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# Ease of Doing Business and Entrepreneurial Growth in the Face of Global Economic Policy Uncertainty

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***Authors' contributions***

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## ABSTRACT

This study investigates the impact of ease of doing business on entrepreneurial growth in Nigeria from 2010 to 2023, particularly in the context of global economic policy uncertainty. Using data from the Global Entrepreneurship Monitor and the World Development Indicator, the study applies an Autoregressive Distributed Lag (ARDL) model to analyze the relationship between ease of doing business factors, such as access to credit, contract enforcement, and regulation, and entrepreneurial activity. The findings show that while improvements in the business environment significantly foster entrepreneurship, economic uncertainty hampers its growth. The study recommends that Nigeria should enhance its business environment and create safety nets to mitigate the adverse effects of global economic uncertainties. These insights are valuable for policymakers aiming to promote entrepreneurship and economic resilience in developing countries.

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## 1. INTRODUCTION

"The ease of doing business and entrepreneurial growth are crucial factors in driving economic development, innovation, and job creation. However, global economic policy uncertainty can pose significant challenges to entrepreneurs and businesses. The advantages of Small and Medium-sized Enterprises (SME's) to entrepreneurship development have always been recognized and acknowledged. The role of SME sector is critical for overall performance and efficiency of an economy. Due to this crucial role SME's in a country's entrepreneurship development, they are referred to as engines of growth for developing countries and emerging economies. There is a higher possibility that SMEs would use labor-intensive technology, and resultantly lowering unemployment, especially in developing world" [1]. While in developed countries, SME's have always been champions of employment generation, driving innovation, and developing innovative product and services in advanced economies. This recognition of SMEs' tremendous contribution to economic growth has prompted governments worldwide to prioritize the SME sector for enhancing economic growth.

Nigeria's policymakers are implementing various reforms to boost economic growth through a vibrant private sector. These reforms aim to improve market functioning, diversify the economy, and attract investments. Economic regulations are a crucial tool in these efforts [2]. However, poorly designed or wrongly applied regulations can hinder economic growth, while well-crafted regulations can support growth. The quality of business regulations and their enforcement institutions are key determinants of economic prosperity. The World Bank's Doing Business project measures regulatory reforms' impact on businesses. It evaluates 10 aspects of business regulation, including starting a business, paying taxes, and trading across borders. Nigeria has implemented regulatory reforms to ease doing business, aiming to increase investments, employment, and economic growth. Reforms were intensified in 2016 to recover from recession.

The Doing Business in Nigeria series, since 2008, aims to simplify starting and running a business in Nigeria. The goal is to reduce regulatory burdens, allowing entrepreneurs to focus on productive activities. Clear, accessible, and enforceable laws and regulations can increase trust and expand business networks. This study will evaluate the impact of ease of doing business and entrepreneurial growth in the face of global economic policy uncertainty with the potential to inspire other countries to follow suit.

Nigeria has a reputation as an unsafe place to do business, but the government has implemented reforms to improve the ease of doing business. Despite some successes, challenges persist, including lack of infrastructure and financial problems. This study aims to explore the factors influencing ease of doing business and entrepreneurship development in Nigeria, focusing on small and medium-sized enterprises (SMEs). It seeks to determine the impact of ease of doing business on entrepreneurship development and provide recommendations to improve the working environment for entrepreneurs. The study covers the period 2000-2024 and examines variables such as enforcing contracts, getting credit, and getting electricity.

In addition to the interconnectedness of entrepreneurship with ease of doing business, there is the limitation posed by economic uncertainty. Following Duca and Saving [3] economic policy uncertainty can arise for several reasons. These include recessions, political instability, technological factors, conflict intensity, geopolitical risks among others. These uncertainties are arguably prejudicial to systemic stability and affect economic activities that support entrepreneurship. Nigeria as a country is faced with such problems as political instability, conflicts, banditry, economic mismanagement that exacerbates developmental challenges. The degree to which this has combined with ease of doing business in affecting entrepreneurial development is of investigative interest especially in this study. This study specifically focuses on the limiting effect of uncertainty on the ease of doing business drives of the Nigerian economy and how it has affected entrepreneurship growth. The rest of the study is classified thus: section two presents a review of related literature, section three presents the methodology of the study, the penultimate section presents the results and their interpretation while section five concludes.

## 2. LITERATURE REVIEW

### 2.1 Concepts and Theories

"Entrepreneurship involves identifying and exploiting unique business opportunities, taking risks, and being creative. It's influenced by genetic power, family background, and economic environment. Governments develop policies to support entrepreneurship by providing access to resources and services. Entrepreneurship encompasses various tasks, including management, finance, product development, and marketing. Entrepreneurship can lead to new organizations or revitalize existing ones in response to perceived opportunities" [4]. They are usually founded as a result of motivated entrepreneur gaining access to resources and finding niches in opportunity structures. Hence, entrepreneurship could be seen as the process of identifying and exploiting unique business opportunities that stretch the creative capacities of both private and public organizations.

Garba [5] asserted that "the term entrepreneurship means different things to different people and with varying conceptual perspectives. He stated that in spite of these differences, there are some common aspects such as risk taking, creativity, independence and rewards".

"Entrepreneurship Development is defined as a process of enhancing the skillset and knowledge of entrepreneurs regarding the development, management and organization of a business venture while keeping in mind the risks associated with it" [6]. According to Urieto, [7] "entrepreneurship development is the means of enhancing the knowledge and skill of entrepreneurs through several classroom coaching and programs, and training, the main point of the development process is to strengthen and increase the number of entrepreneurs". Baridam, (2014) "Entrepreneurship development is the process of improving entrepreneurs' skills and knowledge in managing and organizing a business, while understanding the associated risks. This is achieved through training programs and sessions that enhance entrepreneurial abilities as It focuses on enhancing entrepreneurs' skills in managing and building their ventures while minimizing risks. Through training and coaching, entrepreneurs can make better decisions and judgments".

According to Urieto, [7] the below mentioned steps will illustrate how to build an effective entrepreneurship development program for an entrepreneur to organize and launch the new ventures; The process of entrepreneurship development involves six steps:

1. **Discover:** Generate fresh ideas and objectives, identify potential business opportunities.
2. **Evaluation:** Assess the opportunity by asking critical questions.
3. **Developing a plan:** Create a comprehensive business plan.
4. **Resources:** Identify sources of finance and human resources.
5. **Managing the company:** Start operations, decide on management structure.
6. **Harvesting:** Determine future growth and development.

**To create an effective entrepreneurship development program:**

1. Set clear objectives and plan.
2. Find experienced mentors/training professionals.
3. Identify potential local talents and markets.
4. Choose the right location for the program.
5. Tie up with institutions for real-world experience.
6. Assess effectiveness and seek feedback.

According to Martin Career (2022) "A nation's economic development relies on the combination of successful entrepreneurship and established corporations. According to Schumpeter's theory of economic development, entrepreneurs play a crucial role in driving economic growth".

Wickham [8]. An entrepreneur is an innovator, someone who transforms innovations and ideas into economically viable entities; independent of whether in the process she creates or operates a firm [9]. However, when the firm has been created, sometime they do not meet a practicable sustainability; they are often times faced with problems and when the problems happen, the entrepreneurship is logically affected not only economically but also mentally and emotionally.

In Nigeria, according to Odeyemi (2023), there was an estimate of more than seventy percent of the entrepreneurship and small scale industries´ employments in the country and more than fifty percent gross domestic product created by entrepreneurship and small business enterprises. Entrepreneurship businesses easily have the tendency to either "failure" or "success".

Nigeria, despite being Africa's largest economy, still struggles with economic development and poverty. The country has numerous untapped business opportunities, including trans-Sahara trade, solid minerals, and renewable energy. However, small and medium-sized businesses face challenges like limited financing, inadequate infrastructure, insecurity, and lack of training.

**Entrepreneurship and economic development relationship are influenced by such theories as the:**

Public Value Theory public value theory (PVT) which was developed by Moore in [10]. The theory emerged during the monumental global financial crisis that began in 2007 that was followed by the Great Recession from which the world economy has been slowly recovering. Unlike the 1970s, this crisis triggered a renewed interest in government regulation and intervention in the private economy. Government is in a special position to take the lead on public problems by harnessing its own resources, and also through convening the resources of business and non-profit sector. Thus, public value theory advances a theory of governance that is neither strictly bureaucratic nor market based, but, rather, collaborative, democratic, and focused on good governance.

There is also the Resource-Based View (RBV) theory of the firm developed by Barney [11] has been one of the prominent theory in business development as availability of resources is vital for startup ventures to succeed. Although resources are obviously essential, with the passage of time it has become more obvious that other factors like culture of countries, legal environment of countries, traditional norms and organisational behaviors in an industry, play an critical role in growth of an industry and ultimately determines development and success rate of business ventures in an economy [12].

In addition, the customs union theory developed by Viner [13] assesses the trade effects on member countries upon the removal of tariffs and introduction of common external tariff. Viner [13] argued that the reduction of the barriers may either lead to trade creation or trade diversion. Kindleberger [14] argues that investment creation could occur as a likely response to the trade diversion brought about by RIAs. Economic integration should influence foreign direct investment flows mostly positively, due to reduced trade barriers and extended market sizes. Fahmi [15] “conducted comprehensive literature review to present the key theoretical relationships between economic integration and foreign direct investment flows and made the foregoing conclusion”.

As for ease of doing business, the World Bank's Ease of Doing Business (EDB) index is an example of the theory of influence in action. Instead of using traditional tools like loans and technical assistance, the Bank uses rankings to simplify complex regulatory information, compare countries, and publicize results to encourage business deregulation. This leverages social pressure from investors, constituents, and domestic groups to influence governments to reform. This is evident in King Abdullah's 2006 declaration to improve Saudi Arabia's EDB ranking, demonstrating status motivation driven by the Bank's narrowly defined scale [16].

## 2.2 Empirical Review

Studies have been conducted on the connection between entrepreneurship and economic development in varying economies and periods. These studies encompass those conducted in both developed and emerging markets with varying entrepreneurial environments.

Azam et al. [17] analysed “the role of institutional factors and macroeconomic policy factors on FDI inflows, a study which implies that a good institutional quality plays a key role in attractiveness of FDI inflows. A poor macroeconomic policy situation produces negative impact on FDI. Good Institutional quality and poor macroeconomic policy generate negative effect in a combined form on FDI. This study further implies that poor macroeconomic policy deteriorates institutional quality and creates a negative effect on FDI inflows”.

Furthermore, Saleh [18] analysed “Egypt performance on the doing business on investment and economic growth for the period 2004 to 2010. The study found that rules affecting the scope, accessibility and quality of credit information available through either public or private credit registries are positively correlated to GDP increase. The amount of taxes and mandatory contributions payable by the business in the second year of operation, expressed as a share of commercial profits were found to correlate negatively”.

Shahadan et al. [19] in their study investigated “how FDI is influenced by Doing Business

Indexes (DBI) for six Asian countries, namely Afghanistan, Bangladesh, India, Iran, Pakistan and Sri Lanka. Panel data were employed for the period 2004–2013, investigating nine indices of Doing Business using pooled OLS, fixed effect, and random effect models estimations".

Also, Karama [20] investigated "the impact of corruption and rule of law on ease of doing business, GDP growth and GDP per capita using the countries from the Bribe Payers Index. The result of analysis shows negative effect of corruption, bribery and rule of law have on the ease of doing business in a country at macro level. It also shows that there is positive significant effect of corruption, bribery, and rule of law have on a country's economy on the micro level".

Furthermore, Ani [21] examined "the effect of ease of doing business on economic growth of some economies in Asia. Ease of doing business is represented by ten Doing Business indicators (DBI), while Gross Domestic Product (GDP) was used as the proxy variable for economic growth. Data were analysed using multiple regression. The result of the study indicates that Singapore has the best regulatory performance in Starting Business, Registering Property, Protecting Investors, Trading Across Borders, and Enforcing Contracts".

In addition, Pere and Hashorva [22] investigated "the regulation and administrative facilitation aspects of doing business in Western Balkans Countries, to determine whether it led to the development of private business and economic growth. The results of statistical analysis of the effect of administrative facilities and the rules for doing business on economic growth in the Western Balkan countries suggests that there is positive and statistically significant correlation between these variables".

Mahuni and Bonga [23] analysed "the impact of ease of doing business indicators on FDI inflows in Zimbabwe employing a Time Series Analyses for period from 2009–2016 using the OLS regression model. They pointed out that Paying Taxes (PT), Enforcing Contracts (EC), and Getting Electricity (GE) had negative significant impact on FDI inflows. Their study suggests that there is a greater need to improve efficiency in the enforcement of contracts, fair distribution of electricity and energy, improving taxes procedures and compliance enforcement, and correctly dealing with construction permits".

Study conducted by Adepoju [24] examined "the impact of ease of doing business on the growth rate of GDP per capita in Nigeria, controlling for business climate and economic growth. The result shows that ease of doing business has an overall statistically significant effect on the annual growth rate of GDP per capita. However, the estimated coefficients of the Doing Business indicators for the full sample are statistically not significant with no effect on the annual growth rate of GDP per capita, while the indicators for the subsamples have a statistically significant effect. Furthermore, the result of subsamples based on country income groups' classifications showed conflicting results".

Basit and Hasan [25] studied "the impact of capital structure on firm's performance: with emphasis on Karachi stock exchange (KSE) listed firms in Pakistan. Piwonski (2018) emphasizes that, by increasing their country's Doing Business rank one level, a government can bring in over $44 million USD. A legal system that is effective, impartial, as well as transparent and protects property rights is virtually a prerequisite for FDI consideration".

Kasongo [26] found out "a relationship between changes in inward foreign direct investment and the Doing Business Indicators by investigating variables, such as time to start a business, cost to start a business, time to register property, and cost to register a property, time to import, and time to export, and he noticed that some indicators from Doing Business results suggest an insignificant (albeit negative) association between the cost to start a business, time to register a property, time to import, time to export, and FDI, and in his study he points out that starting a business and the cost of registering a property were found to be significant in determining FDI inflows".

Hossain et al. [27] used "panel data to investigate the impact of Ease of Doing Business on Inward FDI over the period from 2011 to 2015 across the globe. (177 countries), respectively they have treated 5 indicators (areas) of Doing Business, such as, starting a business, getting credit, registering property, paying taxes and enforcing contracts".

Eifert [28] assessed "the impact of regulatory reform on investment and GDP growth using an Arellano-Bond dynamic panel estimator to control for unobserved cross-country heterogeneity and the correlation between reform timing and the business cycle over the period 2003 to 2007. The study shows a positive impact of regulatory reforms in countries with relatively poor condition of governance and relatively well-governed condition on income. In addition, the results show a significant increase in investment in both subgroups of countries investment in the subsequent year".

Furthermore, Mongay and Filipescu [29] conducted "correlation analysis of 172 countries data to establish the relationship between corruption and ease of doing business variables using a bivariate correlation analysis. The 172 countries were analyzed by comparing their positions in the Corruption Perception Index (CPI) ranking and the ease of doing business ranking".

One of the pioneer studies in the area of ease of point business report is Djankov, McLiesh and Ramalho [30] examined "the link between regulations governing business activity and the economic growth of countries. The study uses the 2004 Doing Business single cross-section data created by the World Bank to measure the business regulations for 135 countries, and the average annual growth rate of GDP per capita between 1993 and 2002 as their dependent variable. They establish that the relationship between better regulations and higher growth rates is consistently significant".

Göndör & Nistor [31] pointed out that "the fiscal policy is a major factor influencing Foreign Direct Investment. Cross country correlations show that FDI inflows are indeed higher for economies performing better on Doing Business indicators, even when taking into account differences across economies in other factors considered important for FDI".

Another widely cited literature is Haidar [32] who examined "the impact of business regulatory reforms on economic growth rates, using cross-country differences in business regulatory reforms data from the World Bank Doing Business project and variables of macroeconomic dynamics. The study found that there is statistically significant evidence, across 172 countries, for economic growth response to business regulatory reforms".

Olival [33] from his study, using panel data for the period 2004–2009, through a fixed effects estimator, has tried to find a link between nine indicators of Doing Business and Foreign Direct Investment (FDI) inward for 144 developing countries and 33 developed countries. The major implication is that in general, a better-rated business environment is more likely to attract greater amounts of FDI, especially in the case of developing countries.

Umar [34] examined "effect of ease of doing business on economic growth in Nigeria. The study employed ease of doing business dimensions ranking as independent variables, while Gross Domestic Product at constant prices is applied as the dependent variable and corruption perception index ranking was used as control variable. Multiple regression and correlation analysis were used for data analysis. The study found that individually Getting Credit, Protecting Investors, Trading Across Borders, and Registering Property do not insignificantly affected GDP, while starting a business negatively but insignificantly affects GDP".

Azmat, *et al* [35] investigated "perceived ease of doing business and business growth motivation of SMES. This study has been developed to explore perception about ease of doing business in a developing country by analyzing primary data collected directly from SME's. The philosophical approach for this study is based on positivism. Quantitative data about perceived ease of doing business and Growth Motivation was collected through Likert scale. PLS-SEM has been used for analysis for data. Findings of the study suggest that there is a significant association between perceived ease of doing business and growth motivation of SME's".

Olayemi and Okonji [36,37] studied "ease of doing business reforms and business growth among selected micro, small and medium enterprises (MSMES) in present day Nigeria. This article utilises the survey approach and the hierarchical linear modelling technique for analysis". Measures of ease of doing business topics used in this study include starting a business, getting credit, getting electricity and registering property. Others are, tax payment, entry and exit of people and construction permits (See Gupta, Turban, Wasti, & Sikdar, 2009).

Ndukwe and Allison [38-40] conducted a study on good governance and ease of doing business in Nigeria. This paper is on Good Governance and Ease of Doing Business in Nigeria: Problems and Prospects. The objective of the paper is to look at the effects of ease of doing business on entrepreneurship and starting a business in Nigeria. The paper argues that barriers to entry faced by businesses hinder entrepreneurship development because they give market power to the already existing businesses.

Silva and Oshilike [41-43] examined "impact of ease of doing business on foreign direct investment in Nigeria. The principal purpose of this study was to unravel the effect of ease of doing business on foreign direct investment in Nigerian from 1980 to 2020. To achieve these goals, detailed analysis of ease of doing business on foreign direct investment was carried out. The ARDL and Bounds Testing Approach were used to investigate the long run and short-run relationship between the variables. The result shows that ease of doing business in terms of access to electricity is a significant predictor of foreign direct investment up to the second period lag in the short run and in the long run as well" [44].

Barinua and Olarewaju [40] examined "the impact of skill acquisition on entrepreneur development in Nigeria. This study examines the relationship between skill acquisition and entrepreneur development. This paper after a critical review of the available literature revealed a significant relationship between skill acquisition and entrepreneur development. The paper however recommends that prospective entrepreneurs should ensure that necessary skills armed at enhance their businesses are acquired before venturing into their choice businesses".

Though there is a wide range of empirical evidence on the relationship between ease of doing business and entrepreneurship development, there is scarcity of studies that have looked at this nexus together with the impact of economic policy uncertainty. This study fills the gap by introducing into the model an index for global policy uncertainty with the aim of domesticating its impact on entrepreneurship development in the Nigerian economic space.

## 3. METHODOLOGY

### 3.1 Data

The dataset for this study is drawn from different repositories. Table 1 contains the variables, proxies and data sources.

The datasets are annualized time series data and covers the period 2010 to 2023. Time series data suits this study because they follow a regular time ordering and represent good datasets to measure trajectory.

The baseline model for this study is shown as follows:

$$EG_t = f(EODB, GEPU)$$

EG is entrepreneurial growth proxied by the growth in number of entrepreneurs (firms) and the other variables are as defined in Table 1. This functional relationship is represented in an estimable form with disaggregated proxies for ease of doing business as follows:

$$EG_t = \delta_0 + \sum_{k=1}^{n} \delta_1 EG_{t-1} + \sum_{k=1}^{n} \delta_2 ATC_{t-1} + \sum_{k=1}^{n} \delta_3 REG_{t-1} + \sum_{k=1}^{n} \delta_4 EnC_{t-1} + \alpha_1 EG_{t-1} + \alpha_2 ATC_{t-1} + \alpha_3 REG_{t-1} + \alpha_4 EnC_{t-1} + \varepsilon_t$$

All the variables are as defined, $\delta_1 - \delta_4$ are short-run parameters while $\alpha_1 - \alpha_4$ are long-run parameters. $\delta_0$ is the constant term and $\varepsilon_t$ is the residual or error term.

The estimation processes of this study follow four stages. The first stage is the description of the datasets. This involves the evaluation of the aggregative tendencies and dispersion of the datasets including the test for normality of the series. The stationarity properties and the correlational matrices of the datasets are also done as the first step in determining how fit for purpose they are.

Secondly, the study used the ARDL regression analysis method incorporating the bound testing co-integration test the error correction representation. While the ARDL estimates show the elasticity of the regressand to the regressors, the bound test measures the cointegrating relationship and the error correction representation shows the speed of adjustment of the regressand to disequilibrium arising from changes in the regressors.

Thirdly, the test for validity and reliability of the estimates are done using the relevant test for autocorrelation, heteroscedasticity and model stability. These tests are essential in determining that the estimation outputs are not spurious and can be used for informed analyses.

The final stage in the estimation process is the drawing of inferences using the validated estimates. The drawn inferences formed the findings of the study based on which recommendations of policy and research nature were made.

**Table 1. Summary of datasets**

| Variable | Proxy | Role | Notation | Data Source | Expected Sign |
|---|---|---|---|---|---|
| Entrepreneurial Growth | Number of Entrepreneurs | Dependent Variable | EG | Global Entrepreneurship Monitor and World Development Indicator | None |
| Ease of Doing Business | - Access to Credit<br>- Regulation<br>- Enforcing Contract | Independent Variables | ATC<br>REG<br>EnC | World Development Indicator | Positive (+) |
| Global Economic Policy Uncertainty | Global Economic Policy Index | Independent Variable | GEPU | https://www.policyuncertainty.com | Negative (-) |

*Source: Authors' Presentation*

## 4. RESULTS AND DISCUSSION

First, the results of the preestimation tests are presented as evidence of the goodness of the dataset. Table 2 contains the basic descriptive statistics showing the tests for central tendency, dispersion and normality.

Expectedly, entrepreneurial growth presents the highest mean value as it shows the midpoint of the minimum value of 55 and maximum of 425. The mean uncertainty index stands at 1.53 relative to the maximum value of 4.65 and the minimum of 0.75. The respective figures for all the ease of doing business indicators are shown. The value of the mean relative to the minimum and maximum values rules out the presence of extreme values in the observation and that rules out biases and distributional errors in the datasets.

Next, the linear association of the series is shown through the correlation matrix reported in Table 3.

Looking at the linear association between entrepreneurial growth and the influencing variables, a positive linear association of different scales can be established with the ease of doing business indicators while a negative linear association is found with the uncertainty variables. This is preliminary evidence that entrepreneurial growth moves in the same direction with ease of doing business while the uncertainty variables share a negative correlation with the growth of entrepreneurship. This means that enhanced ease of doing business causes growth in entrepreneurship while the reverse is the case for economic uncertainty.

Also, the stationarity properties of the datasets were established through the unit root test results reported in Table 4.

The orders of integration of the series fall between I(0) and I(1). For the I(1) variables (EG< EnC and GEPU), the null hypothesis of presence of unit root was rejected at first difference while for the I(0) series (ATC and REG) that was done at levels. The combination of I(1) and I(0) order of integration justifies the use of the Autoregressive Distributed Lag model as the estimation method given that it tolerates variables with the aforementioned orders of integration.

**Table 2. Summary of basic descriptive statistics**

| Variables | Mean | Median | Maximum | Minimum |
|---|---|---|---|---|
| EnC | 3.53 | 4.56 | 7.56 | 2.05 |
| RQUAL | 18.87 | 12.94 | 72.84 | 5.39 |
| ATC | 13.08 | 13.25 | 6.00 | 26.00 |
| GEPU | 1.53 | 2.56 | 4.65 | 0.75 |
| EG | 112.98 | 111.23 | 425 | 55 |

*Source: Authors' Computation*

**Table 3. Correlational matrix**

| Variables | EnC | GEPU | REG | ATC | EG |
|---|---|---|---|---|---|
| EnC | 1 | -0.23 | -0.07 | 0.95 | 0.70 |
| GEPU | -0.23 | 1 | 0.36 | -0.29 | -0.55 |
| REG | -0.07 | 0.36 | 1 | -0.02 | 0.65 |
| ATC | 0.95 | -0.29 | -0.02 | 1 | 0.67 |
| EG | | | | | 1 |

*Source: Authors' Computation*

**Table 4. Summary of unit root test results**

| Variables | Test stat | Critical Values | | Inference |
|---|---|---|---|---|
| | | 5% | 10% | |
| EG | -12.23816 | -5.17571 | -4.89395 | I(1) |
| ATC | -7.943093 | -5.17571 | -4.89395 | I(0) |
| REG | -5.80093 | -5.17571 | -4.89395 | I(0) |
| EnC | -10.28361 | -5.17571 | -4.89395 | I(1) |
| GEPU | -6.14608 | -5.17571 | -4.89395 | I(1) |

*Source: Authors' Computation*

**Table 5. Summary of ARDL estimates**

| Variable | Coefficient | Std. Error | t-stat | Prob. |
|---|---|---|---|---|
| C | 26.21 | 1.65 | 15.88 | 0.00 |
| REG | 0.11 | 0.01 | 11.00 | 0.00 |
| GEPU | -0.65 | 0.07 | 9.23 | 0.00 |
| ATC | 0.38 | 0.10 | 3.80 | 0.02 |
| EnC | 0.65 | 0.12 | 5.42 | 0.00 |
| R-squared | 0.72 | | | |
| Adjusted R-squared | 0.61 | | | |
| F-statistic | 29.44 | | | |
| LM | 2.78 | | | |
| RESET | 0.24 | | | |
| HET | 0.69 | | | |
| CS/SS | STABLE | | | |
| $ECM_{t-1}$ | -0.55(0.000) | | | |
| Bounds test | I(0) 3.57; I(1) 5.57; F-stat = 7.23 | | | |

*Source: Authors' Computation*

The elasticity of the outcome variable to the regressors is then evaluated following the results of the ARDL model as presented in Table 5.

The validity of the ARDL estimates is confirmed by the results of the BG serial correlation LM test with a non-significant p-value. This confirms the absence of autocorrelated residuals. The heteroscedasticity test shows that the variance of the residuals is constant or homogenous. The Ramsey regression equation specification error test (RESET) that enters with a non-significant probability value is evidence in favour model stability, correct functional form and absence of specification bias. This position is further supported by the cumulative sums of squares tests that show model stability. All the diagnostic tests prove that the ARDL estimates are best, linear and unbiased.

In looking at the drivers of entrepreneurship from the result, all the ease of doing business variables are found to positively and significantly improve entrepreneurship growth in Nigeria. The responsiveness of entrepreneurship growth to access to credit, enforcement of contract and quality of regulations stand at 38%, 65% and 11% respectively. All the estimates are positive and significant which is a proof that as the ease of doing business indicators improve, growth in entrepreneurship is recorded. Conversely, the global economic policy uncertainty adversely affects growth in entrepreneurship. A unit change in the uncertainty index retards growth in entrepreneurship by 65%. This means that as the uncertainty variable worsens, entrepreneurship growth declines. The long run cointegrating relationship between entrepreneurial growth and ease of doing business is shown by the bounds test result with an F-stat of 7.23 that is greater than the lower I(0) and upper bounds I(1). This is further supported by the error correction representation that is negatively signed and statistically significant. The error correction model further shows a speed of adjustment of 55% which explains that disequilibrium in growth in entrepreneurship arising from change in any of the regressors is corrected by 55% per period. This means that it takes about two years for such disequilibrium to be fully restored. The test for the long run dynamics and speed of adjustment is within predictable limits as the coefficient is less than 1 or 100%.

## 5. CONCLUSION

This study is set to investigate the responsiveness of entrepreneurship growth to ease of doing business in Nigeria while accounting for the intervening role of economic policy uncertainty. The Nigerian economy was chosen as the geography of interest given the role that entrepreneurship plays in the development of countries with high level of unemployment and strong desire for growth and development. The empirical study covered the period 2010 to 2023 with proxies duly selected for the investigated variables.

Relevant estimation techniques were adopted to address pre-estimation, estimation and post-estimation purposes. The findings arising from this study are summarized as follows:

- That ease of doing business positively and significantly drives entrepreneurship growth in Nigeria. This is consistent with the apriori expectation of this study and is intuitively correct given that an improvement in ease of business rating will incentive the growth and development of entrepreneurial drives.

- It was further discovered that economic policy uncertainty adversely affects the growth of entrepreneurship in Nigeria. This is to say that the Nigeria economic climate is exposed to the changes in the global economy to the effect that it can limit the growth and development of entrepreneurship in the country.
- A long run cointegrating relationship and an appreciable speed of adjustment exist in the interactions among the investigated variables. This implies that entrepreneurship adjusted to the shocks and dynamics of ease of doing business and uncertainty within the studied space and time.

Evidently, countries like Nigeria that are desirous of growing the economy through entrepreneurship should enhance the business environment through improved ease of doing business while building safety nets against the adversities of global economic policy uncertainty (See Wennekers & Thurik 1999; Mishra, Kumar & Upadhyaya, 2024).

In specific terms, the country can benefit from the strength of the business environment in an attempt to counter the shock transmission effect of the uncertainties that come such global challenges like the Russian-Ukrainian war, the middle east crises and other conflicts around the world.

## DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Authors hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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