimation. The results revealed that high inflation significantly undermines SME expansion and discourages new business entry. The study concluded that macroeconomic stability is a prerequisite for sustainable entrepreneurial development, recommending disciplined fiscal policy and single-digit inflation targets to safeguard SME viability.

El-Yaqub, Ismail, and Usman (2025) explored SME financing and sustainable development in Nigeria (1992–2023) using ARDL–ECM models. Their findings confirmed that financial inclusion and access to long-term credit enhance SME survival, job creation, and poverty reduction. The authors concluded that financial reforms, particularly through digital banking channels, are essential to deepening entrepreneurship's contribution to national sustainability objectives.

Audu (2023) analysed entrepreneurship and inclusive growth in Nigeria's oil-producing states using a survey-based structural equation model (SEM). The results revealed that entrepreneurship mediates the link between institutional quality and inclusive growth. Poor infrastructure and bureaucratic bottlenecks were identified as major impediments. The study recommended targeted entrepreneurship programs that address region-specific constraints and promote diversification away from oil dependency.

Ajide and Dada (2023) studied private-sector development and economic growth in Nigeria using an autoregressive distributed lag (ARDL) model. The findings indicated a strong positive association between private-sector activity, capital formation, and GDP growth. However, inadequate financial intermediation was found to attenuate the long-run elasticity of entrepreneurship on growth. The authors advocate reforms to deepen credit markets and improve institutional governance for sustained private-sector expansion.

Ebekozien and Aigbavboa (2022) assessed entrepreneurship policies and youth unemployment in Nigeria through survey-based path analysis. Their results indicated that poor policy design, lack of monitoring, and inadequate infrastructure undermine the effectiveness of entrepreneurship programs. They found a significant indirect relationship between entrepreneurship education and employment creation. The study recommended integrating vocational training and mentorship programs into state-level entrepreneurship schemes.

Etim (2022) investigated ease-of-doing-business reforms and SME growth in Nigeria using state-level descriptive and regression analysis. The study revealed that bureaucratic inefficiencies, power outages, and multiple taxation remain key inhibitors of SME performance. Statistical results confirmed that states with better regulatory environments recorded higher firm births and job creation. Etim concluded that reforms targeting transparency and infrastructure can substantially enhance entrepreneurial growth outcomes.

Ola, Oto, Adegbé, and Ola (2022) studied entrepreneurship, environment, and inclusive growth in Nigeria's oil sector employing ARDL bounds testing. Their results demonstrated that entrepreneurship mitigates environmental degradation and promotes inclusive income distribution through green business models. The study advanced the Triple

Bottom Line framework, arguing that economic progress, social equity, and environmental sustainability can coexist under responsible entrepreneurship.

Oluwaseyi and Adeoye (2021) examined entrepreneurial orientation, access to finance, and firm performance among Nigerian MSMEs through structural equation modelling. The study found that innovativeness, proactiveness, and access to external financing collectively predict firm profitability and expansion. Their results reinforce the Resource-Based View, demonstrating that internal capabilities interact with external financial ecosystems to determine performance outcomes.

Ariyo and Jerome (2021) examined institutional reforms and SME financing in Nigeria using time-series analysis. Their findings revealed that weak institutional frameworks significantly impede credit access for small enterprises, thereby reducing the employment elasticity of growth. The study recommends judicial reforms and financial deregulation to strengthen the entrepreneurial ecosystem and attract foreign investment.

### **3. METHODOLOGY**

Method and analysis which is performed in the research work was written in this section.

#### **3.1 Research Design and Population**

The study adopted a descriptive and explanatory research design, using both primary and secondary data. The population comprised registered small and medium enterprises (SMEs) and entrepreneurs across the six states of South-South Nigeria: Akwa Ibom, Bayelsa, Cross River, Delta, Edo, and Rivers. A multi-stage sampling technique was employed to ensure representation across urban and peri-urban clusters.

#### **3.2 Data Collection and Instrumentation**

Primary data were collected through structured questionnaires distributed to 384 respondents, consistent with Cochran's (1977) sample determination formula at a 95% confidence level and 5% margin of error. The questionnaire included items measuring EDB, NNB, PR, and JC using a 5-point Likert scale. The reliability of constructs was confirmed using Cronbach's alpha, with all values exceeding the 0.70 threshold, indicating internal consistency.

#### **3.3 Model Specification**

To test the study's hypotheses, the following multiple regression model was estimated:

$$Y = \beta_0 + \beta_1 EDB + \beta_2 NNB + \epsilon$$

Where:

Y = Development outcomes (PR and JC, estimated separately),

EDB = Ease of Doing Business,

NNB = Number of New Businesses,

$\epsilon$  = Error term.

#### **3.4 Estimation Techniques**

Data were analyzed using EViews 12. Descriptive statistics, correlation analysis, and multiple regression were conducted to determine the direction and strength of relationships. The regression assumptions of normality, multicollinearity, and homoscedasticity were tested and met.

## **4. RESULTS AND DISCUSSION**

The correlation and regression analysis are summarized below

#### **4.1 Descriptive Statistics**

Respondents were predominantly SME operators (78%) and micro-entrepreneurs (22%). Most firms operated in the trade and service sectors, reflecting the region's post-oil diversification trajectory. Mean values of EDB (3.91) and NNB (3.78) indicate moderately positive perceptions of the business environment, while mean PR (3.67) and JC (3.82) suggest that entrepreneurship activities moderately improved welfare outcomes.

#### **4.2 Correlation Analysis**

Correlation results showed positive associations among the variables: EDB correlated strongly with PR ( $r = 0.622, p < 0.01$ ) and JC ( $r = 0.648, p < 0.01$ ), while NNB correlated positively with PR ( $r = 0.587, p < 0.01$ ) and JC ( $r = 0.604, p < 0.01$ ).

#### 4.3 Regression Results

**Table 1:** Regression Results

Variables	Poverty Reduction (PR)	Job Creation (JC)
Constant	0.781	0.764
EDB	0.462*** (t = 7.82)	0.498*** (t = 8.09)
NNB	0.314*** (t = 6.24)	0.287*** (t = 5.98)
R <sup>2</sup>	0.61	0.64
F-statistic	62.38***	67.54***
Durbin-Watson	1.95	2.01

\*Note: \*\*p < 0.01 indicates significance at 1% level.

The results show that EDB and NNB significantly and positively affect both poverty reduction and job creation. Improved ease of doing business increases firms' productivity and capacity to hire, while higher new business formation stimulates competition, innovation, and labour absorption.

#### 4.4 Discussion

The findings align with the IBV proposition that effective institutions enhance entrepreneurial outcomes by reducing transaction costs and uncertainties (North, 1990). Improved infrastructure and transparent regulations enable firms to invest confidently, expand operations, and create jobs. The positive effect of NNB supports Schumpeterian dynamics, which emphasize entrepreneurship as a vehicle for "creative destruction" and innovation-led growth (Schumpeter, 1934).

From the RBV perspective, firms that can mobilize and integrate valuable resources which include human capital, financial discipline and managerial competence, and convert external opportunities into sustained performance gains (Barney, 1991). The significance of EDB underscores how institutional reforms amplify the resource-utilization capacity of firms. Meanwhile, the positive NNB effect suggests that entrepreneurial dynamism in the region continues to serve as a crucial welfare channel.

#### 4.5 Policy Implications

The findings carry several policy implications for promoting entrepreneurship-led inclusive growth in South-South Nigeria. First, institutional reforms must be deepened to improve the ease of doing business, particularly in areas of power reliability, digital infrastructure, and regulatory transparency. Second, capacity-building initiatives should focus on strengthening firm-level capabilities through training in financial management, marketing, and digital tools. Third, targeted credit interventions such as credit guarantees and cooperative financing can help entrepreneurs acquire VRIN resources that enhance competitiveness. Fourth, cluster-based policies—industrial parks and innovation hubs—can facilitate knowledge sharing and supplier development.

At the macro level, policy consistency and credible governance are essential to sustaining investor confidence. Reducing multiple taxation and improving land administration will further lower entry barriers. The synergy between institutional strengthening and resource enhancement forms the cornerstone of sustainable poverty reduction and job creation.

### 5. CONCLUSION

This study provides empirical evidence that entrepreneurship development significantly contributes to poverty reduction and job creation in South-South Nigeria. The positive effects of both the ease of doing business and the number of new businesses validate the importance of institutional and resource-based mechanisms in driving welfare-oriented growth. When the "rules of the game" are credible and firms possess the capabilities to exploit opportunities, entrepreneurship becomes a powerful instrument of inclusive development.

The integration of IBV, RBV, and TBL frameworks offers a multidimensional understanding of how entrepreneurship interacts with institutions and resources to deliver economic and social value. For policymakers, the study highlights that structural reforms and entrepreneurial support must go hand in hand. For scholars, it underscores the need to explore multi-level interactions between institutional quality, firm capabilities, and welfare outcomes.

Future research should employ longitudinal or panel data to capture the dynamic feedback between entrepreneurship and welfare over time. Comparative regional analyses within Nigeria could also provide insights into how institutional heterogeneity shapes entrepreneurial outcomes.

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