

ENTREPRENEURSHIP GROWTH AND ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

Entrepreneurship activities bring about business and production innovation with resultant growth in enterprises and industrial organizations.

From history, entrepreneurship development in Nigeria is a late starter as the indigenous entrepreneurs were never allowed to develop by the colonial entrepreneurs. The promulgation of the Nigerian Enterprise Promotion Decree of 1972 provides stimulus for entrepreneurship development via small and medium scale enterprises promotion. Private businesses sprung and grew generating employment, income and increase in GDP. For the time being, Nigerian entrepreneurs have ventured into the less-explored areas of telecom, transport, hospitality, music, film and food processing. The Nigerian government has supported entrepreneurial ingenuity through various programs to encourage self employment, income empowerment, social cohesion, technical progress and economic development. Entrepreneurship development still remains the strong policy option for developing Nigeria's manufacturing and industrial sectors. With increase in government support, exploration of new areas of competitive and natural advantage by entrepreneurs, among others, Nigeria will stand a better chance of increasing her pace of economic development.

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INTRODUCTION

Since ancient times man has designed various ways of surviving in his environment, gathering food and hunting for games. As years go by, he modifies his survival techniques from being a wonderer and shifting cultivator to a sedentary/intensive farming, arts and crafts. His pragmatic disposition has resulted in innovative and better ways of harnessing the opportunities and potentials of his environment for welfare maximization and economic development. The industrial revolution of the late 1780s in Europe and early 19th century in America influenced significantly work ethics, organizational behaviour, thinking and management of productive resources (land, labour, capital and enterprise). Thus, the phenomenon growth of the economy is attributable to enterprising management of resources where entrepreneurship factor is a very important factor of production that co-ordinates the sometime idle factors of production such as land, labour and capital.

According to Say in 1803, as cited by Hisrich and Peters (2002), an entrepreneur is someone who consciously moves economic resources from area of low yield to area of high yield. He redeploys people, material, money and co-ordinates the processes necessary for efficient large scale industrial/trade development. Joseph Schumpeter (1975) added that the entrepreneur is the motive behind capitalist development. Entrepreneurship spirit pervades all economies (though more with free market or capitalist economies) and is considered the bedrock of modern economic development through innovation, technological break through and by developing untried technologies.

The entrepreneur in his entrepreneurial activities can bring about increase in production, create employment, income, facilitates rapid growth of micro, small, medium and large scale enterprises to reduce poverty and hunger among the people. Given this background it is thus imperative to explore the extent to which entrepreneurship contributes to innovation and growth of enterprises/industries in Nigeria.

CONCEPT OF ENTREPRENEURSHIP AND INTRAPRENEURSHIP

Davis in 1983, as cited in Igbo (2005) sees entrepreneurship as the creation and running of one's own business. Timmons in 1987 also cited in Igbo (2005), sees it as the creation, building and distribution of something of value from practically nothing to individuals, groups, organizations and society. He summed up by stating that it involves planning and organizing small business ventures through the mobilization of people and resources to meet people's needs.

According to Schumpeter (1995), entrepreneurship is a process of change where innovation is the most vital function of the entrepreneur. It is the basic requirement for economic development in a free enterprise or mixed economy where innovation is the basis of development. Innovation in a system can increase the marginal productivity of the factors of production.

UNIDO (1999) defined entrepreneurship as the process of using initiative to transform business concept to new venture, diversify existing venture or enterprise to high growing venture potentials.

The above definitions and discussions point to the fact that entrepreneurship involves innovation, development, recognition, seizing opportunities and converting opportunities to marketable ideas, value while bearing the risk of competition.

Entrepreneurial development is a catalyst for economic, social and industrial development. Peter and Clark in 1997 as cited in Egai (2008) affirms that entrepreneurial development is a disposition to accept new ideas, new methods and making people more interested in present and future than the past. The entrepreneurial class provides leadership in resource change, innovation, technical progress and capital formation to produce new knowledge, new production techniques/possibilities, profits and economic growth. Historically entrepreneurship development in Nigeria has remained excluded from

industrial policy until changes began to occur in 1980s due to am bivalency of competition and increasing service sector.

According to Audretsch and Thurik (2001) the role of the entrepreneurial sector changed when industrial comparative advantages shifted towards knowledge-based economic activities. Large firms lost their competitive edge while smaller and more flexible entrepreneurial firms gained new importance in the increasing knowledge-based economy. New dynamic ventures are acknowledged to be drivers of innovation.

Associated with entrepreneurship is the concept of **entrepreneurship**. This involves entrepreneurship ingenuity and spirit within an organization rather than outside. It provides opportunities to hard-to-find key employees of an organization to unfold their potentials, performance and hard work to earn a reward or share in the profit or revenue generated by his ingenuity for the enterprise. The concept of entrepreneurship is beginning to spread rapidly in modern times.

3. ROLE OF GOVERNMENT IN ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

Economic growth rates are often attributed to the role of the duo of government and entrepreneurs which is complementary and not mutually exclusive.

In Nigeria, like some other economies, government helps to develop transportation, power, financial inducement, subsidies and other utilities to encourage entrepreneurship development. Further more the government provides security to safe guard life and property; maintaining law and order and freedom to do business.

The role of government in entrepreneurship development in Nigeria became significant only after the Nigeria civil war (1967-70).

Since the mid 1980s there has been increased commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment economic Program (SAP) in 1986. Added to this, is the establishment of the

National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), Small and Medium Enterprise Development Association of Nigeria (SMEDAN), SMEEIS etc.

Fundamentally Nigerian government promotes entrepreneurial culture through initiatives that builds business confidence, positive attitude, pride in success, support and encouragement of new ideas, social responsibility, providing technological supports, encouraging inter-firm linkages. Others are cheap financial resources, free access to market, prompt registration/advisory service to businesses, promotion of entrepreneurial skills acquisition through education and manpower development, production of infrastructure, export incentives, stable macro economic environment, security of investment, stable political climate etc. In early 2000s, entrepreneurship studies have been introduced into the Nigerian educational system especially higher institutions as a mandatory course. The Centre for Entrepreneurship Development (CED), which has the objective of teaching and gingering students of higher institutions (especially in science, engineering and technological (SET)) to acquire entrepreneurial, innovative, and management skills, was established. This is to make the graduates self-employed, create job opportunities for others and generates wealth.

UNESCO-TVE Programmes in Nigeria is aim at fostering linkage and cooperation between higher institutions and industries such that academic research findings can readily be taken up by industries for production and product development.

TABLE 1: Entrepreneurship Development Program/Activities in Nigerian (1999–2006)

ITEM	1999	2000	2001	2002	2003	2004	2005	2006
Unemployment (%)	-	-	-	2.7	2.7	2.6	12.6	12.3
Entrepreneurship development	105,000	95,000	39,551	21,551	36,000	NA	NA	NA

program (EDP) beneficiaries								
Vocational skill dev. of national open apprenticeship scheme (NOAS) participants	20,649	20,877	9,300	11,624	15,354	NA	NA	NA
Unemployed youths trained under NOAS	-	-	-	15,255	36,105	30,211	38,219	25,000
Trained youths provided with tools to establish own Business	-	-	-	25	120	13	1,901	1,480
National open Apprenticeship scheme	-	-	-	37000	37000	37000		
NOAS	-	-	-	15265	38223	25000		
(a) Registered								
(b) Beneficiary								
School on wheel	-	-	-	2625	2250	-	4500	1125
(a) Registered	-	-	-	1205	615	-	1468	407

(b) Beneficiary								
Entrep. Dev. P rog. (EDP)	-	-	-	111,000	111000	111000	111000	111000
(a) Registered	-	-	-	50,502	58000	106,00	63000	-
(b) beneficiary						0		
Start your own Business								
(a) Register	-	-	-	7400	7400	34229	25706	7400
(b) beneficiary	-	-	-	185	370	34229	25706	203
Women co-operatives								
(a) Register	-	-	-	3700	3700	3700	3700	3700
(b) Beneficiary	-	-	-	500	3700	3700	3700	-
Rural agric dev and training scheme	-	-	-	12580	12580	12580	12580	12580
(a) Registered	-	-	-	1222	3867	4977	9737	1020
(b) beneficiary								
Rural handcraft scheme	-	-	-	-	5550	5330	11100	-
(a) Register.	-	-	-	-	-	3791	9285	-
(b) beneficiary								

Environmental Beautification scheme	-	-	-	3700	3700	3700	3700	3700
(a) Register.	-	-	-	540	-	1850	1850	1850
(b) Beneficiary								
Graduate attachment prog.	-	-	-	5550	5550	5550	5550	5550
(a) Register.	-	-	-	-	-	-	-	-
(b) Beneficiary								
Community dev. Scheme								
(a) Register.	-	-	-	925	925	925	925	925
(b) beneficiary	-	-	-	-	-	925	925	-

a. **NBS (2007) Annual Abstract of Statistics Pg 216 – 226**

A look at the above table shows that various entrepreneurship programmes are supported by government. The number of participants registered over the period of analysis (1999-2006) is constant while the number of beneficiaries out of the total number of graduates of the programs is however very low. Much is left to be covered.

4. ENTREPRENEUR IN INNOVATION AND ECONOMIC GROWTH

According to Schumpeter (2001) capital and output growth in an economy depends significantly on the entrepreneur. The quality of performance of the entrepreneur determines whether capital would grow rapidly or slowly and whether the growth involves innovation where new products and production techniques are developed. The difference in economic growth rates of countries of the world is largely due to the quality of entrepreneurs in the countries. Production factors of land, labour and capital are said to be dormant or indolent without the entrepreneur who organize them for productive ventures.

The entrepreneur is therefore an important agent of growth of innovations and technical progress. The development and utilization of his technical and commercial skills create growth potentials in Micro, Small and Medium scale enterprises.

The present day economy is knowledge-driven operating on the pragmatic and innovative thoughts of the entrepreneur. Business set ups have become informal and oriented towards survival and self employment. Technical progress essentially results in increase in production, employment of labour, stimulation of export and over all growth of GDP. The contribution of entrepreneurship to the growth and development of Asian countries (China, Malaysia and Singapore) and African countries (South Africa and Nigeria) can not be over emphasized.

In Nigeria entrepreneurship development and innovations have been manifested in all aspects of the economy viz; micro business, micro finance, small, medium industries, cottages, crafts, information/telecom services, personal services in food vending/restaurant, garments making, embroidering, agricultural produce, music, film production etc.

5. ENTREPRENEURSHIP DEVELOPMENT AND GROWTH OF ENTERPRISES AND INDUSTRIAL ORGANISATIONS IN NIGERIA

As earlier mentioned, entrepreneurship development in Nigeria became significant only after the Nigerian civil war. At the end of the war the 2nd National Development Plan in place focused on the development of the 3Rs objectives of Reconstruction, Re-development and Reconciliation with the Ibos. The activities in the plan challenged/task the ingenuity and inventive skill of the individuals. Added to this was the promulgation of the Nigerian Enterprise Promotion Decree of 1972 as amended in 1977 as indigenisation decree. This action further act as a catalyst to entrepreneurship business development as businesses hither-to monopolized and reserved for the colonial entrepreneurs by the Royal Niger Charter were returned and reserve solely for the Nigerian entrepreneurs.

This early period of history witnessed economic development ideology of industrialization as the ultimate source of economic growth and industrialization itself is the product of technical progress and investment. Technical progress or capital growth on the other hand is seen to be a function and the result of entrepreneurship effort. In particular evidence from the developed world according to Joseph Schumpeter (2001) indicates that economic growth is entirely due to the quality and efficiency of the entrepreneur. Thus after independence in 1960 there was the need by government to promote indigenous entrepreneurs who were hither to displaced and outlawed by the British Royal Niger company. The Government never loses sight of the tripartite relationship between Entrepreneurship, Industrialisation and Economic growth order of influence. Thus the key or source or agent of economic growth is the entrepreneur who has to be developed and supported by government to effectively play this role.

Amendment of the indigenization decree in 1987 and the introduction of privatization and commercialization decrees in 1988, 1989 and 1995 further boost the development of indigenous entrepreneurship.

Individual and group interest/awareness was aroused leading to venturing in mining, banking, knowledge industry, education, publishing, information technology etc. As mentioned earlier there are some governmental policies and activities which spurred entrepreneurship development. SAP policy (1986), inward looking policy, Apprenticeship system, NDE and the establishment of industrial centres and SMEDAN all contributed to entrepreneurship and enterprise growth in Nigeria. SMEDAN sponsor and supervises entrepreneurship ventures while the Central bank of Nigeria creates financial relief to entrepreneurs through the 10% fund contribution by commercial banks to the Small and Medium Enterprise Equity Investment Scheme (SMEEIS) of 2001.

Entrepreneurship activities and innovative ingenuity in Nigeria have covered and developed enterprises in the following areas.

- a. Agriculture/agro-allied activities: Foodstuff, restaurant, fast food vending etc.
- b. Solid mineral: Quarrying, germ stone cutting/polishing and crushing engineering.
- c. Power and transport: Power generation, Haulage business (cargo and passengers)
- d. Information and telecom business: Manufacturing and repairs of GSM accessories.
- e. Hospitality and tourism business: Hotels, accommodation, resort centres, film and home video production.
- f. Oil and gas business: Construction and maintenance of pipelines, drilling, refining/bye-products.
- g. Environmental and waste management business: Refuse collection/disposal, recycling, and drainage/sewage construction job.
- h. Financial and banking services: Banking, insurance and stock trading.
- i. Engineering and fabrication work: Machines and tools fabrication.
- j. Building and construction: Plan and design services, material sourcing.

Since 2000 due to the exponential growth in global information technology a lot of service enterprises have emerged viz GSM accessory manufacturing, GSM recharge-cards/credit sale, cybercafé/internet business, communication and computer systems etc.

Information technology and globalization has increased the growth of film industry in Nigeria (Nollywood). Home video and comedian tapes are being produced by entrepreneurs in their various forms.

The increasing entrepreneurship activities since 2000, is partly caused by the increasing rate of unemployment, growing service sector, reduction in regulatory control, increasing privatization/competition and the introduction of poverty eradication programme in 2001. All these have created potency in international trade and finance to create global competitiveness. The world economic forum report of 2006, ranked Nigeria as 88 out of 117 countries in its global competitiveness indicate

Growth in GDP

GDP at 1990 constant price (₦ billion)	2002	2003	2004	2005	2006
National	457.79	495.01	527.4	562	595.84
Live stock	12.36	12.89	13.74	14.64	15.64
Fishing	6.50	6.76	7.17	7.60	8.14
Mining and quarrying	1.17	1.24	1.37	1.48	1.66
Hotel and restaurant	1.68	1.76	1.94	2.144	2.43
Wholesale and retail trade	58.68	62.06	68.08	77.30	89.06
Telecom	3.24	4.63	6.02	7.76	10.57
Road transport	11.74	11.88	12.58	13.41	14.32

a. NBS: Annual Abstract of Statistics, 2007, Pg 276

b. CBN: Statistical Bulletin, 2006, Pg 122A

From the table there has been persistent growth in telecom/information technology as well as major economic activity sectors. Tele-density increased astronomically from 1.89% in

2002 to 24.29% in 2006. Mobile line usage increased from 1.57million in 2002 to 32.32million in 2006. The effect of these on entrepreneurship venturing added value to the GDP growth of the country from 457.79 billion in 2002 to 595.84 billion in 2006.

CONCLUSION

Entrepreneurship development and innovations in Nigeria is at the peak of awareness creation and participation by both the people and government. Policies of government have shifted to addressing the problems of infrastructural decay and finance. The problem of power supply is still very much on ground while credit framework via microfinance banks put in place to assist entrepreneurs with soft loans is still in infancy. Innovation characterized entrepreneurship and brings about technical progress through capital-saving, efficient production techniques and higher level of output or economic growth. The entrepreneur creates and supplies new line of consumption to enhance growth in some emphasized entrepreneurial sectors to stimulate growth in various enterprises and industrial organizations. However, Nigerian entrepreneurs still face doldrums of problems and challenges in their struggle for innovation and technical progress.

RECOMMENDATION

From the foregoing, discussion it will be pertinent for us to recommend as follows:-

- Government should increase her support for entrepreneurial training take-off tools and funds made available to more of the trained graduates of entrepreneurship programmes such as NOAS.
- Entrepreneurs should seek the assistance/incorporate the services of other persons in skills that they lack but highly needed for their business to succeed or grow.
- Entrepreneurs should explore areas in agriculture and others where increasing returns/comparative advantage is high and not saturated areas of production.
- Assistance to entrepreneurs in product quality by institutions like the Standard Organization of Nigeria (SON) and the Raw Material Development Council of Nigeria should be encouraged.
- Promotion of Micro, Small and Medium scale Enterprises should be intensified and entrepreneurship development activities incorporated in Nigeria's industrial blue print by Government
- Government should guarantee and remove the bottlenecks in accessing loans by entrepreneurs from microfinance banks and grant them reasonable time to run the business before loan repayment starts.

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