

EXAMINING THE IMPACT OF HYPERINFLATION ON ENTREPRENEURIAL MOTIVATION AMONG THE YOUTH IN SOUTH-EAST NIGERIA

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ABSTRACT

Nigeria is currently witnessing a devastating rise in the prices of goods and services, described in many contexts as the worst economic situation in the country. Numerous reports describe entrepreneurship as a panacea to the dwindling economic crisis. Indeed, it contributes positively to national economies and has been widely considered among the primary engines of economic growth and job creation. However, the turbulent economic realities in Nigeria, dominated by financial crises, have affected entrepreneurship development. Thus, this paper investigated the effect of hyperinflation on entrepreneurial motivation among youths in southeast Nigeria. A convenience sample of two hundred and twenty-five undergraduates pooled from six tertiary institutions in the southeast participated in the study. The analysis showed that hyperinflation positively predicted entrepreneurial motivation at $\beta = .941$, $p < .05$. Furthermore, it was revealed that hyperinflation in the country contributes about 12.4% to the variation in youth's entrepreneurial motivation, as observed in the R^2 . The paper concludes that hyperinflation is a determinant variable in youth's entrepreneurial motivation.

KEYWORDS: *Entrepreneurship, entrepreneurial motivation, hyperinflation, youths*

BACKGROUND

Entrepreneurship is a form of free enterprise reflecting the creation of a venture to make a profit and adds value to society. Entrepreneurship learning is a continuous process extending through informal and formal education (Adefunke et al., 2020). It is an essential element in the business ecosystem that contributes significantly to economic growth (Bosma et al., 2018; Doran et al., 2018; Galindo-Martin et al., 2020; Hamdan et al., 2020; Huang & Chen, 2021; Ivanovic-đukic et al., 2019; Mohammadi Khyareh, 2020; Stoica et al., 2020; Urbano et al., 2019; Zouita, 2021). Scholars have described entrepreneurship as an indispensable tool that could elevate the socio-economic development of any nation (Muhhammad Shafiu et al., 2020). Indeed, it increases economic growth and development mainly by creating employment and nurturing the development of micro, small and medium enterprises. Entrepreneurship provides an opportunity for the citizens in any economy with deteriorated labor market and worsened unemployment status (Sambo, 2016). However, entrepreneurship is an economic activity that requires elevated motivation.

The considerable contribution of the free enterprises to the global economy makes it crucial to evaluate the underpinning factors in entrepreneurship (Murnieks et al., 2020; Puwana et al., 2018). Entrepreneurial motivation is a critical component of the entrepreneurial concept that has attracted massive research consideration in the past decades (Barba-Sanchez & Atienza-Sahuquillo, 2017; Bartha et al., 2019; Ephrem et al., 2021; Farhangmehr et al., 2016; Hasan et al., 2021; Mahto & McDowell, 2018; Malebana, 2021; Shi & Wang, 2021; Su et al., 2020; Wu & Mao, 2020). The construct describes the process that activates and motivates an individual to exert increased efforts to accomplish an entrepreneurial goal. Still, entrepreneurial motivation encompasses the drive or forces within an individual that influence the intensity, direction, and consistency characterizing entrepreneurship. Indeed, motivation is a psychological construct determining an individual's propensity to partake in risk-related ventures.

Over the years, the Nigerian government, through various agencies, has contributed significantly to the development of youth entrepreneurship (Omeje et al., 2020). Indeed, many programs relative to entrepreneurial development in the country might have yielded positive outcomes reflected in the increased youth's engagement in entrepreneurship and innovation ventures. For example, observing the entrepreneurship growth in the South-Eastern part of Nigeria may suggest that most young people have resorted to self-employment and entrepreneurship development. However, entrepreneurial ventures in recent times are challenged by extreme phenomena such as economic disparities and human capital flight, which affect entrepreneurial development. Besides, numerous literature exists that emphasizes the various factors constraining the growth and development of entrepreneurship in Nigeria (Baba, 2013; Chidiebere et al., 2014; Duru, 2011; Elemurre & Adeyeye, 2020; Ezeani, 2018; Kenny, 2019; Metu & Nwokoye, 2019; Odi & Njoku, 2013; Ofili, 2014; Ubogu, 2020). Indeed, the rapid accelerating inflation currently eroding the actual value of the local currency has triggered a broad concern for entrepreneurial development. Notably, the present paper examined hyperinflation as a constraining variable in entrepreneurial motivation.

Inflation represents a significant factor that influences the economic potential of any given country (Musarat et al., 2021). The concept of hyperinflation describes overwhelming out-of-control inflation resulting in a sharp increase in the prices of goods and services. It is commonly used to depict a deterioration in purchasing power of a given currency over time. Inflation is among the utmost macroeconomic factor and the most feared economic conditions (Inim et al., 2020). For instance, inflation is a significant concern for the government, mainly because of the accompanying negative effect on production costs and general welfare. The growing trend of inflation in Nigeria and the consequent wealth deterioration experienced by the people have been very distressing to almost all citizens.

Accordingly, hyperinflation is generally described as the fundamental accelerator of poverty and unemployment because of its worsening effect on purchases. Data from Nigeria's National Bureau of Statistics (NBS) indicates that the inflation rate jumped from 11.98% between December 2019 to 15.75% at the end of 2020. Nevertheless, it rose steeply to 18.12% between April 2021 before subsiding at 17.93% around May 2021. Therefore, indicating the presence of hyperinflation in the country. Perhaps, the figures might only represent an acceptable official data. However, there are growing concerns that these figures underestimated the inflation situation in the country. The current fall of the naira in relation to international currencies such as the dollar has led to hyperinflation in the country

Intimations suggest that youths from southeast Nigeria are generally entrepreneurially inclined. Indeed, the massive rise in small and medium-scale enterprises in the region corroborates the claim. However, there is a growing indication of declining motivation in the entrepreneurial context. For instance, the rise in youth restiveness and the ever-increasing youth participation in ritual activities, including the increasing intentions to migrate, describe a condition of entrepreneurial discouragement. In particular, entrepreneurial motivation is a psychological construct denoting the underpinning psychosocial process that motivates an individual to action. Relatedly, entrepreneurial engagement requires an increased level of motivation and intention. Although motives may not influence with the same intensity, they vary with an individual's perception and the factors that instigate the motivation. However, hyperinflation, reportedly in double digits since 2016, was massively increased following the dreaded coronavirus pandemic that triggered a significant downfall in oil price, Nigeria's main export, thereby weakening the naira. Given the low-growth and high-inflation backdrop, entrepreneurial motivations may be dampened. The primary goal of the present paper is to evaluate the impact of hyperinflation on the entrepreneurial motivations of youth in southeast Nigeria.

Hypothesis: *Hyperinflation would significantly predict entrepreneurial motivations among the youth in the southeast of Nigeria.*

Method

The present research was conducted in the Enugu, Anambra, and Abia states of the southeast region of Nigeria between February and April 2022. A convenience sample of two hundred and twenty-five ($n = 225$) males and females enrolled in various academic disciplines were picked from various faculties at five institutes of higher learning in the selected states as the research participants. With the aid of research assistants, students were approached and invited to participate in the survey. Those who agreed and satisfied the inclusion criteria were given an overview of the study's goals. In addition, all ethical aspects were taken into account. After that, they were handed research tools to fill out on the spot.

Measures

Data collection was done with a structured questionnaire developed from the literature review and intended to establish relevant data relating to entrepreneurial motivation and perception of rising inflation on a four-point Linkert-type scale. The survey was divided into two sections: A and B. Part A of the survey asks about entrepreneurial drive, whereas part B asks about inflation's perceived consequences. Following a pilot investigation with individuals from outside the study population, the scale's reliability was determined, and the Cronbach Alpha 0.78 coefficient was obtained, showing that the instrument was trustworthy.

Procedure

The researcher and two research assistants distributed 250 questionnaires to the participants. They were trained to administer and retrieve instruments from the respondents with courtesy. The researcher and research assistants approached the selected tertiary institutions and obtained authorization from the relevant authorities before the commencement of the study. On the whole, 225 of the 250 questionnaires distributed were adequately filled and returned. Unfortunately, the remaining 25 copies of the instruments were either not correctly filled or were not returned. Hence, a total of 225 were used for the analysis.

Result

A cross-sectional research design was employed in the study. Data from the field survey were analyzed using the statistical package for social sciences (SPSS, V. 23). The analysis indicated that the assumption that hyperinflation would significantly and positively predict entrepreneurial motivation was confirmed at $\beta = .941, p < .05$. Furthermore, it was revealed that hyperinflation in the country contributes about 12.4% to the variation in youth's entrepreneurial motivation, as observed in the R^2 .

Table 1:

Table showing simple linear regression analysis of the effect of hyperinflation on entrepreneurial motivation.

	B	Std. Error	Beta	t	Sig.
(Constant)	-1.89	.085		-21.26	.000
Hyperinflation	.95	.033	.941	26.61	.000
R^2	124				

Discussion

The current study investigated the effect of hyperinflation on the entrepreneurial motivation of youths in the South-East of Nigeria. Two hundred and twenty-five participants responded to the survey questionnaire. Hyperinflation strongly predicted variance in entrepreneurial drive among the younger population in the study parameter, according to a simple linear regression analysis conducted on the data. As a result, it was determined that growing inflation in the country would significantly predict differences in entrepreneurial drive among the young in southeast Nigeria. This means that those who see the country's persistent rise in inflation and its impact on the economy as an impediment to starting new businesses are more likely to have low entrepreneurial motivation than those who see entrepreneurship as a solution to the country's growing effects of rising inflation.

Although the result of the study revealed the growing hyperinflation as a determinant of entrepreneurship motivation, there have been gaps in the relationship between hyperinflation and entrepreneurship. Accordingly, evidence suggests that a steady rise in inflation produces an opportunity for entrepreneurship for many people (Sayed et al., 2014; Vidal-Suñé & López-Panisello, 2013). Accordingly, research in the past (e.g., Arin et al., 2015; Salman, 2014) noted that the ever-increasing inflation in any society could dampen entrepreneurship motivation because the business landscape is considered riskier. Perhaps, hyperinflation exacerbates the cost of creating a new business and thus represents a considerable barrier to entrepreneurial development. Furthermore, rising inflationary rates have a negative influence on borrowing, reducing the chance of entrepreneurship (Singh & DeNoble, 2003). As a result, there might be a negative or positive link between inflation and entrepreneurship.

Conclusion

The current study looked at how hyperinflation affects entrepreneurial motivation in a sample of young people in southeast Nigeria. The study's major goal was to explore theories and provide empirical evidence on hyperinflation as a crucial element that might explain variations in the entrepreneurial drive. The findings show that hyperinflation is a key macroeconomic indicator that is strongly linked to entrepreneurial drive. The findings appear to be consistent with those of previous empirical investigations. As a result, it is possible to conclude that the current economic situation has a substantial impact on the dynamics of entrepreneurial motivation. Other characteristics that were not addressed in the study might, however, influence entrepreneurial drive. 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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