



Entrepreneurial Economics: A Systematic Review of an Emerging Field of Study in Nigeria

¹Imide, Israel O. & ²Chukwuka, Ernest Jebolise

¹Department of Economics,

²Department of Entrepreneurship and Business Innovation
University of Delta, Agbor, Delta State

DOI: 10.48028/iiprds/aefunaijefds.v2.i2.18

Corresponding Author: Imide, Israel O.

Abstract

This study investigated Entrepreneurial economics as an emerging field of study in Africa to ascertain its viability and inclusiveness as a course of study as well as in cooperating it into Economics and Entrepreneurship curricula due to its overwhelming significance in driving economic growth and sustainable development. The study adopted a systematic review of literature of related topics in order to determine the nature of connections and comprehend the motivations, viewpoints, theories, empiricism, and opinions of scholars and findings using JSTOR, Google scholar, PubMed and researchgate. The study found that the importance of entrepreneurial economics lies in its ability to stimulate economic growth, innovation, and job creation. The introduction of new goods, services, and technologies by entrepreneurs boosts competitiveness and productivity. Additionally, they are essential to the growth of communities, the generation of wealth, and the lessening of regional imbalances. The results of this study also showed that by concentrating on the processes of innovation, opportunity recognition, and the systemic elements that support entrepreneurship, entrepreneurial economics constitutes a novel and unique area that tackles the shortcomings of conventional economic models. It is distinguished by its multidisciplinary aspect, emphasis on ecosystems, and applicability to current economic issues including job creation and technological advancement. In conclusion, entrepreneurial economics promotes evidence-based, tailored policies that optimize entrepreneurship's contribution to economic growth and sustainable development by addressing the various needs of entrepreneurs, promoting ecosystem development, lowering social and gender barriers, and utilizing innovation and education. The study also concludes that Entrepreneurial economics possess every requirement of a full course of study and should be integrated into Economics and Entrepreneurship curricula.

Keywords: *Entrepreneurial Economics, Entrepreneurship, Economics, Academic Curriculum, Economic Development*

<https://internationalpolicybrief.org/aefunai-journal-of-economics-finance-and-development-studies-volume-2-number-2/>

Background to the Study

An entrepreneurial economy is one that relates economic performance to dispersed innovation and the establishment and growth of innovative enterprises (Kirchhoff, 1994; Audretsch and Thurik, 2000; 2001). Rather than being limited to a few, such as the United States or Silicon Valley and the Research Triangle in North Carolina, this replacement took place in most developed countries (Drucker, 1985; Baumol, 2002; Wennekers et al., 2005; Acs, 2006; Baumol et al., 2007; Audretsch, 2007b; The Economist, 2010a). In contrast to the managed economy, which was characterized by a divergence of institutions and policy approaches aimed at addressing the economic problems of that era—maximizing productivity and efficiency in large-scale production while minimizing negative externalities from concentrated economic power—the entrepreneurial economy is defined by a convergence of institutions and policy approaches designed to support the creation and commercialization of knowledge through entrepreneurial activity. The recognition that the entrepreneurial sector was expanding spurred governmental talks to promote entrepreneurship through an "entrepreneurship policy." To support the establishment of businesses and their subsequent growth and survival, governments at all levels—local, city, regional, national, and even supranational, such as the EU—started a concentrated and coordinated effort (Allen & Potts, 2016). This shift to an entrepreneurial economy is embracing a more dynamic version of capitalism (Kirchhoff, 1994). Although Audretsch and Thurik (2000; 2001) highlight the ways in which the characteristics and manifestations of the managed economy differ from those of the entrepreneurial economy (Audretsch, 2007b; Baumol et al., 2007), the exact reasons for the shift from the managed to the entrepreneurial economy remain unclear.

The current research attempts to explain why the economy has changed from a managed economy to an entrepreneurial one within the framework of a model. There are also some implications for public policy. Technological change is central to the interpretation of our hypothesis. The convergence of organizations and legislative strategies intended to support the generation and monetization of knowledge via entrepreneurial endeavors is what defines the entrepreneurial economy. Policy discussions to encourage entrepreneurship through "entrepreneurship policy" were sparked by the realization that the entrepreneurial economy was growing. Local, city, regional, national, and even supranational governments like the EU started a concerted and focused effort to support the establishment of businesses and their subsequent expansion and survival (Allen, & Potts, 2016). Clearly defining the elements linked to the development of information and communication technologies (ICT) that impact the transition from a managed to an entrepreneurial economy highlights the critical role that entrepreneurship plays in fostering innovation and economic growth.

Literature Review

The Concept of Entrepreneurial Economy

An entrepreneurial economy is defined by a high rate of new firm creation and a vibrant atmosphere where entrepreneurs are essential to fostering innovation and economic progress. It highlights how important dispersed innovation is, when new projects and ideas come from a variety of sources rather than being centered in big, well-established companies. An entrepreneurial economy is one that relates economic performance to dispersed innovation

and the establishment and growth of innovative enterprises (Kirchhoff, 1994; Audretsch and Thurik, 2000; 2001). The field that focuses on the study of entrepreneurs and entrepreneurship in the economy is called entrepreneurial economics. Economists do not attribute economic development to the accumulation of factors of production. They are not enough to support economic growth, but they are essential production elements.

Entrepreneurial Economics as an Emerging Field of study in Nigeria

The study of entrepreneurial economics has become a unique and quickly developing discipline that connects traditional economic analysis with the ever-changing realities of innovation and entrepreneurship. In contrast to classical economics, which tends to perceive businesses as homogeneous and emphasizes equilibrium, entrepreneurial economics emphasizes innovation, the entrepreneur's role, and the development of new markets (Allen, & Potts, 2016).

Below are the key features of Entrepreneurial Economics as a new field of study:

Focus on the Entrepreneur: Going beyond the static business models of neoclassical economics, entrepreneurial economics emphasizes the entrepreneur as a key economic player who spots possibilities, gathers resources, and spurs innovation.

Interdisciplinary Approach: To represent the intricate and varied character of entrepreneurial action, the area incorporates ideas from economics, management, sociology, psychology, and education.

Entrepreneurial Ecosystems: Networks of organizations, laws, customs, and players that encourage and maintain entrepreneurial activity has been highlighted by recent studies. Entrepreneurs, investors, academic institutions, governmental organizations, and other stakeholders are all interconnected, according to this systems perspective.

Dynamic and Evolutionary Perspective: Using theories like Schumpeter's "creative destruction," entrepreneurial economics examines how new businesses are formed, how innovation upends established markets, and how economies change over time.

Implications for Policy and Education: The discipline contributes to the creation of educational initiatives and policies that support entrepreneurship, such as the creation of university-based entrepreneurial ecosystems and the incorporation of entrepreneurial competency into curricula.

Growth in Research and Publications: Particularly since the mid-2010s, there has been a notable uptick in publications on entrepreneurial ecosystems and related subjects, indicating a substantial increase in scholarly interest in the subject.

Absence of a Unified Theory: Although entrepreneurial economics has grown, its theoretical underpinnings are still being developed. There are continuous discussions concerning important ideas and approaches, and there isn't a single, widely recognized definition or framework.

Integration with Digitalization: As technology, business models, and labor markets evolve, the industry is adjusting to new trends like digital entrepreneurship.

An entrepreneurial economy is defined by what Schumpeter (1950) referred to as creative destruction, while a stagnant economy is described by general equilibrium. The neoclassical model states that the economy is never in equilibrium. "We are dealing with an evolutionary process with capitalism," writes Schumpeter (1950, p. 82). "Capitalism, therefore, is by nature a form or method of economic change and only never is but never can be stationary." Economies don't evolve by themselves. People come up with new methods to accomplish a thing, which causes the economy to change. A new or improved product on the market is one item that can persuade consumers to alter their purchasing habits in order to better fulfill their desires. People obtain resources in a market economy by adding value for other people. Resources are obtained through voluntary exchange, which only occurs when both parties believe that participating in the transaction will benefit them. People who look for ways to increase their own financial security in a market environment must also look for ways to add value for others. Changes in marketplaces create chances for entrepreneurs to make money in a constantly changing environment.

An entrepreneurial economy is one in which people are continuously introducing new ideas to the market, which upends the status quo and creates more room for fresh ideas to build upon and supplement earlier ones. Since an entrepreneurial economy generates economic advancement and one innovation builds upon another, entrepreneurship generates new entrepreneurial prospects. Growth is fueled by progress, which takes the form of new and improved items, yet progress is necessary for growth to happen (Holcombe 2021). The economy shown by general equilibrium models contrasts with the entrepreneurial economy discussed in the preceding section. Some insights into the motivations of entrepreneurs can be gained by contrasting the two concepts. Agglomeration economies work together to support entrepreneurial economies by directly fostering an atmosphere that encourages entrepreneurship. According to Desrochers (2001), agglomeration economies use the tacit knowledge that Hayek (1937, 1945) highlighted in his examination of how people's unique knowledge may be applied within an economy. People can be more entrepreneurial in agglomeration economies, but they also need to be more entrepreneurial because of the creative destruction that occurs in entrepreneurial economies.

In a more entrepreneurial economy, people not only have the chance to be more entrepreneurial, but they also have to be more entrepreneurial to survive; otherwise, they risk being overtaken by those who are. It is impossible to create a viable company model in an entrepreneurial economy and persist with it since subsequent entrepreneurial innovators will overtake once-profitable ventures. According to Christensen (1997), continuing with a formula that generates profits now will result in diminishing earnings and ultimately losses down the road. People in entrepreneurial economies do invest resources to create an environment where profit opportunities are more likely to be spotted, even if one accepts Kirzner's (1973) theory that entrepreneurship is simply noticing a profit opportunity that has not yet been noticed and that alertness does not require the use of any resources. Businesses

invest in R&D because it fosters an atmosphere that may yield lucrative prospects. Schumpeter (1937) made a distinction between invention, which refers to technological advancements, and innovation, which is the process of turning inventions into successful goods. According to this paradigm, R&D fosters an atmosphere that leads to inventions, which in turn enables entrepreneurs to find methods for transforming those inventions into innovations.

Entrepreneurial economies create greater chances for entrepreneurship, as demonstrated by the examples in the previous section. Gas stations, vehicle repair shops, retail centers, and supermarkets were all made possible by the entrepreneurs who founded the automobile industry in the early 20th century. Opportunities to develop software and accessories for personal computers were created by the entrepreneurs who invented them. Without the invention of personal computers in the twentieth century, corporate behemoths like Google, Amazon, and Facebook would not have been able to exist in the twenty-first century. People in entrepreneurial economies are motivated to be entrepreneurial in order to find such profit opportunities because entrepreneurial activity generates entrepreneurial prospects (Holcombe 2021). As they behave entrepreneurially, they open up even more entrepreneurial chances for others, and aspiring entrepreneurs can learn from the experiences of those who came before them.

Landes (1998), Mokyr (2002), and numerous others support the notion that market-oriented institutions foster an atmosphere that promotes entrepreneurship and economic advancement. In the socialist calculation debate, this concept served as the foundation for the arguments made by Mises and Hayek. The notion that organizations that uphold private property rights and encourage free market exchange foster an atmosphere conducive to entrepreneurship has a lot of backing. People are encouraged to start their own business in entrepreneurial economies. Entrepreneurial economies are defined by economic freedom, or people's capacity to make their own financial decisions free from restrictions or without having their potential to profit from their business ventures taxed away.

In What Ways Does Entrepreneurial Economics Reinterpret the Entrepreneur's Function in Economic Theory?

Entrepreneurial economics goes beyond the conventional understanding of the entrepreneur as only a manager or risk-taker in a company, redefining the role of the entrepreneur in economic theory. Rather, it makes the entrepreneur the primary force behind institutional transformation, opportunity discovery, and economic development.

Key Mechanisms for this Redefinition are as Follows:

Entrepreneurial economics defines an entrepreneur as a person who actively seeks out and organizes new opportunities, frequently before existing companies or market pricing are able to identify them. This entails cooperation and non-price coordination within what are known as "innovation commons," where prototype entrepreneur's band together to identify and cultivate new prospects prior to them being formally established as businesses (Rahoo et al. 2023).

- i. **Dual Economic Discovery Problems:** The entrepreneur must deal with the fundamental issue of finding and developing new opportunities in addition to the difficulty of taking use of existing ones. This dual role differs from conventional economics' assumption of a static resource allocation.
- ii. **Institutional and Environmental Influence:** The field acknowledges that the institutional environment—laws, conventions, networks, and support systems—that surround an entrepreneur greatly influences their behavior and level of success. These factors can either encourage or impede entrepreneurial activity.
- iii. **Dynamic and Dialectical Process:** Entrepreneurial economics views entrepreneurship as a dynamic, dialectical process that involves initiative, inventiveness, and constant adaptability to shifting conditions, in contrast to equilibrium-based theories. This viewpoint is influenced by early economic theorists like as Say, who believed that the entrepreneurial process was essentially creative and difficult to represent using static models.
- iv. **Centrality in Economic Development:** Rather than being viewed as a supporting character, entrepreneurs are increasingly considered to be the main forces behind innovation, structural change, and economic expansion. Their abilities are closely related to corporate success and wider economic results, especially when it comes to utilizing new technology and information.

Methodology

In order to ascertain the nature of connections and understand the motivations, viewpoints, theories, empiricism, and opinions of scholars and findings, this study used secondary sources of data and conducted a systematic review of research articles from several international and reputable journals using JSTOR, Google Scholar, PubMed, and research gate of related topics. Systematic literature reviews, according to Guillaume (2019, 1), are a transparent and reproducible way to combine scientific data in order to answer a particular research issue. They also aim to incorporate any relevant information and assess the data's quality. Mengist et al. (2020, 2) emphasize the need of thorough literature reviews in determining current understanding and knowledge gaps for certain topics.

This study created a comprehensive evaluation of the literature to examine the key academic contributions to the associated concepts and topics of entrepreneurial economies as a new field of study. Over 80 empirical and qualitative research papers published in respectable international journals were examined in order to get knowledge of scholarly viewpoints and research findings regarding the effect of organizational structure on employee performance. "Thematic analysis is the process of identifying patterns or themes within qualitative data," according to Braun and Clarke (2015), and this was the foundation of the research methodology employed in the literature study. The first stage in reviewing the data for was becoming familiar with it, which involved reading the summaries of each publication and attentively examining the content, as well

Result and Discussion

According to the study's findings, entrepreneurial economics is a brand-new, unique field that focuses on innovation processes, opportunity recognition, and the structural elements that support entrepreneurship in order to overcome the shortcomings of conventional economic models. Its interdisciplinary character, emphasis on ecosystems, and applicability to current economic issues like employment creation and technological transition define it. The study found that by addressing the diverse needs of entrepreneurs, fostering ecosystem development, reducing social and gender barriers, and leveraging innovation and education, entrepreneurial economics supports evidence-based, customized policies that maximize entrepreneurship's contribution to economic growth and sustainable development. Because it stimulates economic growth, innovation, and job creation, entrepreneurial economics is crucial. New goods, services, and technologies are introduced by entrepreneurs, which boosts competition and productivity. They are also essential for generating money, fostering community growth, and lessening regional inequalities.

The study discovered that although entrepreneurial economics has grown, its theoretical underpinnings are still being developed. There are continuous discussions concerning important ideas and approaches, and there isn't a single, widely recognized definition or framework which has given rise for more research in this new field. The study also found that Entrepreneurial economics possess every requirement of a full course of study and should be integrated into Economics and

Conclusion

The study found that the importance of entrepreneurial economics lies in its ability to stimulate economic growth, innovation, and job creation. The introduction of new goods, services, and technologies by entrepreneurs boosts competitiveness and productivity. Additionally, they are essential to the growth of communities, the generation of wealth, and the lessening of regional imbalances. The results of this study also showed that by concentrating on the processes of innovation, opportunity recognition, and the systemic elements that support entrepreneurship, entrepreneurial economics constitutes a novel and unique area that tackles the shortcomings of conventional economic models. It is distinguished by its multidisciplinary aspect, emphasis on ecosystems, and applicability to current economic issues including job creation and technological advancement. In conclusion, entrepreneurial economics promotes evidence-based, tailored policies that optimize entrepreneurship's contribution to economic growth and sustainable development by addressing the various needs of entrepreneurs, promoting ecosystem development, lowering social and gender barriers, and utilizing innovation and education. The study also concludes that Entrepreneurial economics possess every requirement of a full course of study and should be integrated into Economics and Entrepreneurship curricula.

Recommendation

Based on the findings of this study, research in the field of entrepreneurial economics has led to policy recommendations that highlight the necessity of customized, context-specific strategies as opposed to universally applicable ones. The following are important policy insights:

- i. Entrepreneurial Economics is an emerging field of study in Africa and as such should be incorporated into economics and Entrepreneurship curricula as a specialization due to its significance in driving economic growth.
- ii. Differentiating assistance for different kinds of businesses: In order to effectively support firm growth, policies should be tailored to the unique demands of innovative startups and SMEs. For example, policies should focus on R&D investment, specialized employment, and patent ownership differently for startups versus SMEs.
- iii. Enhancing entrepreneurial ecosystems: Policies should improve access to financing (by addressing collateral requirements and aligning incentives with private partners), improve marketing and communication channels (including social media), and provide infrastructure and support services, such as accelerators and incubators, in order to create enabling environments. Government and university cooperation can foster an entrepreneurial culture and assist develop specialized human capital.
- iv. Taking care of psychological and social barriers: For instance, social stigma, cultural norms, and gender inequality have a big impact on entrepreneurial engagement in Islamic and Indian economies. To fully realize the potential of women entrepreneurs, policies that support gender parity, cultural sensitivity, confidence-building, and inclusive economic development are essential.
- v. Initiatives by the government to encourage entrepreneurship: Tax breaks, funding availability, business development plans, and the removal of red tape are all crucial in fostering an atmosphere that encourages entrepreneurship and, in turn, increases innovation, employment, and economic expansion.
- vi. Emphasis on education and awareness: Training courses, incubation facilities, and awareness campaigns can cultivate an entrepreneurial mindset and skill set, especially among young people and underrepresented groups, improving the long-term viability of entrepreneurial endeavors.

References

- Allen, D., & Potts, J., (2016). The origin of the entrepreneur and the role of the innovation commons (November 11, 2016). Available at SSRN: <https://ssrn.com/abstract=2867850> or <http://dx.doi.org/10.2139/ssrn.2867850>
- Alvarez, S. & Jay, B. (2007). Discovery and creation: *Alternative Theories of Entrepreneurial Action*. *Strategic Entrepreneurship Journal*, 1, 11–26.
- Alvarez, S. A., & Jay B. Barney. 2008. Opportunities, organizations, and entrepreneurship. *Strategic Entrepreneurship Journal* 22, 65–67.
- Arthur, W. (1989). Competing technologies, increasing returns, and Lock-In by Historical Events. *Economic Journal*, 99, 116–31.
- Baumol, J. (1990). Entrepreneurship: Productive, Unproductive, and Destructive. *Journal of Political Economy*. 98, 893–921.

- Baumol, W. (1993). *Entrepreneurship, management, and the Structure of Payoffs*. Cambridge: MIT Press.
- Berggren, N. (2003). The benefits of economic freedom: A survey. *Independent Review* 8, 193–211.
- Bjornskov, C. & Nicolai J. F. (2016). Institutions, entrepreneurship, and economic growth: What Do We Know and What do we still Need to Know? *The Academy of Management Perspectives* 30: 292–315.
- Buchanan, J. M. (1964). What should economists do? *Southern Economic Journal* 30, 213–22.
- Christensen, C. (1997). *The innovator's dilemma: When new technologies cause great firms to fail*. Cambridge: Harvard Business Review Press. Coase.
- De, H., Jakob, S. L., & Jan-Egbert S. (2006). Market-oriented institutions and policies and economic growth: a critical survey. *Journal of Economic Surveys* 20, 157–91.
- Desrochers, P. (2001). Geographical proximity and the transmission of tacit knowledge. *Review of Austrian Economics* 14, 25–46.
- Garcia, R., Francisco J., Ines, R., Desiderio, C., & Esperanza, I. (2020). Entrepreneurial intentions in the context of a collectivist economy: A comparison between Cuba and Spain, *International Journal of Entrepreneurship and Management Journal*, 1–19.
- Gwartney, J., Randall, H., & Robert, L. (1998). The scope of government and the wealth of nations. *Cato Journal* 18, 163–90.
- Gwartney, J., Robert, L., & Joshua, H. (2019). *Economic freedom of the world: 2019 annual report*. Vancouver: Fraser Institute.
- Hayek, F. (1945). The use of knowledge in society. *American Economic Review* 35: 519–30.
- Hicks, J. R. (1939). *Value and capital: An inquiry into some fundamental principles of economic theory*. Oxford: Clarendon Press.
- Hirschleifer, J. (1971). The private and social value of information and the reward to inventive activity. *American Economic Review* 61, 561–74.
- Holcombe, R. G. (1998). Entrepreneurship and economic growth. *Quarterly Journal of Austrian Economics* 1, 45–62.
- Holcombe, R. G. (2003). The origins of entrepreneurial opportunities. *Review of Austrian Economics* 16: 25–43.

Holcombe, R. G. (2021). Entrepreneurial economies. *Economies* 9: 123. <https://doi.org/10.3390/economies9030123>

Holcombe, R. G. (2009). Product differentiation and economic progress, *Quarterly Journal of Austrian Economics* 12, 17–35.

Holcombe, R. 2007. *Entrepreneurship and economic progress*, New York: Routledge.

Rahoo, L. A., Arain, M. N., Qazi, N., Khan, M. A., & Atta, F. (2023). Impact of entrepreneurial skills on business success: A Mediating Role of Information Technology Competence. *Bulletin of Business and Economics (BBE)*, 12(3), 519-527. <https://doi.org/10.61506/01.00061>

Ronald H. (1960). The problem of social cost. *Journal of Law & Economics* 3: 1–44.