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RESEARCH ARTICLE

EFFECT OF RISING INFLATION ON ENTREPRENEURIAL MOTIVATION AMONG THE YOUTH IN SOUTH-EAST NIGERIA

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Abstract

Over the years, entrepreneurship has assumed a ubiquitous part of the business ecosystem. Perhaps, it contributes positively to national economies and has been widely considered among the primary engines of economic growth and job creation. Thus, understanding the possible determinants of the variation in entrepreneurial motivation among the youth is vital for helping the government and policy-makers adopt adequate measures to support the creation and development of new ventures. In recent years, the turbulent economic realities in Nigeria dominated by financial crises have affected entrepreneurship development. Thus, this paper investigated the effect of rising inflation on entrepreneurial motivation among youths in southeast Nigeria. A convenience sample of three hundred and twenty-two undergraduates pooled from five tertiary institutions in the southeast participated in the study. The study results underscored rising inflation in the country as a significant macroeconomic determinant of entrepreneurial motivation among the youths.

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Introduction:-

Entrepreneurship reflects creating a venture that yields a profit and adds value to society. Entrepreneurship is a lifelong learning process lasting through formal and informal education (Adefunke et al., 2020). It is an essential component of the business ecosystem that contributes significantly to economic growth (Bosma et al., 2018; Doran et al., 2018; Galindo-Martín et al., 2020; Hamdan et al., 2020; Huang & Chen, 2021; Ivanović-đukić et al., 2019; Mohammadi, 2020; Stoica et al., 2020; Urbano et al., 2019; Zouita, 2021). Over the years, entrepreneurship has become a tool for uplifting nations and improving their socio-economic development (Muhhammad Shafiu et al., 2020). Perhaps, it enhances economic growth and development primarily by generating employment and fostering the growth of micro, small and medium enterprises. Entrepreneurship reflects an opportunity for young people in different economies whose age group often faces a labor market with double-digit unemployment rates (Sambo, 2016). However, engaging in entrepreneurial activities demand an increased level of motivation.

Based on the substantial contribution of new ventures to the global economy, it is vital to understand the motivational underpinning of entrepreneurship (Murnieks et al., 2020; Purwana et al., 2018). Entrepreneurial motivation is an essential component of the entrepreneurial environment that has attracted colossal research attention in recent decades (Barba-Sánchez & Atienza-Sahuquillo, 2017; Bartha et al., 2019; Ephrem et al., 2021; Farhangmehr et al., 2016; Hassan et al., 2021; Mahto & McDowell, 2018; Malebana, 2021; Shi & Wang, 2021; Su et al., 2020; Wu & Mao, 2020). The phenomenon describes the process that activates and motivates an individual to exert increased efforts to

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achieve an entrepreneurial objective. Nevertheless, entrepreneurial motivation reflects the forces or drive within a person that affects the direction, intensity, and consistency that characterizes entrepreneurship. Perhaps, motivation is a psychological construct that determines an individual's propensity to partake in risk-related ventures.

There are indications that the Nigerian government has contributed significantly to empowering youth entrepreneurship through various agencies (Omeje et al., 2020). Thus, with Nigeria's increased focus on entrepreneurship and innovation, many youths in the country's southeastern part have resorted to self-employment and entrepreneurship. However, their entrepreneurial ventures in recent times are influenced by extreme phenomena such as economic disparities and human capital flight, thus affecting entrepreneurial development. Moreover, researchers have underscored the numerous factors that pose significant constraint to entrepreneurship development in Nigeria (Baba, 2013; Chidiebere et al., 2014; Duru, 2011; Elemure & Adeyeye, 2020; Ezeani, 2018; Kenny, 2019; Metu & Nwokoye, 2019; Odii & Njoku, 2013; Ofili, 2014; Ubogu, 2020). Nonetheless, the relationship between the persistent rise in inflation and entrepreneurial motivation has not received much research attention. Thus, the justification for the present study.

Inflation is among the significant variables that affect the economy of countries (Musarat et al., 2021). The concept of inflation is generally used to depict a decline in purchasing power of a given currency over time. Inflation is one of the most important macroeconomic variables and the most feared by the economic actors (Inim et al., 2020), including the government, due to its negative influence on the structure of production costs and overall welfare. The rising trend of inflation in Nigeria and the consequent poverty of the citizens have been very distressing to almost every Nigerian. Accordingly, inflation is perhaps among the fundamental accelerator of poverty and unemployment due to its weakening effect on purchasing power. According to data from the National Bureau of Statistics (NBS), Nigeria's headline inflation rate jumped from 11.98% in December 2019 to 15.75% at the end of 2020. Nevertheless, it skyrocketed to 18.12% in April 2021 before settling at 17.93% in May 2021. Perhaps, the figures represent acceptable official data. However, there are growing concerns that these figures underestimated the inflation situation in the country.

The present study

Youths from southeast Nigeria are generally known to be entrepreneurially inclined. However, there is growing indication that their participation in entrepreneurial activities has declined in recent times. Whereas entrepreneurial motivation denotes a psychological process in which all the motives may not influence with the same intensity, it varies with the perception levels of the individuals and factors responsible for the motivation. Thus, inflation, which has been in double digits since 2016, was driven higher by the impact of a coronavirus epidemic that has also induced a slump in the price of oil, Nigeria's main export, and weakened the naira currency. Given the low-growth and high-inflation backdrop, there is the possibility that entrepreneurial motivations are negatively affected. The primary objective of the present study is to investigate the impact of the rising inflation in Nigeria on the entrepreneurial motivations among the youth in southeast Nigeria.

Hypothesis:

Rising inflation will significantly predict entrepreneurial motivations among the youth in the southeast of Nigeria.

Method:-

The present research was conducted in Anambra and Imo states of the southeast region of Nigeria between August and November 2021. A convenience sample of three hundred and twenty-two ($n = 322$) undergraduates comprising males and females enrolled in different academic disciplines were chosen from different faculties in four public tertiary institutions in the selected states. The students were approached with the help of research assistants and asked to participate in the study. Those who consented and met the inclusion criteria were briefed on the study's purposes. Also, all ethical considerations were observed. After that, the study instruments were given to them to fill on the spot. A cross-sectional research design was adopted in the study.

Measures:-

The instrument for data collection in the study was a structured questionnaire. The questionnaire items were developed from the literature review and designed to ascertain relevant data relating to entrepreneurial motivation and perception of rising inflation on a four-point scale. The questionnaire was divided into two parts: A and B. Part A contains questions about entrepreneurial motivation, while part B contains questions about perceived effects of inflation. The

scale's reliability was ascertained following a pilot study using participants outside the study population, and the Cronbach Alpha 0.89 coefficient was obtained, indicating that the instrument was reliable.

Procedure:-

Three hundred and fifty copies of the questionnaire were administered to the respondents by the researcher with the help of two research assistants, who were trained to administer and retrieve instruments from the respondents with courtesy. The researcher and research assistants visited the tertiary institutions and obtained authorization from the relevant authorities before the commencement of the study. On the whole, 322 of the 350 questionnaires distributed were adequately filled and returned. Unfortunately, the remaining 28 copies of the instruments were either not correctly filled or were not returned. Hence, a total of 322 were used for the analysis.

Result:-

Table 1:- Table showing simple linear regression analysis for the predictive effect of inflation on entrepreneurial motivation.

	B	Std. Error	β	t	Sig.
(Constant)	-1.89	.085		-22.37	.000
Inflation	.95	.033	.933	29.074	.000
R^2	76.1				

As presented in the simple linear regression table above, the result indicates that the assumption that the rising inflation would significantly and positively predict entrepreneurial motivation was confirmed at $\beta = .933$, $p < .05$. Thus, the R^2 of .761 indicated that the increasing inflation in the country significantly predicted entrepreneurial motivation among the sample of youths from southeast Nigeria.

Discussion:-

The current study was aimed to examine the predictive role of the rising inflation on the entrepreneurial motivation of youths in the South-East of Nigeria. From the simple linear regression result, it was found that the increasing inflation in the country significantly predicted the variation in entrepreneurial motivation among the younger population in the study parameter. Thus, the expectation that rising inflation in the country would substantially predict the variance in entrepreneurial motivation among the youth in the southeast of Nigeria was confirmed. This means that those who perceive the persistent rise in inflation and its consequent effect on the Nation's economy as an impediment to new business ventures are more likely to have low entrepreneurial motivation than those who perceive entrepreneurship as a remedy to the growing effects of the rising inflation in the country.

Although the result of the study revealed rising inflation as a determinant of entrepreneurship motivation, there have been disparities in the relationship between inflation and entrepreneurship. Accordingly, evidence abounds that suggests that a rise in inflation creates an opportunity for entrepreneurship (Sayed et al., 2014; Vidal-Suñé & López-Panisello, 2013). On the other hand, previous studies (Arin et al., 2015; Salman, 2014) reported that rising inflation in any society could dampen entrepreneurship motivation because the business landscape is considered riskier. Perhaps, inflation increases the cost of starting a new business and thus a barrier to entrepreneurship. Also, the increased rates of inflation impact negatively on borrowing and, thus, reduce the likelihood of entrepreneurship (Singh & DeNoble, 2003). Therefore, the relationship between inflation and entrepreneurship can be negative or positive.

Conclusion:-

The present study examined the role of the rising inflation on entrepreneurial motivation in a sample of youths in southeast Nigeria. The study's main objective was to test the hypotheses and offer empirical evidence concerning rising inflation as a critical factor that could account for the variation in entrepreneurial motivation in Nigeria. The empirical results revealed that rising inflation is a primary macroeconomic indicator that is significantly correlated with entrepreneurial motivation. The finding seems to be aligned with the results obtained by other empirical studies. Thus, it can be concluded that the rough economic condition significantly affects the dynamics of entrepreneurial motivation. Although, other factors could determine entrepreneurial motivation that is not considered in the study. This limitation illustrates the need for future research to explore other relevant variables restraining youth's

entrepreneurial motivation. Moreover, the effects of inflation could have different impacts if entrepreneurial motivation is analyzed according to intention (necessity/opportunity).

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