

Diaspora Remittance and Enterprise Creation: The Nigerian Context

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ABSTRACT

The impact of diaspora remittances to any economy has become an imperative such that its contribution is highly desired. This study examines the relationship between diaspora remittance and enterprise creation in Nigeria while controlling for GDP Per Capita, political stability, and exposure to entrepreneurship education. The study employs ex-post facto research design using data from the World Bank Database covering 17 years (2006-2022). The descriptive analysis explains the trend and pattern of the connection between diaspora remittance and enterprise creation, while regression technique ascertains the influence. The trend and pattern between diaspora remittance and enterprise creation shows that both exhibit overall parallel upward trends except in the year 2020-2022 where enterprise created exceeded inflow of remittances. Diaspora remittance does not have significant effect on enterprise creation in Nigeria. The study reveals that, to spur enterprise creation in Nigeria, remittances may be not sufficient. The study concludes that an improvement in business environment, provision of entrepreneurial education and training, and stable political atmosphere will be necessary to engender the impact of remittances on enterprise creation. Further studies can focus on other West Africa countries.

KEYWORDS: *diaspora, enterprise creation, diaspora remittance, Nigerian context.*

JEL CLASSIFICATION: *F24, L26, O10.*

1. INTRODUCTION

The complex phenomenon of international migration is the formation of diasporas, or sizable communities of individuals residing overseas. Past studies considered the effects of diasporas on the economies of the countries of origin, referencing economic development (Bahar, 2020). One of the contentious issues is the role of remittances, with two opposing viewpoints (Clemens & McKenzie, 2018; Yang, 2011). Beneficial effects are observed, while the pessimists dismiss them. On the economic role of remittances, less attention has been focused on its contribution to new firm formation.

The Nigerian role in migration across Africa cannot be overemphasised. Being Africa's demographic giant, Nigerians going overseas are increasing more and more, mostly to South Africa, the Gulf, and Europe, as witnessed in the recent "Japa Syndrome" in Nigeria (Agbaje, Olubodun & Idowu, 2024). However, Nigeria serves as both a source and a destination for migration within the African continent (Adepoju, 2004). Remittances, on the other hand, have grown to be a sizable source of private funding for households in the countries of the migrants, but they cannot be viewed as a replacement for debt relief, official development assistance (ODA), foreign direct investment (FDI), or other public sources of funding for development. Since 1988, the number of remittances sent to developing nations has increased

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fifteen times, from \$20 billion to \$328 billion in 2007. For this reason, it is critical to continue to evaluate how migrant remittances could advance development (World Bank, 2018).

Foreign direct investment and official development assistance have not contributed as much as diaspora remittances in Nigeria, accounting for an estimated 6.1% of GDP in 2018 (Statista, 2018). In 2022, remittances' contribution to the Nigerian GDP was about 5.3% (Ranking Royal, 2022). In the Ranking Royal report, India consistently tops the list of the largest recipients of remittances in the last 15 years, receiving \$100 billion, representing 2.9% of her GDP. In the same report, each year, about 200 million migrant workers send money home in support of about 800 million people (on average, four people per family). The report shows African countries as accounting for about 19.88% of the 176 Highest Remittance receiving countries, with Egypt leading the chart, followed by Nigeria, Morocco, Ghana, Kenya, Senegal, Tunisia and 28 other countries. In the last 20 years, there has been five times growth in remittances, with more than half being sent to rural homes. Furthermore, in Ranking Royal (2022), Nigeria currently occupies the 9th position among the low- and middle-income countries with the highest remittances received in the world and only second behind Egypt in Africa. Over time, 75% of these funds have been used to pay for food, medical bills, school fees, or house rents. While a significant portion of these inflows are used for consumption and household needs. However, remittances have an increasing potential to fuel enterprise creation and contribute to sustainable economic development beyond mere financial support (Ojapinwa & Lawani, 2022).

There is huge, underutilised potential and limited contributions of diaspora remittances to enterprise creation in Nigeria. The sizable portion of Nigeria's income comes from remittances; their potential to launch new ventures and promote long-term economic growth is still greatly underutilised (World Bank, 2018). The unique advantages of remittances are being overlooked. Advantages such as source of capital for entrepreneurial ventures (Salia et al., 2022), influence of total factor productivity growth (Bucevska, 2022), promotion of innovative and productive jobs (Ojapinwa, 2022), improvement of the quality of domestic investment and the size of productive sectors (Adewale et al., 2021), among others. The funding alternative in remittances, their inherent reliability and potency for supporting new businesses, provide unique advantages over other sources of financing. Leveraging these advantages is less researched when it comes to its impact on enterprise creation.

The study aims to analyse the trend and pattern between diaspora remittances and enterprise creation in Nigeria. It also ascertains the influence of diaspora remittance on the creation of new enterprises in Nigeria. Existing knowledge gap regarding making use of remittances for the betterment of the country's enterprise creation activity is bridged. Consequently, this research provides answers to the following research questions: What is the trend and pattern between diaspora remittance and enterprise creation in Nigeria? How do remittances influence enterprise creation in Nigeria?

The subsequent sections consider, among others, the literature review, that focuses on the conceptual clarifications in the study, review of past studies, and the theory underpinning the study. Section three addresses the variables of interest, attending to the sources of data, measurement, and techniques of analysis. The remaining sections include results, discussion of findings, conclusion, implications, recommendations, and suggestion for future studies.

2. REVIEW OF RELATED LITERATURE

Across the world, financial contributions from migrants living abroad received at their home countries have turned out to be a major factor to be considered in economic development. These financial injections in Nigeria hold immense potential to aid enterprise creation as it also adds substantially to the national GDP, a crucial driver of poverty reduction and sustainable growth (Adewale, 2022). The Lewis Model of dual development, which was postulated by Sir Lewis in 1954, is an economic theory that throws light into how developing countries can attain noticeable growth in their economic affairs through the transfer of labour from a traditional, subsistence-oriented sector to a modern, capitalist industrial sector.

The traditional sector is one characterised by relatively low productivity, not too obvious unemployment (a situation where people contribute so little yet appear to be employed), and basic subsistence production. This sector accommodates people who are mostly in developing countries (Hirota, 2002). The modern sector, on the other hand, is characterised by much higher productivity, wage labour, and a large economy of scale. It is the core factor to be considered for economic growth in the Lewis Model. The model is of the assumption that developing countries have labour in abundance in the traditional sector in an unlimited supply, due to the large growth and limited availability of land. Similarly, wages paid in the modern sector far outweigh that which is paid in the traditional sector, which motivates workers to migrate to the cities and be a part of the modern sector. This theory acts as the foundation of this study because it posits that remittances, which function as capital injections into the economy, can further improve investment in the modern sector where enterprise activity thrives (Lewis, 1954). Adeagbo and Ayandibu (2014) posits that there is a positive correlation between increased industrial activity and remittances in Nigeria. Vaaler (2013) also maintains that remittances can increase venture capital availability in developing countries, especially when immigrants are clustered together.

However, the impact is not so obvious for highly educated immigrants. Piras (2023) posits in developing countries with simplicity in economies, the possibility to create new business can be stimulated by remittances. How effective remittances will be in fostering enterprise creation depends on the specific economic context of the country. Kotabe et al. (2013) assert that diaspora communities, in no small way contribute to their home countries' economic growth via several channels, which include entrepreneurship, investment and knowledge sharing which is also in line with the disposition of Kshetri et al. (2015). This highlight the fact that remittances go beyond financial support and extend to invaluable non-economic contributions such as knowledge, skills, and networks. These factors together aid enterprise creation by providing the capital needed, expertise to be employed, and institutional support needed.

The study of Amugune (2015) goes further in examining the broader impact of remittances on development. It also examines the potential contributions to the reduction of poverty, increased household investment, improved education, and health outcomes. The research by Kennedy (2008) highlights three key debates on diaspora remittances: sustainability, cyclicity, and stability. Sustainability is important because it allows developing economies to overcome limitations caused by lack of liquidity by attracting more profitable investments despite the high risks involved. The study by Chrysostome and Nkongolo-Bakenda (2019) looks at diaspora entrepreneurship as an avenue where migrants use their resources to serve their home countries.

Highlighting entrepreneurs living in the diaspora, they are driven by different factors ranging from social recognition and a desire to contribute to their homeland, in addition to other traditional profit-oriented motives. However, the success of these ventures is largely dependent on the availability of strong and supportive government policies together with reliable diaspora networks. Unfavourable policies and bad business environments can deter enterprise creation (Khoury & Tong, 2021). The study conclusion is that remittances cannot serve as a reliable way to promote business growth in developing countries such as Nigeria due to adverse business conditions and the environment.

Adewale et al. (2021) assert that a significant boost in economic growth can be experienced by improving the quality of domestic investment and the size of productive sectors. In addition, remittances positively influence the quality of domestic financial channels, which can impact investment efficiency. Lobo and Salvo (1998) in their study assert that the importance of migration as a significant contributor to economic development is gaining traction with each passing year, with diasporas playing very important roles in implementing favourable policy recommendations and driving development through remittances. Diaspora entrepreneurs, due to their geographical advantage, are positioned to create businesses, social capital, and direct resources towards development. However, despite their strategic contribution, less is said about their importance until recently.

According to Ugherughe and Okonkwo (2019), enterprise creation may be viewed as establishing a business venture in a particular country. It involves sourcing and identifying opportunities, putting together a business plan, funding, launching, and growing a successful enterprise. It involves recognising the unique landscape of the environment, access to finance and infrastructure, and opportunities presented by growing markets and technological advancements. Edouard and Michaël (2021), also mentioned that in relation to remittances, they translate the potential of making available resources like capital, knowledge, and networks for aspiring entrepreneurs. Agwu and Onwuegbuzie (2017) maintain that entrepreneurship education is a potent method to influence orientation and creations of new enterprises. Accurate knowledge gained through entrepreneurial education has helped in creating jobs, which have reduced poverty to a very reasonable extent in a few economies. Adeleke and Joseph (2020) also share in this school of thought and emphasise that strong entrepreneurship education can boost entrepreneurial intention which allows individuals to use their creativity for the betterment of society.

In another study, Victor and Akhator (2021) argue that the relationship between remittances from the diaspora and the currency rate has a favourable impact on the creation and expansion of enterprises in Nigeria. Okonkwo (2020) also examines the significance of remittance inflows on Nigeria's economy, using exchange rates and inflation rates as control variables. The study revealed an equilibrium between remittance inflows and Nigeria's GDP. Causality tests revealed a one-way relationship between remittances and GDP, GDP and exchange rates, and exchange rates and remittances. Remittances have been shown to have a positive and significant impact on GDP, with higher remittances having a greater effect.

Ojapinwa (2022) argues that if remittances are well-managed, it can support the creation and growth of new enterprises because diaspora migrants are motivated to help their relatives at home and invest in lucrative enterprises. This, in turn, will improve the economy and engage the unemployed. In the study, investigating the impact of diaspora remittances on Nigerian business growth, a positive relationship was discovered. However, the correlation is not statistically significant (Ojapinwa & Lawani, 2022). Meaning, diaspora remittances do not cause new business to start. John, Orok, and Udoka (2020), on the other hand, found that

remittances have a significant impact on the Nigerian economy, providing a significant welfare benefit to migrants, increasing household income, reducing poverty, and increasing investment in business, education, and health. Diaspora remittances, unlike foreign aid and direct investment, are sent directly to beneficiaries and have the potential for further development in the creation of enterprises.

This review provides insights into the relationship between remittances and the overall economic growth with little contributions to its direct effect on enterprise creation in Nigeria. This forms the research gap in this study. Also, despite the unique advantages of diaspora remittances, as captured in the works of Salia et al. (2022), Bucevska (2022), Ojapinwa (2022), and Adewale et al. (2021), there is limited study on its influence on enterprise creation.

3. METHODOLOGY

The study uses an ex post facto research design and data sourced from the World Bank Database covering 17 years (2006 -2022). Descriptive analysis is utilised to analyse the trend and pattern between diaspora remittance and enterprise creation and regression technique to ascertain the influence. The dependent variable was measured by the business density rate, which is the score of the number of new business registrations per 1,000 working-age people in a given year (see World Bank report). In this model, it functions as a direct indicator of enterprise creation. The higher the density rate, the more dynamic the entrepreneurial economy is in demonstrating how easy it is to establish new enterprises.

Diaspora remittance (World Bank, 2023), which is the independent variable, was measured by total remittance to Nigeria. GDP Per Capita (World Bank, 2023), which is a control variable, shows a greater robustness of the economy, political stability ensures that entrepreneurs are faced with less risk and uncertainty, stable environment attracts investments and support long-term planning and entrepreneurship education (Nigeria Data Portal, n.d.) equips individuals with the skills and knowledge to start businesses. All these stimulate enterprise creation and reduce fear of failure.

The model specification goes thus:

$$Y = a + bx \quad (1)$$

This forms:

$$EC = \beta_0 + \beta_1(DRem) + \beta_2(GDP) + \beta_3(PS) + \beta_4(LE) + \varepsilon \quad (2)$$

$$EC = \beta_0 + \beta_1(LogDRem) + \beta_2 (LogGDP) + \beta_3(PS) + \beta_4(LogLE) + \varepsilon \quad (3)$$

Where: EC = enterprise creation, logDRem = logarithm of diaspora remittances, logarithm of GDP = gross domestic product per capita, PS = political stability, LE = logarithm of entrepreneurship education and ε = error term, β_0 = constant, $\beta_1 - \beta_4$ = coefficients of the independent and control variables of interest.

4. RESULTS

Descriptive analysis utilised means and standard deviation to determine the prevalence and most common outcomes of the dependent variable over time. It further describes the variables using charts as well, then a cross-tabulation of variables to show the difference in the means across the year from 2006-2022.

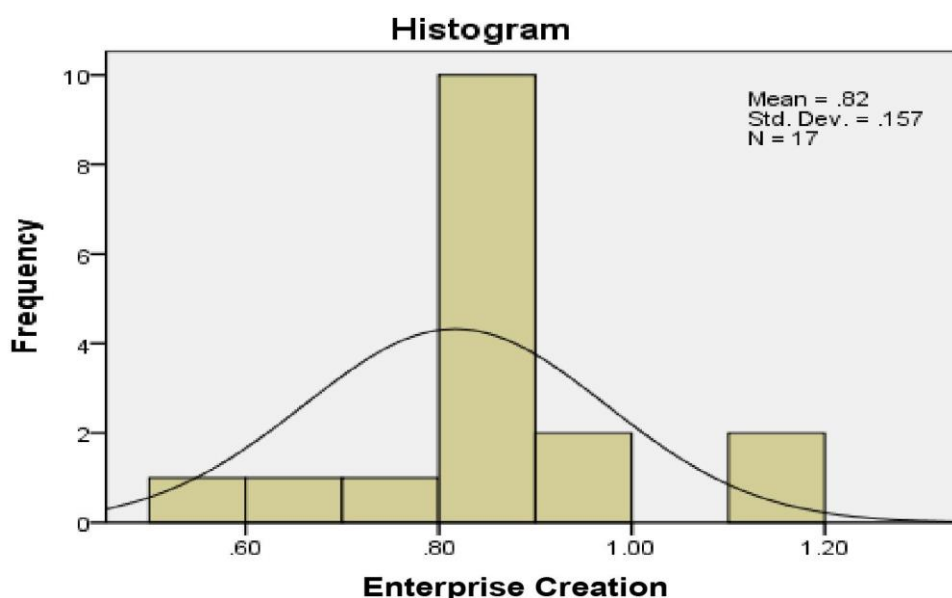


Figure 1. The normality curve for the dependent variable
Source: authors' computation

Table 1. Descriptive analysis of the variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Enterprise Creation	17	.50	1.16	.8171	.15683
Political Stability	17	-2	-2	-1.98	.117
GDP Per Capita (\$)	17	1652	3201	2286.00	412.500
Entrepreneurship Education	17	316776	528710	404263.41	52326.990
Diaspora Remittances (\$)	17	16932144079	24311022416	20148105040.51	2007152139.679

Source: authors' computation

Table 1 examines the core factors that influence enterprise creation in Nigeria over time with specific focus on the rate of new businesses being established, political stability, income per person (GDP per capita), entrepreneurship education, and the amount of money sent back home by Nigerians living abroad (remittances). On an average, 0.82 new businesses were created for every 1,000 working-age people each year and the standard deviation of 0.15683 reveals that this rate has remained stable to some extent, with only subtle fluctuations around the mean. The steady growth in new businesses makes a point that challenges such as access to capital or an unfavourable business environment may be hindering the creation of new enterprises. An average score of -1.98 and a standard deviation of 0.117 exist, indicating a high level of violence and unrest. Over time, the Nigerian political environment has suffered instability. This regrettably creates a challenging environment for businesses to operate and grow. With an average GDP per capita of about \$2,286, and standard deviation of \$412.500, identifying Nigeria as a lower-middle-income nation and suggesting some variations in income generated over the years, which may be due to changes in domestic economic policies and global oil prices. Consumer spending and the availability of capital have been impacted by the fluctuations, thereby making it more difficult for entrepreneurs to create and expand

their businesses. An average of around 404,000 people has benefited each year, signifying a substantial investment has gone into entrepreneurship education in Nigeria over the years. The standard deviation of 52,326.990 also indicates some level of changes in the number of participants each year, which is because of inconsistencies in the resources available for entrepreneurship education. The bad side of these inconsistencies is that it could place a limitation on the effectiveness of these entrepreneurship education as varying levels of participation might affect the overall readiness of potential entrepreneurs. On average, Nigeria receives \$20.15 billion in remittances annually. This significant financial injection supports many households in the nation and can be a vital source of capital for new enterprises. However, the large standard deviation of \$2.01 billion reveals a considerable variability in the number of remittances received each year, reflecting the dependence on economic conditions across the world and the well-being of Nigerians in the diaspora. These fluctuations can be detrimental for households that rely on this income for sustenance and can make it difficult for potential entrepreneurs to secure the funding needed to start and expand new businesses.

The correlation matrix analysis in Table 2 examines the relationships between enterprise creation, remittances, entrepreneurship education, GDP per capita, and political stability - absence of violence. The result reflects a significant positive correlation between enterprise creation and both entrepreneurship education and political stability. The correlation between enterprise creation and entrepreneurship education is moderate ($r = 0.548$, $p = 0.023$), indicating that moderate levels of entrepreneurship education are closely linked with high levels of entrepreneurial activity. This underscores the important role of education in stimulating enterprise creation. Also, the correlation between enterprise creation and political stability is also positive and significant ($r = 0.502$, $p = 0.040$), indicating that stable political environments increase the likelihood of the establishment of new enterprises.

Table 2. Correlation matrix of the variables

Variables	Enterprise Creation	Diaspora Remittances	Entrepreneurship Education	GDP per capita	Political Stability
Enterprise creation	1				
Diaspora Remittances	.195 (.453)	1			
Entrepreneurship Education	.548* (.023)	.286 (.266)	1		
GDP per capita	.183 (.482)	.449 (.070)	.155 (.552)	1	
Political Stability	.502* (.040)	-.184 (.479)	.050 (.850)	-.264 (.305)	1

Note. * $p < .05$

Source: authors' computation

On the other hand, the correlations between enterprise creation and diaspora remittances ($r = 0.195$, $p = 0.453$) together with enterprise creation and GDP per capita ($r = 0.183$, $p = 0.482$) are positively weak but not statistically significant, indicating that although these factors influence enterprise creation, their impact is not consistent in this data set. A moderately not significant positive correlation exists between diaspora remittances and GDP per capita ($r = 0.449$, $p = 0.070$). It hints that a potential relationship where increased remittances might contribute to higher GDP per capita. Furthermore, remittances are negatively correlated with political stability ($r = -0.184$, $p = 0.479$). This relationship is weak and not significant, which indicates that remittances may not, as a matter of necessity, correspond with stable political environments.

Collinearity does not appear to be an issue among the variables. This is because the threshold for collinearity according to Kennedy (2008) was not reached. Typically, a correlation coefficient (r) greater than 0.7 or 0.8 between two variables would indicate a collinearity problem (Kutner, Nachtsheim, Neter & Li, 2005). However, the highest correlation is 0.449 (between Remittances and GDP per capita), which is below the threshold of concern. The correlations between remittances and entrepreneurship education ($r = 0.286$), entrepreneurship education and GDP per capita ($r = 0.155$), political stability and other variables ranges from -0.184 to 0.050 are quite low, suggesting that these variables do not share much variance and are not collinear. Justifying that, none of the variables in the data set has collinearity issue.

The analysis (see Figure 2) of the relationship between remittances and enterprise creation in Nigeria from 2006 to 2022, as shown in the line graph above, provides insights into the economic situation of the country during the period considered. An overall upward trend was sustained by both remittances and enterprise creation exhibiting growth and the increasing role of the Nigerian diaspora in supporting domestic economic activities. Remittances show a steady increase from 2006 which reflects the growing financial injections by Nigerians in the diaspora. Years 2010 to 2014 experienced a steady inflow of remittances, which could suggest a period of stabilisation or external factors that relatively hindered diaspora contributions.

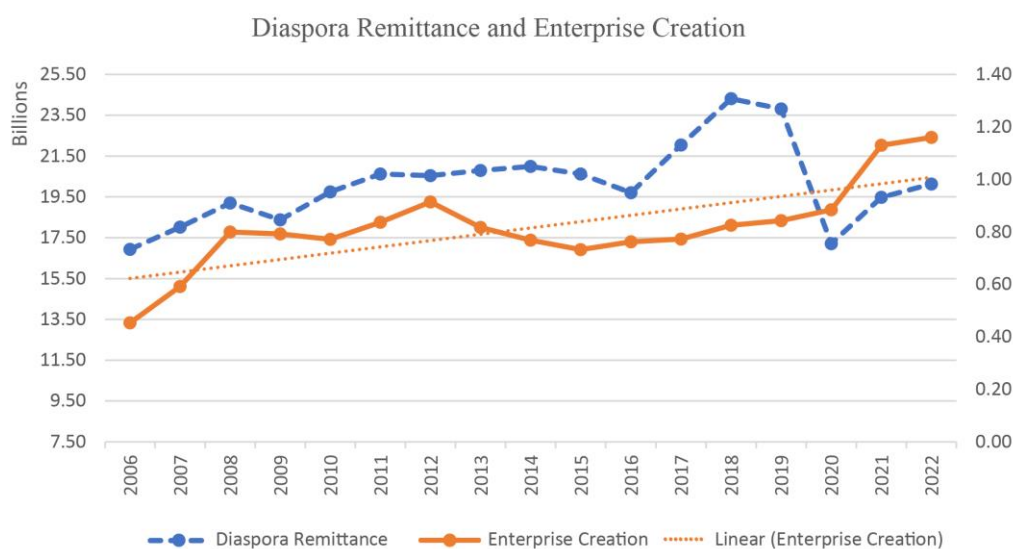


Figure 2. The Trend and Pattern of Diaspora Remittance and Enterprise Creation in Nigeria
Source: authors' computation

In 2018, the favourable global economic conditions may have accounted for better diaspora engagement, thereby resulting in a sharp rise in remittances. However, the decline in 2020 is likely due to the economic slowdown caused by the COVID-19 pandemic. This underscores how vulnerable remittances are to global economic shocks, which do not exonerate many Nigerians from facing financial difficulties, job loss, or reduces income during the period. The simultaneous decline in enterprise creation reflecting in the trends in remittances shows the level of economic disruption that occurred during the period. The steady increase in 2006 to 2012 and 2016 to 2019, respectively, highlights a relatively moderate continuous establishment of new businesses.

In 2020, the rising enterprise creation over remittance echoes their interdependence, suggesting that as remittance inflows plummet, the willingness or ability to create new businesses declines. Nonetheless, the strong recovery in 2021 and 2022 both in remittances and new businesses indicates the level of resilience and adaptability in the period of economic challenges. The surge in remittance inflows demonstrates how Nigerian in diaspora responded quickly, this may be with a view to support family members at home or invest in the home country economy recovery. Similarly, during the period, the rise in enterprise creation may be attributed to renewed interest in entrepreneurship to boost economic recovery and business activities post-pandemic.

4.1. Diaspora Remittances and Enterprise Creation in Nigeria

Table 3 below shows an outline of a statistical analysis to look into the relationship between enterprise creation and two other variables, which are remittances and GDP per capita, being the control variable. The constant term (-5.350) indicates the projected value of enterprise creation when all predictors are zero. The standard error for this estimate is 10.257, resulting in a 95% confidence interval of -27.348 to 16.648. This large range and the high p-value of 0.610 show that the constant is not statistically significant in the context of this model. Remittance has a regression coefficient of 0.518 with a standard error of 1.068. The 95% confidence interval is -1.773 to 2.809. This range includes zero, and the p-value of 0.635 suggests that the impact of remittances on enterprise creation is not statistically significant.

GDP per capita has a coefficient of 0.247, standard error of 0.604 and confidence interval of 1.049 to 1.543, which includes zero. This also brings us to the conclusion that the influence of GDP per capita on firm creation is statistically insignificant (p-value = 0.689), which ultimately means that GDP per capita has no substantial influence on enterprise creation.

The result indicates that remittances and GDP per capita do not have a statistically significant link with firm creation. With broad confidence intervals and high p-values, there is a lack of strong evidence for the impact of the variables in this model.

Table 3. Diaspora remittance on enterprise creation with one control variable

95% CI						
Variable	Beta	SE	LL	UL	B	P
Constant	-5.350	10.257	-27.348	16.648		0.610
Remittances	.518	1.068	-1.773	2.809	.141	.635
GDP Per Capita	.247	.604	-1.049	1.543	.119	.689

Source: authors' computation

Table 4 further explains the factors that influence enterprise creation, majorly considering remittances, GDP per capita, and political stability, controlling for the two later variables. The study indicated that the constant term is -6.589, which reveals the level of enterprise creation when all other variables are zero. It shows a standard error of 8.554, with a 95% confidence interval ranging from -25.049 to 11.911. The large range and p-value of 0.458 means that the constant term is not statistically significant. Remittances have a regression coefficient of 0.700, a standard error of 0.892, confidence interval of -1.228 to 2.628, and the p-value of 0.447. This result, as earlier stated, suggests that remittances have no statistical influence on enterprise creation. GDP per capita also has a coefficient of 0.532, standard error of 0.514, 95% confidence interval is -0.579 to 1.644, and the p-value is 0.320. This also points to the fact that GDP per capita has no influence on enterprise creation. On the other hand, political stability has

a coefficient of 0.813, standard error of 0.303, confidence interval of 0.158-1.468, and the p-value of 0.019, which is less than the threshold of 0.05. This result suggests that political stability has a statistically significant positive impact on enterprise creation. In other words, strong political stability increases the rate of enterprise creation. Remittances and GDP per capita have no significant effects, as revealed by the confidence intervals and p-values. This suggests that, within the framework of this model, political stability is the most important factor driving enterprise creation, while the effects of remittances and GDP per capita remain unclear.

Table 4. Diaspora remittance on enterprise creation with two control variables

95% CI						
Variable	Beta	SE	LL	UL	B	P
Constant	-6.589	8.554	-25.049	11.911		.458
Remittances	.700	.892	-1.228	2.628	.191	.447
GDP Per Capita	.532	.514	-.579	1.644	.257	.320
Political Stability	.813	.303	.158	1.468	.605	.019*

Note. * $p < .05$

Source: authors' computation

Table 5 is a regression analysis table showing the relationship between remittances, GDP per capita, political stability, and entrepreneurial education with enterprise creation. The constant has a coefficient of -9.084, which is not statistically significant ($p = 0.243$). This indicates that the model does not predict a significant degree of enterprise creation when the independent variable is set to zero. Remittances have a positive coefficient of 0.219 which shows that an increase in remittances leads to an increase in enterprise creation.

However, this effect is not statistically significant ($p = 0.786$) due to the large confidence interval (-1.502 to 1.940). It invariably means that remittances have no effect on the creation of new enterprises. GDP per capita has a positive correlation with enterprise creation, with a value of 0.474 but this association is not statistically significant ($p = 0.304$), and the confidence interval varies from -0.487 to 1.435, implying that its impact on enterprise creation is unclear.

Political stability once again proves to be an important component in the creation of businesses with a coefficient of 0.739 and a p-value of 0.015. The standardised coefficient ($\beta = 0.550$) and confidence interval (0.169 to 1.309), also attests to this fact. Entrepreneurship education, which is another strong stimulator of enterprise creation, has a coefficient of 1.342, p-value of 0.034, standardised coefficient ($\beta = 0.468$) and confidence interval (0.121 to 2.563) This result suggests that as more effort is put into entrepreneurship education, so does the rate of creation of enterprises improves. The regression analysis emphasises the importance of political stability and entrepreneurship education as key drivers of firm creation and posits that while remittances and GDP per are not statistically significant in this model. The findings highlight the importance of a stable political climate and focused education programmes to foster the creation and expansion of businesses.

Table 5. Diaspora remittance on enterprise creation with three control variables

95% CI						
Variable	Beta	SE	LL	UL	B	P
Constant	-9.084	7.400	-25.206	7.039		0.243
Remittances	.219	.790	-1.502	1.940	.060	.786
GDP Per Capita	.474	.441	-.487	1.435	.229	.304

95% CI						
Variable	Beta	SE	LL	UL	B	P
Political Stability	.739	.262	.169	1.309	.550	.015*
Entrepreneurship Education	1.342	.560	.121	2.563	.468	.034*

Note. * $p < .05$

Source: authors' computation

The model in Equation 3 suggests that diaspora remittances have a strong influence on enterprise creation, with the explained variance being substantial compared to the unexplained variance. This outcome occurs only when the control variables, such as political stability and entrepreneurship, are present. However, it connotes that diaspora remittance is an important factor to be considered in the level of enterprise creation in this model. The model is fit to determine the effect of diaspora remittances on enterprise creation. This is confirmed in the F-statistics at 4.240 with $p < 5\%$ (see Appendix 1). The adjusted R^2 at 44.6% substantiates the variance of the effect being explained by the model, showing the quality and relevance of the model in predicting the effect.

5. DISCUSSION

Diaspora remittance covering 2006 to 2022 experienced an overall upward trend, despite fluctuations. It was noted that during the periods, remittances flows were steady but steeped and rebounded at certain times in the economy. This confirms that diaspora remittances represent an important percentage of the GDP of some developing countries, affecting the economic conditions of these nations. Increased enterprise creation that happened in 2006 to 2015 could be because of favorable business environment, improved economic policies, increased access to funding, and a general growing culture of entrepreneurship in Nigeria. In 2020, enterprise creation improved quickly and faster than remittance. It may be due to the urgent need to support family members or invest in new businesses in the Covid-19 period. This resonates with the position of Chrysostome and Nkongolo-Bakenda (2019); Mien and Goujon (2022) that diaspora remittances can either be productive or non-productive.

There is a weak positive correlation between remittances and the creation of new enterprises. This affirms that while remittances promise to provide much needed capital that can support entrepreneurial ventures, their impact is not substantiated as might be expected. The Beta coefficient and adjusted R^2 values indicate that remittances alone are not sufficient to drive significant increases in enterprise creation. If the remittances serve only the social and financial needs of diasporans' loved ones in the home country, they do not result in productive activities and wealth creation. Although these contribute to consumption and poverty alleviation in the home country. The study suggests that, for the purpose of this analysis, GDP per capita has no substantial influence on the pace of enterprise creation. This is inconsistent with the study of Ugherughe and Okonkwo (2019), who examined the impact of remittance inflows on Nigeria's economy and found a long-term equilibrium between remittance inflows and Nigeria's GDP. However, the study was silent on enterprise creation potential of remittance and GDP. Also, according to Amugune (2015), the importance of remittances on a nation's GDP and economic growth can only be ascertained when they are remitted back into the economy in relatively large amounts, but on its usage for enterprise creation, less was said.

Political stability, on the other hand, has a statistically significant positive influence on enterprise creation, suggesting it as an important factor driving enterprise creation. While the

effects of remittances and GDP per capita remain unclear. Amugune (2015) argues that developing nations may find it challenging to secure funds due to political and economic uncertainty, as it may result in loan default. When the nations that fall into this category believe that the terms of World Bank assistance are a threat to their sovereignty, they will turn their attention towards remittances as a source of funding. A favourable political environment would then inform the decision to create new companies from the proceeds.

Furthermore, the results emphasise the importance of political stability and entrepreneurship education as the most important factors that influence enterprise creation. Remittances and GDP per capita, on the other hand, are predictors of enterprise creation, but their effects are not statistically significant. The absence of a consistent correlation between the remittances and enterprise creation suggests that, while important, represent only a part of the overall picture in understanding the factors that drive enterprise creation in Nigeria. Agwu and Onwuegbuzie (2017) as well suggest that a potent tool to influence creation of new enterprises is entrepreneurship education. Knowledge acquired through entrepreneurial education will facilitate jobs creation, which reduces poverty. This makes entrepreneurship education very important in promoting the intent to establish new enterprises. Adeleke and Joseph (2020) also share and argue that entrepreneurship education should be encouraged and as it is one of the ways to make informed decisions on how to go about enterprise creation with funding from diaspora remittances.

6. CONCLUSIONS

Despite increasing and significant remittances inflow into the country, the effect on enterprise creation is limited. It suggests the inadequacy of remittances in driving enterprise creation in Nigeria. However, factors such as political stability and entrepreneurship education, when combined with diaspora remittances, will play an important role in spurring enterprise creation. The highlights in the analysis of the trend and pattern further show that, despite the increasing volume of remittances, there is no corresponding strong upward trend in enterprise creation, indicating that more targeted interventions may be needed to harness remittances effectively for entrepreneurial growth. In an overview, the findings of this report show diaspora remittances as a key financial inflow only supports household consumption and, with no record of impact on entrepreneurial activities. However, the direct impact of remittances on enterprise creation is limited, suggesting that more entrepreneurship education should be promoted towards reorientation of people, thereby using the funds for productive activities (e.g., enterprise creating venture). Political stability will further engender a better atmosphere in this regard.

7. IMPLICATIONS OF THE STUDY

Economic development that lowers poverty and unemployment with deliberate efforts of addressing root causes of unstable political climate should be promoted by policymakers. Diasporans involvement in firm formation will increase participation beyond providing funds and reduce the impacts of brain drain by preserving important relationships and investments within the country. Government should incentivise diasporans who utilise their remittances for enterprise creation purposes. Launching a campaign and creating a desk at the Nigerian diaspora commission to oversee this role will make this initiative effective and engender more remittances and firm creation.

8. RECOMMENDATIONS

Diaspora-specific entrepreneurship education and training should be deployed by the government, such as leveraging on the experience of existing diaspora entrepreneurs. The focus can be directed at potential entrepreneurs with efforts being geared towards practical skills, financial literacy, and business management. They can as well partner with educational institutions to offer accredited programs that target both local and diaspora populations. Supporting a stable legal and regulatory environment that protects investments and property rights will minimise risks for diaspora investors. Government should ensure processes that are transparent and accountable, which will build trust thereby establishing mechanisms to resolve political and social conflicts quickly while reducing uncertainty.

9. SUGGESTION FOR FURTHER STUDIES

The area of study other than the one used for this study should be considered in future studies. Future researchers should examine how diaspora remittance influence enterprise creation in other West Africa countries. In addition, some other data analysis techniques not captured in this work should be explored to test the robustness of the research work.

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APPENDIX 1

Model	Sum of squares	Df	Mean Square	F	Sig.
Regression	.230	4	.058	4.240	.023 ^b
Residual	.163	12	.014		
Total	.394	16			

Dependent variable: Enterprise creation

Predictors: (Constant) Political Stability, Education, GDPpercapita, Remittances

Source: Author's Computation (2024).