

Entrepreneurship in Nigeria Realities on Ground

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The aim of the paper is to develop and analyze the contributions of entrepreneurship in the economic development through SME development in Nigeria. The major findings of this study include the following: SMEs have played and continue to play significant roles in the growth, development and industrialization of many economies the world over. In the case of Nigeria, SMEs has performed below expectation due to a combination of problems which ranges from an attitude and habits of SMEs themselves through environmental related factors, instability of governments and frequent government policy changes, etc. Promoters of SMEs should thus ensure the availability or possession of managerial capacity and acumen before pursuing financial resources for the development of the respective enterprise. In total Nigerian entrepreneurship has its own problems and relative solutions was done.

Keywords: Entrepreneurship, SMEs, Economic development.

INTRODUCTION

Before the general feeling was that entrepreneurs were born and not made, a French economist Jean Baptiste Say said” the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield”. Oxfords Advanced learners dictionary defined an entrepreneur as “a person who makes money by starting or running businesses, especially when this involves taking financial risks” Entrepreneurship involves possession of special skills which include the ability to take risks and the desire to create wealth. They also plan, strategize and find solutions to business problems and most importantly be innovative. Entrepreneurs are full of ideas, but what makes them stand out is their ability to make ideas into what can be possibly used or create wealth. The main drawback for entrepreneurs has been a shortage of funds and not ideas. Entrepreneurship is one of the four factors of production, the others are land, labor, capital and the fourth is the entrepreneur who is the risk taker and decision maker, who pulls together his resources (land, labor, capital) and turns it into a profitable business.

Entrepreneurship is the key to growth and development of any nation, thanks to their innovation and ideas. In Nigeria entrepreneurship grew out of survivalist tendencies, where the unemployment rate is very high, inadequate infrastructure and poverty made way for entrepreneurs to fill in the gap where government has failed in delivering people oriented policies. The government is now trying to provide a conducive atmosphere for more business creation through SME's that is small and medium enterprise and provision of startup loans to encourage small businesses and women to engage in

profitable trade. This will help in creating wealth and providing employment for the millions of unemployed people around the country. Entrepreneurship is the bedrock of any developed nation and foe Nigeria to benefit from it it has to clear financial, social and political hurdles, better government policies, education and increased international participation will help and provide the environment that will encourage entrepreneurship which will lead to achieving rapid economic growth and development. Some of the major determinants of Entrepreneurship include:

- Excellent regulatory bodies.
- Open market conditions.
- Access to funds and financing.
- Creation and fusion of knowledge
- Entrepreneurial skills and capabilities.
- Entrepreneurial culture.

LITERATURE REVIEW

The objective here is to focus review on the characteristics of the entrepreneur and their top teams and how it affects business success. It focuses on the entrepreneur as an individual and his association with the senior or top management team. This review will be based on entrepreneurial performance, identified through a variety of ways, including journal searches and unpublished working papers. In order to study what makes an entrepreneur successful, it is obligatory to know who the entrepreneur is

before measuring its performance. Over several decades of the evolution of the entrepreneur, different definitions came to be, one of the earliest definitions is by Cantillon in 1755 who saw an entrepreneur as an individual who bears the risks of exchanges. This clearly shows an entrepreneur as a person who engages in trade activities and thus takes risks. Another definition says by Jean Baptiste Say 1828 who defined the entrepreneur as one whose main contribution to creation of wealth is by coordination of factors of production. This puts the entrepreneur at the centre that coordinates, directs and motivates other factors of production to create wealth. This definition views the entrepreneur as a problem solver, a decision maker and the ability to exploit existing knowledge. On the other hand Josef Schumpeter sees an entrepreneur as those that develop new technologies (innovation) that brings about changes and new opportunities. Thus he does not consider a person who opens a new shawarma joint in a new location as an entrepreneur (though others do) but will consider let's say Amina Yusuf who created a new form of franchising shawarma outlets as an entrepreneur. Schumpeter has been greatly influenced by studies in new technology (innovation) which can lead to the creation of new product, production of new production processes, opening of new markets, etc. He also saw an entrepreneur as an exploiter of new opportunities that leads to innovation. But unfortunately, Schumpeter failed to name the traits that such an individual must possess.

On defining and measuring entrepreneurial performance, we focus on entrepreneurship as organizing and entrepreneurship as innovation. Successful performance under these two vary to a certain degree. A one man business owner can be successful without innovation (as declared by Schumpeter) in his case organizing his factors of production can lead to success, unlike the success based on improved or new technology which requires more than organizing, innovation of new products leads to larger potential market. Measures of performance include

- Firm sales
- Firm revenues
- Sales growth
- Revenue growth
- Employee growth.

Here successful organizing capabilities are not necessarily shown by high growth rates might not be the company's ability to innovate. Another issue to consider here is the external measures of success to the internal measures of success of the internal measures of success to the internal measures of success held by the entrepreneurs themselves. Some entrepreneurs are attracted to forming business, but with no desire to stay after the formation, others want to sell and start another business while others are interested just for non-pecuniary rewards such as autonomy and entrepreneurial identity (Xu and Ruef 2004). Numerous researches find that determinants of business survival is different from firms profitability and that you can earn more in paid employment than in engaging in any business. (Hamilton 2000) This has a direct effect in shaping policies, if a policy is geared towards encouraging economic growth, then focus will be on technology/innovation and research which will influence sales,

and growth, profitability and more employment opportunities on the other hand, if the policies are geared towards business ownership then more focus will be on factors that lead people to engage in entrepreneurship.

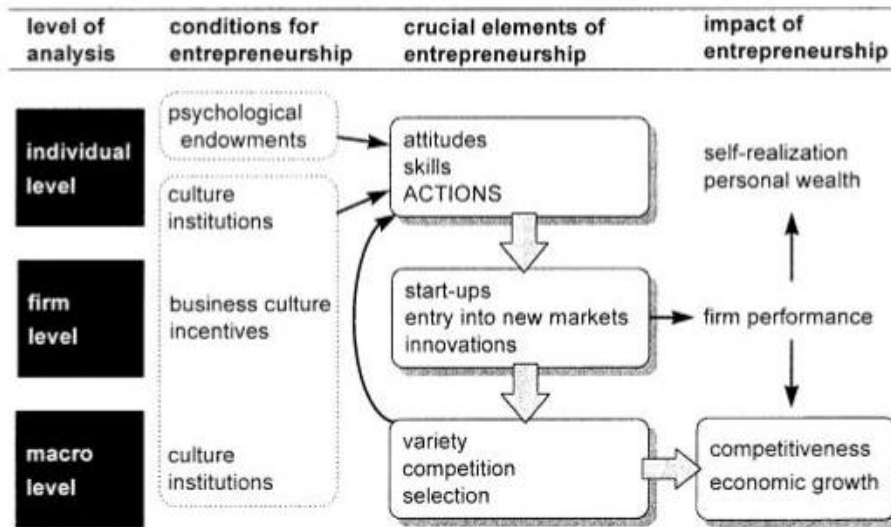
David McClelland theory about the need for achievement is one of the psychological factors that affect entrepreneurs. He felt that achievement driven people can contribute to rapid economic development and can be cultivated through socialization and training. He described entrepreneurs as leaders who take decisions and are proactive. Education is another venture related to performance, Van der Sluis and Van Praag concluded that schooling significantly affects entrepreneurial performance. Other studies show previous experience increases the possibility of survival in a new business (Holmes and Schmitz 1996, Quadri 1999, Taylor 1999). A number of studies have also applied the social network technique to performance (Stuart, Hoang and Hybels 1999, Lee and Penning 2001), they focused on the effects of interorganizational networks. They emphasize on the structural characteristics of networks that identify and create opportunities (Granovetter 1973, Burt 1992) and also the role of the networks in facilitating transfer of funds and social support in the entrepreneurial process (Lin 1990). Another study yet again focuses on the entrepreneurial performance based on a team of individuals and not solo entrepreneurs. Group composition through coordination, affects the diversity of ideas and creativity of the group (Pfeffer 1983, William and O'Reilly 1998), thus it is imperative to look beyond individuals' skills in isolation and focus on groups composition.

EMPIRICAL STUDIES

It is clear now that entrepreneurship is a key factor to economic growth and development, developed and industrialized nations have used entrepreneurs as backbone to the growth and progress of their economies. The key determinant of this condition include market openness, knowledge accessibility, entrepreneurial capabilities, culture and the roles of regulatory bodies. The important question to answer here is, does entrepreneurship need or require knowledge, market or culture? From the above reviews in the literature a single condition cannot provide all the necessary determinants of entrepreneurship rather it is a combination of certain factors and conditions. McClelland focuses on self achievement, but Pfeffer sees beyond individual skills, rather it focuses on the groups make up. Education is another factor that postulates better education to success, but it is not always the case as experience also counts in some areas. It is important to note that a combination of skills and factors is only peculiar to a certain entrepreneur considering what his motives are for doing the business. In developing countries like Nigeria better policy making tailored at actual needs of the entrepreneurs is considered and given priority treatment in order to achieve its targeted goal of creating wealth.

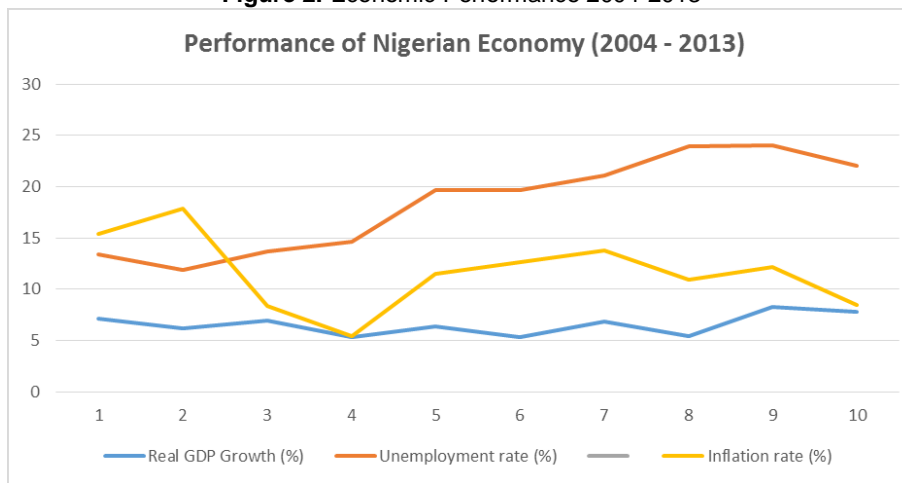
DISCRIPTIVE STATISTICS

Table 1: A Framework Linking Entrepreneurship to Economic Growth



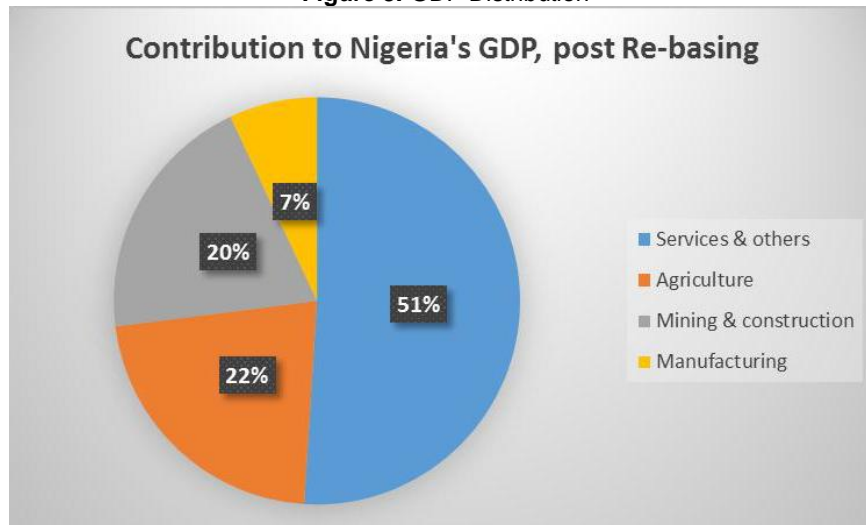
Source: European Centre for Research Training and Development UK (www.eajournals.org)

Figure 2: Economic Performance 2004-2013



Sources: National Bureau of Statistics

Figure 3: GDP Distribution



Sources: National Bureau of Statistics

METHODOLOGY

The methodology of research here is quantitative because it requires measuring variables and verifying existing theories and questioning them. Data is often used to postulate new

theories or ideas, but because of time constraints the use of data, primarily sourced from works of other people will be used here. Data from either side is compared and analyzed to find the correlation and to ask questions and offer possible solutions. This research study is basically non-empirical, but rather descriptive, since information is collected without changing the environment. We used appropriate statistical technique, consisting of simple percentages in the analysis of the role of entrepreneurship in economic growth and development in Nigeria. Charts were also used to present the data for a more meaningful understanding.

RECOMMENDATION

Entrepreneurial skill is key to development and the skills include:

- Development of entrepreneurial spirit, characteristic and personality.
- Development of technical and technological competencies and capability.
- Development of self initiative to start business/self employment.
- Development of managerial skills (Rao et al 1990)

Other areas of considerable importance include issues both at micro and macro levels and they include:

- Training opportunities
- Technology.
- Market.
- Government agencies.
- Attitudes and values.
- Motivation.
- Work experience.

This approach recommends emphasize on education ,training and development as important and key determinants in the entrepreneurial process .Proper utilization to the above is the key to developing country like Nigeria who wish to create wealth, increase GDP, create employment and alleviate poverty which will increase productivity and thus promote rapid economic growth and development(Ogundele 2000)

CONCLUSION

Education, training and development play significant roles in the entrepreneurial development and skills acquisition and it is in that vein that massive education right from birth will instill and produce the right attitude and culture towards entrepreneurship .Basic education should be provided at primary, secondary and tertiary levels of education. It can be improved through education by the media that is through radio, television and newspaper, so that the information is out there and even people at the roots have access to this information .And since entrepreneurship is a dynamic skill, it needs training and retraining in order to sensitize the owner and business enthusiasts of the new trends in business and opportunities available. The Administrative Staff College ASCON AND Centre for management development CMD have helped indigenous entrepreneurs in upgrading their skills. Finally people should embrace the change approach because there is futility in idleness, so change in attitude, values, culture and having the true spirit of nationalism is what will drive Nigeria's development in this century.

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