



ENTREPRENEURIAL MOTIVATIONS AND MICRO-SMALL BUSINESSES  
GROWTH: OPPORTUNITY-DRIVEN AND NECESSITY-DRIVEN  
ENTREPRENEURSHIP PERSPECTIVES

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**Abstract**

*The productive sector in many economies depends on micro, small and medium businesses through self-employment. The decision to become entrepreneurial relies on the national entrepreneurial framework and the individual entrepreneurial motivation among others. This paper explores the impact of entrepreneurship motivation on micro and small firms' growth in a developing economy. This study is based on Porter's Development theory which focuses on factor-driven, efficiency-driven or innovation-driven economies which foster the form of entrepreneurial behaviour demonstrated by the citizens. Two forms of motivations were identified: necessity-driven entrepreneurship and opportunity-driven. Two research questions were raised at  $P < 0.05$  level of significance. The study employed quantitative research approach using descriptive survey method with a structured questionnaire to obtain data from 200 self-employed owners of registered micro and small firms in Minna metropolis, Nigeria. Descriptive statistics and Pearson-Moment Correlation were used for the analysis. The finding shows that more people are motivated into entrepreneurship by necessity than opportunity. It also established that there was significant positive relationship between both the necessity-driven and opportunity-driven entrepreneurship and business growth, the positive relationship is at a minimal level. Thus, this suggests that, at least in developing countries, the role of necessity-driven and opportunity-driven entrepreneurship cannot be overlooked. It therefore recommended that effort should be made by government of Nigeria to provide an enabling environment such as social infrastructure, good government policies, aids and grants to foster entrepreneurship in Nigeria.*

**Keywords:** Entrepreneurship, Factor-Driven Economy, Improvement-driven, Necessity-Driven Entrepreneurship, Opportunity-Driven Entrepreneurship.

**1. Introduction**

The productive sector in many economies depends on micro, small and medium enterprises (SMEs) mainly through self-employment. This why many researchers, governments and policy makers are interested and gave attention to studies on self-employment and SMEs (Parker, 2018). Precisely, they are the back bone of most economy especially during the global economic recessions with its accompanied crunches that motivated people to consider



entrepreneurship as the next option. Entrepreneurship has been perceived as agent of job creation, wealth generation and economic growth (Carree & Thurik, 2003; Acs, 2006; Audretsch, 2012; Doran, McCarthy & O'Connor, 2018), thus individuals being improvement-driven got involved in entrepreneurial endeavour to improve whatever be their present status. An individual's decision to embark on the entrepreneurial journey, in turn, depends on the national entrepreneurial framework and the individual entrepreneurial motivation among others (GEM, 2012; Reynolds *et al.*, 2002). The entrepreneurial framework of a country is very paramount to the extent an individual could achieve entrepreneurially. This study is based on the Development theory focus on the expansion of an economy and structural-transformation procedures (Acs & Virgill, 2009) because the world economy is evident by sweeping structural-change (OECD, 2003). A national framework according to Porter's (1990) development theory, argue that a nation could be factor-driven, efficiency-driven or innovation-driven to foster the form of entrepreneurial behaviour demonstrated by the citizens. Thus individual's environment in pursuit of improvement in life can be motivated of necessity to become self-employed by starting a business to exit unemployment/under-employment and sometimes employ one or more individuals, occasionally still awaiting a government employment. This is referred to as necessity-driven entrepreneurship. While on the other hand, an opportunity may be discovered, proving better than the juicy paid job that is restrictive in demonstrating entrepreneurial acumen often referred to as opportunity-driven entrepreneurship. These two forms of motivations for entrepreneurship seems to have different impact on the growth of the established firms. The context of this study is considered through the lens of development theory (structural change) not the macro level but the stages of economic growth that could drive entrepreneurship in developing countries over a developmental period.

Previous studies have examined the effects of necessity and opportunity-driven entrepreneurs on business growth; on education, gender and occupation; as an agent of economic reconstruction in developing countries (Zali, Faghih, Ghotbi & Rajaie, 2013; Elifneh, 2015; Varghese & George, 2015; Nasiri & Hamelin, 2018; Zheng & Musteen, 2018; Waseem, 2018). However, there seemed not to be a deliberate inquiry into the motivations for entrepreneurship and its impact on micro firms' activities in developing economies context which constituted an existing wide gap. Hence this study investigates the impact of entrepreneurship motivations on micro-small businesses' growth in Minna. In doing this, the basic questions of this study were what is the motivating factor for being self-employed? and to what extent has the motivating factors impacted the micro firms' growth in Minna metropolis in Niger State, Nigeria.

The findings of this study will contribute to the body of knowledge on entrepreneurship motivations in developing economies by identifying the prevailing motivations which will in turn guide the form of empowerment needed by the micro firms' owners to enhance their growth. The remaining part of this study is structured as follows. Section two and three are the literature review and research methodology, section four presents the result of the findings and discussion. Finally, conclusion was drawn and recommendations.



## 2. Literature Review

### *Concept of Entrepreneurship*

There is no one-hat-fits definition of entrepreneurship till date. Entrepreneurship is a vital tool in achieving economic prosperity (Doran et al., 2018) and a desirable quality that has the capacity to eliminate various forms of evils associated to economic growth, social discrepancies and unemployment (Saeed *et al.*, 2014). It therefore becomes a focal point in many countries vigorously seeking methods and means of promoting entrepreneurship especially through self-employment. In a nutshell, entrepreneurship can be perceived as the introduction of a new business activities into the economy in order to improve the lives of the people and earn an entrepreneurial profit (Adeyeye, 2018). This perception emphasized on ‘newness’ that is attributed to innovation by ways of introducing new or improved product, process, opening of new market, new source of raw materials or new ways of organisation (Schumpeter, 1934) in distinguishing entrepreneurial activities from non-entrepreneurial businesses. However, Global Entrepreneurship Monitor described it as “any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business (Bosma, Wennkers & Amorós, 2012). Bosma’s *et al.* (2012) description explicitly stated the various means by which individual’s involvement such as through self-employment and others in the new business activities, hence this study will adopt this submission as the working definition.

### *Development Theory*

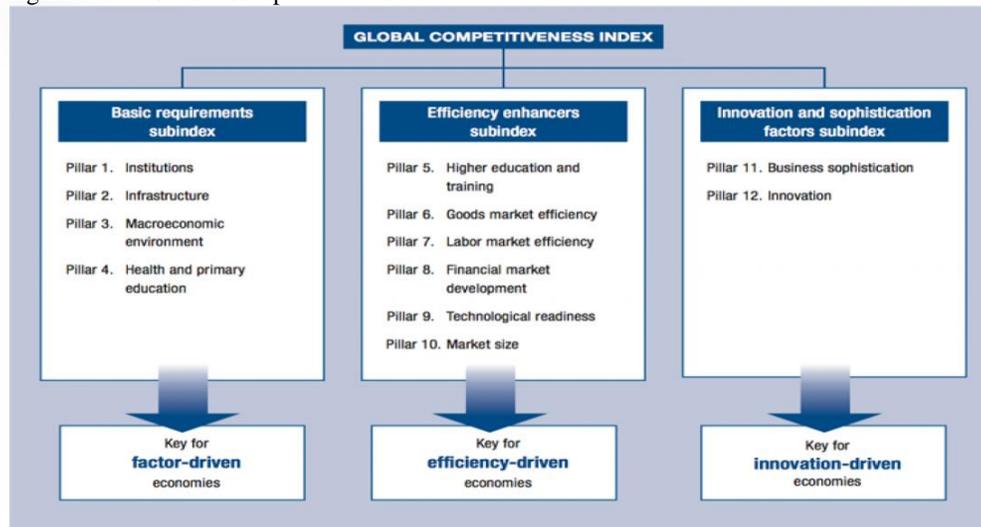
Earlier studies established certain patterns of development as stylized proofs charted by most countries. Prominently, Fisher (1939), Rostow (1959) and Todaro and Smith (2006) argued that at the early stages of economic development, the primary sector (subsistence agriculture and mining) dominate national employment and output, later shifts to the secondary (industrial) sector and finally to the tertiary (general and specialized services) sector as the largest source. By 1990, Porter had a departure from the earlier approach with a modern realities of similar three stages of economic development and countries competitiveness to commence from factor-driven to efficiency-driven and lastly to innovation-driven where transition from one stage to another is obvious.

The factor-driven economies are the least developed, dependent on unskilled labour, subsistence agriculture, endowed with natural resources, sells basic products and low productivity and low wages. The efficiency-driven economies have more efficient products and services while the innovation-driven economies are always producing new or improved products/services predominantly by the Knowledge-Intensive Businesses and service sector. The Global Competitive Report (GCI) (2019) on the twelve pillars of countries competitiveness index (see Figure1).

A country stage of development affects the motivations for entrepreneurship. The 2019 Report reveals that almost all African countries fell into the factor –driven economy stage. Nigeria ranked 116<sup>th</sup> out of 141<sup>st</sup> in 2019 (GHI, 2019). Hence the need to examine the impact of the factor-driven stage of development on Nigeria’s entrepreneurial motivations.



Figure 1: The Global Competitiveness Index Framework



Source: *Global Competitiveness Report (2019)*

#### *Entrepreneurship Motivations*

Motivation for entrepreneurship is habitually complex and multifaceted. Success and fruition partly depends on individual's decision making, entrepreneurial conditions and motivations (Elifneh, 2015). In view of this, different forms of entrepreneurship may have diverse and important implications for socio-economic development. The Global Entrepreneurship Monitor [GEM] (2017) however, as usual classified the motivations for individual's involvement in entrepreneurship into two: Opportunity-driven and Necessity-driven. Opportunity-driven entrepreneurship is the involvement of certain individuals in entrepreneurial activities because of the opportunities perceived beyond the comfort zone of their present occupation while the necessity-driven entrepreneurship is the situation where an individual is compelled to become entrepreneurial due to triggered or experienced negative events. Nevertheless, whether entrepreneurship by necessity or by opportunity, everything is improvement-driven and could be demonstrated through self-employment.

Similarly, Gelderen and Jansen (2006), and Varghese and George (2015) equally identified two sources of motivation to entrepreneurship from the view point of autonomy. They called it "autonomy motives involving: a proximal motive associated with task characteristics of being self-employed (i.e. decisional freedom), and 'distal motives' for which autonomy is instrumental to avoid a boss or restrictions; to act in a self-endorsed and self-congruent manner; and to be in charge." However, Gelderen and Jansen (2006) submission still points to necessity and opportunity-driven motivations, hence this study is posited on the GEM classification based on Porter's economic development stage theory.

The difference between these two components appears in the studies dealing with the decisional factors of new venture creation and there has been a semantic shift towards the terms necessity



entrepreneurship (push) and opportunity entrepreneurship [pull] (Giacomin *et al.*, 2011). Williams (2007) opined that the classification of entrepreneurial behavior motivations implicitly results from the push-pull concepts which is not necessarily the technology-push or market-pull. The two general profiles of entrepreneurs, necessity and opportunity dichotomy view some entrepreneurs as pushed due to structural factors and others as pulled out of choice (Elifneh, 2015).

#### *Reasons for Differentiating between Entrepreneurial Behaviors Motivations*

Four major reasons have been highlighted for distinguishing between opportunity and necessity entrepreneurship (Verheul *et al.*, 2010). First, socio-economic characteristics like age, relevant experience, level of education and so on differ normally between necessity and opportunity entrepreneurs' and has implication for micro-firms growth. Second, the motives for start-up may be consequential to the way a business is managed and for business growth. Third, an interplay exists between the business and entrepreneurship cycles start-up motives as the impact of necessity-driven entrepreneurship was found one third/fourth smaller in magnitude compared to opportunity-driven entrepreneurship (Koellinger & Thurik, 2009). Finally, differential impact exist at different levels and stages, for instance, at the macro level, the impact vary on economic growth and job creation whilst at the micro level, outcomes point to the direction of an inferior performance of necessity entrepreneurs which has significant implication for policy making as with the countries' developmental stages. This is in congruence with Olomi (2009) findings that necessity entrepreneurs have lower ambition when it comes to an orientation towards firm growth. Based on the following argument, this study attempts to differentiate between the necessity and opportunity-driven entrepreneurship.

#### *Necessity-Driven Entrepreneurship*

This is the form of entrepreneurship in which an individual undertakes entrepreneurial activities and become self-employed due to immense needs, poverty, unemployment, under-employment, pressure from families and friends, or other marginal or social disasters, when all other options are absent or unsatisfactory (GEM, 2017). These people often lack the connections needed to secure job irrespective of their brilliance and where they are innovative they lack sponsorship or adequate capital for implementation. Adeyeye (2018) described it as "man-must-live" or "last resort" entrepreneurship. Sometimes they lack the skills, interest and knowledge for the particular entrepreneurial project but has to be done out of necessity. Consequently, there is little or no intrinsic motivations than do or die, bound in self-pity when the salary earning colleagues hover around them.

Necessity-driven entrepreneurship is prominent across the globe, many individuals pursue a business activity as an alternative to limited or non-existent wage work, hence, the option to engage in self-employment enable them to take care of their basic family needs. They might be able to set aside some money to ensure their children are properly educated. Zali *et al.*, (2013) and Calderon, Lacovone, and Juarez (2016) asserted that necessity ventures have a lower survival rate, dies early, less profitable and grow slowly than opportunity businesses. This 'face' of entrepreneurship is more dominant in developing countries, the factor-driven economies (Brewer and Gibson, 2014). For instance, a typical case in Nigeria where a University graduate of Electrical Engineering was employed to teach mathematics in a private secondary school from 7.30a.m to 3.30p.m for the sum of ₦15,000 (less than \$42) per month. This is



underemployment, seeking an improvement and no better choices for work, such individual may consider the option of embarking on any form of self-employment and to introduce any form of innovation.

Moreover, necessity-driven entrepreneurship through the establishment of a new firm or self-employment is not always the result of intentional and deliberate act that culminate a rational process of decision making, at times, it begins with the shattering of previous life pattern. That is, “role deterioration” (Collins & Moore, 1964) and “triggering events” (Shapiro, 1971). For instance, being in dangerous and insecure situation, an individual start to play with productive ideas which landed into creation of business for self. This is very common in war like countries and countries like Nigeria where the challenge of insecurity such as activities boko haram militants, banditry, kidnapping, herders/farmers clashes and others that have rendered men and women of calibre to lose their homes and fortunes hence residing in the refugees’ or internally displaced people’s (IDP) camps provided by Non-Governmental Organisations or Government. Essentially, entrepreneurship becomes the next option to cater for their needs than being beggarly, however, not necessarily the preferred occupation (Elifneh, 2015). The necessity-driven entrepreneurship prevalence in factor-driven economies, bottom-of-the pyramid countries like Nigeria in comparison to the opportunity-driven entrepreneurship (Brewer & Gibson, 2014).

#### *Opportunity-Driven Entrepreneurship*

Opportunity entrepreneurship depicts start-up efforts to take advantage or exploit an identified business opportunity (Verheul *et al.*, 2010). It is a situation when an individual goes into entrepreneurship because of his traits, skills, interest, and knowledge or identified opportunity. Such individual may abandon the juicy and well-paid employment to set up a new venture or be self-employed to exploit a perceived business opportunity (Adeyeye, 2018). The exploitations for opportunities sometimes commence while still in the paid job (Elifneh, 2015). Furthermore, the inflationary trend of the country makes government work unattractive as it tied the employee down to a ‘peanut’ at the end of the month to a salary that cannot meet the personal and family demands. The risk tendency involved and the personal motivation makes such individual to take a risk to start an enterprise. They are usually well-excited and intrinsically motivated but not always extrinsically motivated except where there are precedence. Opportunity-driven entrepreneurship distinguished the individual’s choice by a desire for self-realization and an attraction to set up an entrepreneurial endeavour to exploit certain business opportunities (Williams & Round, 2009) unidentified or not properly addressed by others in the market. Opportunity-driven entrepreneurs chooses to be entrepreneurial perhaps because of the passion about a project than the paid job. It may be in a quest for autonomy, needs for achievement, innovativeness, proactiveness, liberty to fail, learn and excel, freedom from bureaucracy and employment politicking and/or a locus of control that is suppressed in the paid job. These firms tend to grow faster as they have networks of relationships that can give support for the needed resources for the business to establish and flourish. This form of entrepreneurship is more prevalent in the developed countries with the efficiency-driven or innovation-driven economies where the architecture is set by the government to support entrepreneurship for economic growth but equally not missing in the factor-driven economies of the developing nations.



*Relationship between Entrepreneurship Motivations and Micro-Small Firms' Growth in Minna Metropolis*

Necessity-driven entrepreneurship is like the opposite of opportunity-driven entrepreneurship and both could begin on the platform of self-employment. Previous studies shows that necessity entrepreneurship have no or little marginal effect on economic development, it generally have fewer employees and lower growth ambition (Poschke 2010). GEM (2017) reported that necessity- driven entrepreneurship are more in low-income countries while Opportunity-driven are more dominant in high-income countries. Developing economies that are factor-driven are notable for meeting the basic economic development requirements with high level of poverty, unemployment and underemployment. For instance, the world poverty clock blog in 2018 and United Nations (2019) declared Nigeria as one of the poorest country with over 90.8million of the population (About 50%) living in abject poverty. Moreover, 55.4% of the youth population of 15-34years old are unemployed/underemployed (Bureau the Statistics Report, 2019). These are indications that Nigeria economy is far from efficiency or innovation but factor-driven thence most entrepreneurs are likely to be necessity-driven. Acs *et al.*, (2005) found the relationship between economic development and necessity-entrepreneurship as being negative in low income countries. However, similarly, Urbano and Aparicio (2016) reported that individuals who are engaged in enterprise due to bad work conditions like unemployment tend to possess fewer endowments, most notably human capital and entrepreneurial capability. These authors found, nevertheless, that necessity entrepreneurship is negatively related to economic growth, given its impact on employment.

Moreover, even though the self-employed contribute to the flexibility and productivity of the overall economy, some could possibly be more productive by working as an employee. An adage says, necessity is the mother of invention, some necessity-driven entrepreneurs hit-the jackpot and have a giant breakthrough that will affect the national economy significantly. As the economy improves, the necessity-driven entrepreneurship gives way to opportunity-driven entrepreneurial activities known as the "U-curve" hypothesis (Wennekers, Van Stel, Thurik & Reynolds, 2005).

### **3. Methodology**

The study employed quantitative research approach using descriptive survey method to obtain data from registered micro and small enterprises in manufacturing, trade and service industry in Minna metropolis. Minna is the State capital of Niger State sharing boundary, culture, language and economy with Abuja the Federal Capital Territory. It has people working in Abuja hence there are many formal and informal institutions. The population of the study is 450 registered firms in Minna. The sample includes 200 owners of micro and small firms. The instrument for data collection was a structured questionnaire on the necessity and opportunity driven entrepreneurship based on GEM survey and Schumpeter theory of innovation. The questionnaire was divided into three sections with indicators: The entrepreneur's demographic profile, the motives for starting personal business and business growth. Growth was measured with Innovation (innovativeness, number of employees and number of new branches within three years (2016, 2017 & 2018). The data were analyzed using descriptive statistic and correlation. The psychometric properties were carried out to establish the validity and reliability



of the instrument which Pearson Moment Co-efficient was 78.4%. Data Collection was done by a team of four within four researchers to six weeks in 2018.

#### 4. Results

The micro and small firms that participated in this survey reflected substantial diversities in bio data that reflects the general features of the respondents in Table 1.

Table 1: Bio data of respondents

Variables	Description	Frequency	Percentage (%)
Gender	Male	137	68
	Female	63	32
Age	Less than 21	14	7
	21-30	52	26
	31-40	73	36.5
	41-50	46	23
	51-60	13	6.5
	60above	2	1
Mean age	36years		
Educational status	No school attended	5	2.5
	Primary school cert.	14	7
	WAEC/NECO	52	26
	NCE/ND	44	22
	HND/BSc	73	36.5
	PGD/MSc/PhD	12	6
Employment status	Self-employed/Personal business	160	80
	Working for private & have my personal business	14	7
	Working for government & have my personal business	26	13

Source: Author, Field Study (2019).

Table 1 presents the gender, age, educational and employment status distribution of the respondents. It revealed that about one-third of the respondents are female, reason may not be far from the indigenous culture that men are breadwinners. However, the female involved are dynamic which is consistent with Nasiri and Hamelin (2018) report that female entrepreneurs, though smaller in population, discover and exploit entrepreneurial opportunities the same way as the male counterparts. Furthermore, about 38% of the respondents are non-graduate with little or no education while the remaining 62% are NCE holders minimally. This suggests that majority were unemployed and thus decided to become self-employed. This finding is in line with Williams and Round (2009) and Verheul *et al.*, (2010) argument that when other options for work are absent or unsatisfactory many people opted for entrepreneurship. The mean age of respondents is 36years which depict that majority are of the working age with young families. They are saddled with economic and social responsibilities that called for the need to be



gainfully engaged in any form of productive work while the nearest option is self-employment. In addition, about 20% of the respondents who are also highly educated are either working in government or private institutions, have equally set up a business endeavour in order to exploit perceived opportunities and improve their status.

Table 2: Personal Business Data

Variables	Description	Frequency	Percentage (%)
Type of business	Service	86	43
	Trade	100	50
	Manufacturing	14	7
Source of starting capital	Personal savings	157	78.5
	Borrowing/donation from friends and families	27	13.5
	Loan	12	6
	Cooperative society	4	2
International financiers	Yes	6	3
	No	194	97
Business startup age	Less than 21	90	45
	21-30	61	30.5
	31-40	41	20.5
	41-50	8	4
	51-60		
Experience	60above		
	Less than 6	72	36
	6-10	59	29.5
	11-15	41	20.5
Shop/building ownership	16 above	28	14
	I rent shop	162	81
	I lease shop	12	6
	I own the shop/building	26	13

Source: Author, Field Study (2019).

Table 2 revealed that majority of the respondent (78.5%) got their starting capital from personal savings while about 14% of the business owners got their starting capital from borrowing/donation from friends and families. This result indicated that personal saving and donation/borrowing from friends and families forms the major source of starting capital for entrepreneurial endeavour in Minna. This is consistent with Nichter and Goldmark, (2009) and Hernandez-Trillo et al., (2005) who found that business owners mostly used their own recourses and savings or those of their family and friend to launch their businesses. The findings also revealed that 97% of the respondents did not receive any form of fund/grant/assistance from international financiers. This shows that majority of the enterprise in the research context in



Nigeria did not receive any form of assistance from international bodies and agencies who facilitates entrepreneurial activities.

Furthermore, the analysis of the result disclosed that the motivation for individual engagement in entrepreneurial activities was partly influenced by individual experience and age. 75% of the respondents have started their business at an age below 31 years. 64% of the respondents have gathered enough business experience (with at least 6 years experience) pertinent to successful growing of their business. This finding is line with Parker's study 1995 that entrepreneurs with at least 7 years of work experience grows their firm more rapidly than those without such experience. Meanwhile, the finding also shows that 29% of the respondents were still looking for alternative government job, signifying a form of dissatisfaction with their enterprise. This implied that they found themselves pushed by necessity into self-employment thus, they did not satisfaction in their enterprise. Also, 52% of the respondents were quite comfortable and satisfied with their self-employed businesses and are not looking for government or wage-paid job. These respondents demonstrated a high level of skills to constantly grow their business and majority of them were motivated into entrepreneurial activities by the gap found in the market which they perceived they have solutions.

Furthermore, the findings reveal that 47% of the respondents went into self-employment because of the need for independence, autonomy, exploitation of business opportunities with their skills and experience and therefore can be classified as opportunity-driven entrepreneurship. This revealed that other factors apart from exploiting market opportunities exist for opportunity driven entrepreneurship, this is contrary to Thurik's (2008) which stressed that opportunity entrepreneurs are only driven by economic factors or market opportunities. Whilst 53% of the respondents choose other reasons such as unemployment, under-employment and to earn a living, which can be classified as necessity-driven entrepreneurship. There is an insignificant gap between both the necessity driven entrepreneurship and opportunity-driven entrepreneurship.

Three-quarter of the total respondents' businesses operate conventionally and were not innovative. Whereas, One-quarter of the respondents' businesses are highly creative and innovative, doing something productive and different from what other similar businesses are doing or adding values to their product and services. The findings show that four-fifth of the total respondents' businesses are micro-business over the period of three years, and four-fifth owned only one branch over the three years. Moreover, the finding shows that firms that are considered to be necessity-driven contributes less to employment creation as majority of this firms operate on a micro level with one or two numbers of employees and one branch. Unlike those respondents that are opportunity-driven that one-sixth of them have grown there businesses having more than six employees and at least two branches, the finding shows that necessity-driven entrepreneurship have little effect on business growth. This is in consonance with Zali *et al.* (2013) and Calderon *et al.*, (2016) assertion that necessity ventures have a lower survival rate, grow slowly, dies early and are less profitable.

About 15% of the 47% the respondents classified as opportunity entrepreneurs are slightly innovative. European Commission Report (2019) considered entrepreneurship as key to ensuring economic growth and innovation, however, in Nigeria, the macro-economic climate of



the nation and its developmental stage of being factor-driven makes it difficult for entrepreneurship to impact business growth. Thus the impact of both opportunity and necessity –driven entrepreneurship on the business growth is very minimal.

Pearson –Correlation analysis was conducted to establish the strength of relationship between the variables. It also confirmed there is no multicollinearity in the indicators used for the measurement.

Table 3: Pearson-Moment Correlation Coefficient Result

S/N	Variables	1	2	3
1	Business Growth	1		
2	Opportunity-driven	.434**	1	
3	Necessity-driven	.247*	.000	1

Note: \*\*0.01,\* 0.05 (2-tailed) level of significance

Source: Authors' Field Study (2019).

Table 3 showed that significant and positive correlation exists between the opportunity-driven entrepreneurship at 0.434 significant at  $P < 0.01$ , and necessity-driven motive at 0.247 at  $P < 0.05$ . Thus, a strong positive correlation between opportunity driven motives and micro firms' growth. This argument corroborated Waseem (2018) findings that gross national income per capita, social progress and human development are positively related to opportunity-driven entrepreneurship. Although a weak significant relationship exists between necessity-driven motives and micro-small firms' growth. This suggest that the role of necessity-driven entrepreneurship cannot be overlooked, it provides employment for the owner and reducing unemployment by one or two in Nigeria and consequently, there will be growth (Adeyeye, 2018)

### 5. Conclusion and Recommendations

This study established that a significant relationship exists between the entrepreneurial motivations and business growth. The developmental stage of the country's economy, whether factor-driven, efficiency driven or innovation-driven has influences the decision to become an entrepreneur even when GCI revealed that most developing countries are factor-driven including Nigeria. Entrepreneurial motivations can be Opportunity-driven or necessity-driven entrepreneurship with consequential impact on small business growth. Conclusively, the study found that majority of the respondents are motivated of necessity to become self-employed. Also, the impact of both opportunity and necessity –driven entrepreneurship on the business growth is very minimal but the opportunity-driven entrepreneurship has more, but with greater tendencies if given the enabling environment. Also, the necessity-entrepreneurship can become opportunity –driven if given the necessary support.

In view of the findings, the following recommendations are made: Effort should be made by the federal Government of Nigeria to provide an enabling environment such as social infrastructure, good government policies, aids and grants to foster entrepreneurship in Nigeria. There should be a monitoring, evaluation and learning unit in the ministries and agencies that are affiliated to micro-small businesses should support the necessity-entrepreneurship to become impactful on



the economy. The State Government should provide motivations for innovation in terms of funding, and free Research and Development (R&D) facilities for opportunity-driven entrepreneurship to maximize their ambitions for business and economic growth. The nation has stayed so long at the factor-driven stage, thus there is need to deliberately put all architecture in other for another level to enhance entrepreneurial motivations in Nigeria.

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**APPENDIXES**

1. Entrepreneurship Motivations

Variables	Description	Frequency	Percentage (%)
Opportunity driven Entrepreneurship	• I need independence	26	13
	• I lack satisfaction at paid job	11	5.5
	• I love to work for myself	12	6
	• I have skills and experience to exploit perceived business opportunities	43	22.5
Necessity driven entrepreneurship	• I could not get government job/unemployment.	52	26
	• I have to make a living	38	19
	• My salary is not enough	6	3
	• Pressure from families and friends to start one.	10	5
	• Retirement from work		



Variables	Description	Frequency	Percentage (%)
Seeking for job	• Retrenchment from work		
	• Yes	58	29
	• No	104	52
	• Not sure	38	19

*Source: Author, Field Study (2019).*

## 2. Business Growth

Variables	Description	Frequency	Percentage (%)		
Innovativeness	• Yes	47	23.5		
	• No	153	76.5		
Number of employees	• 2016	• 0-1	122	61	
		• 2-9	52	26	
		• 10-100	26	13	
	• 2017	• 0-1	113	56.5	
		• 2-9	61	30.5	
		• 10-100	26	13	
	• 2018	• 0-1	109	54.5	
		• 2-9	63	31.5	
		• 10-100	28	14	
	Number of branches	• 2016	• 0-1	169	84.5
			• 2-9	29	14.5
			• 10-100	2	1
• 2017		• 0-1	165	82.5	
		• 2-9	33	16.5	
		• 10-99	2	1	
• 2018		• 1	155	77.5	
		• 2-10	43	21.5	
		• 11-99	2	1	

*Source: Author, Field Study (2019).*



3. Bio data of respondents

Variables	Description	Frequency	Percentage (%)
Gender	• Male	137	68
	• Female	63	32
Age	• Less than 21	14	7
	• 21-30	52	26
	• 31-40	73	36.5
	• 41-50	46	23
	• 51-60	13	6.5
	• 60above	2	1
Mean age	• 36years		
Educational status	• No school attended	5	2.5
	• Primary school cert.	14	7
	• WAEC/NECO	52	26
	• NCE/ND	44	22
	• HND/BSc	73	36.5
	• PGD/MSc/PhD	12	6
Employment status	• Self-employed/Personal business	160	80
	• Working for private & have my personal business	14	7
	• Working for government & have my personal business	26	13

Source: Author, Field Study (2019).

4. Personal Business Data

Variables	Description	Frequency	Percentage (%)
Type of business	• Service	86	43
	• Trade	100	50
	• Manufacturing	14	7
Source of starting capital	• Personal savings	157	78.5
	• Borrowing/donation from friends and families	27	13.5
	• Loan	12	6
	• Cooperative society	4	2
International financiers	• Yes	6	3
	• No	194	97



Variables	Description	Frequency	Percentage (%)
Business startup age	• Less than 21	90	45
	• 21-30	61	30.5
	• 31-40	41	20.5
	• 41-50	8	4
	• 51-60		
	• 60above		
Experience	• Less than 6	72	36
	• 6-10	59	29.5
	• 11-15	41	20.5
	• 16 above	28	14
Shop/building ownership	• I rent shop	162	81
	• I lease shop	12	6
	• I own the shop/building	26	13

*Source: Author, Field Study (2019).*

#### 5. Pearson-Moment Correlation Coefficient Result

		Growth	What is the reason for starting your business?	What is the reason for starting your business?
Growth	Pearson Correlation	1	.234**	-.147*
	Sig. (2-tailed)		.001	.037
	N	200	200	200
What is the reason for starting your business?	Pearson Correlation	.234**	1	-.653**
	Sig. (2-tailed)	.001		.000
	N	200	200	200
What is the reason for starting your business?	Pearson Correlation	-.147*	-.653**	1
	Sig. (2-tailed)	.037	.000	
	N	200	200	200

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

*Source: Author, Field Study (2019).*



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ANOVA <sup>b</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8837.900	2	4418.950	5.701	.004 <sup>a</sup>
	Residual	152685.680	197	775.054		
	Total	161523.580	199			

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a. Predictors: (Constant), What is the reason for starting your business?, What is the reason for starting your business?

b. Dependent Variable: Growth

Source: Author, Field Study (2019).

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