Entrepreneurship and National Development: Nigerian Experience.

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Accepted 24th June, 2016

This paper examines entrepreneurship as the bedrock for national development in Nigeria. Self employment is not a recent phenomenon in Nigeria. From the time immemorial when individuals became organized into societies, there has been an abundance of self employed persons, typified by farmers that made up of about 70% workforce, traders and artisans, whose contributions have provided the basis for economic growth. Recently these groups of traditionally self employed have been joined by the new men and women who have gone to higher institutions of learning and at the end of their courses could not find paid employment in the labour market. Those with marketable skills among them decided to go into small scale businesses, using modern techniques to provide goods and services of high quality, while those with unmarketable skills were trained in vocation of their choice. They are clustered all over the entire length and breadth of Nigeria.

Keywords: Entrepreneurship, National, Development, Experience, Nigerian.

INTRODUCTION

Entrepreneurship, according to Onuoha, (2007) in Osman and Murat,(2011), "is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities." While the Entrepreneurs are business owners who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. Entrepreneurship concept came up as a result of the surplus in the production of goods and services on subsistence level which necessitated the need for exchange of such surpluses. For instance, if a yam farmer provides more yams than the required, he exchanges the surplus for what he lacked but needed, it may be hoes or cutlasses, he would exchange with someone who needed his products in exchange. By and large, producers came to realize that they can concentrate (specialize) on their areas of production to provide more and then exchange with what they needed. Through this trade by barter in exchange of goods and services, the act of entrepreneurship started (Okpara 2002).

Entrepreneurship is a term commonly used in connections with the innovative and creative tendencies of modern individuals. It is being defined by reference to functions of an entrepreneur as the man who perceives business opportunities and takes advantages of the scarce resources to use them profitably. The entrepreneur is the only one who bears the non-insurable risks in his enterprise and it is he who directs the human and mineral resources in the business objectives. Hence, to be an entrepreneur, one has to be imbied by psychological traits which are either inherent latent or could be aroused through training, manifest, upon which training could be built.

Concept of Entrepreneurship

Richard Cantillon, in the early eighteenth century first identified and associated entrepreneur with the function of risk bearing. He coined the concept "Entrepreneur" and postulated that the entrepreneur buys factor and services at “certain” prices with a view to sell the product at “uncertain” prices in the future. (Meredithetal, 1983). He defined articulate and constructive function as bearing of non-insurable risks.

Most economic, psychological and sociological
research attests to the fact that the entrepreneurship is a process and not a static phenomenon. Entrepreneurship is more than just a mechanical economic factor (Parich, 2001). Entrepreneurship has to do with change and is also commonly associated with choice-related issues.

Virtually all the existing definitions of Entrepreneurship often relate to the functional role of Entrepreneurs and include coordination, innovation, uncertainty bearing, capital supply, decision making, ownership and resource allocation (Friij, et al. 2002; Jaaskelainen, 2000). As a matter of fact, three of the most frequently mentioned functional roles of Entrepreneurs are associated with major school of taught on Entrepreneurship. These are namely:

Risk seeking- Cantillon and Knightian entrepreneur willing to take the risk associated with uncertainty.

Innovativeness- the Schumpeterian entrepreneur accelerating the generation, dissemination and application of innovative ideas.

Opportunity seeking- the Kiznerian entrepreneur perceiving and seizing make profit opportunities (OECD 1998).

Wennekers and Thurik (1999), tries to synthesize the functional roles of entrepreneurs as “the manifest ability and willingness of individuals, on their own, in teams within and outside existing organizations to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations) tend to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions”. In short, entrepreneurship is a behavioural characteristic of a person. Entrepreneurs may exhibit it only during a certain phase of their career or only with regard to certain activities (Carree and Thurik, 2002).

In the same vein NDE (1989), describes the entrepreneurial function by emphasizing the effective combination of the factors of production and provision of continuing management, as well as risk bearing. In his conclusion, he said, an entrepreneur shifts economic resources out of an area of lower productivity to an area of higher productivity and greater yield. Presents not only the first dynamic concept of the entrepreneurial function, but he was also the first major writer to put human agent at the centre of the process of economic development. Therefore, for most of his life, this business leader engaged in entrepreneurial managerial activities. This is in contrasts with the narrow definition and empirical conceptualization of entrepreneurship employed by the other writers. He broadly identifies the entrepreneur with the modern industrial business management.

Soota (1998), on the other hand sees an entrepreneur as the owner and manager of a business. From his definition, it can be deduced that an entrepreneur is an independent business man, the owner and manager of a private business organization operated for the primary purpose of making profit. He is his own boss, having complete or effective control of his business employing and organizing people to produce products and services.

Entrepreneurship is synonymous with management which involves planning, organizing, directing and controlling a business organization to achieve the organizational goal of profitability. Entrepreneurship thus becomes a term used broadly in connection with the innovative and creative modern industrial business leader. The entrepreneur therefore, represents a key factor of production which combines other factors of production to provide a saleable product or service at a profit. He is the one who perceives business opportunities and takes scarce resources to use them profitably, thus, to qualify as an entrepreneur, it is not sufficient to be a business man just managing an enterprise but has to be the originator of the profitable business ideas (Okpara, 2002). The entrepreneur must possess the ability to gain command of and combine in a new way that would be profitable. He must use financial resources to achieve unpredictable result.

In spite of the many theoretical interpretations of entrepreneurship, there has been very little empirical research conducted on it as a phenomenon, especially when compared with the amount of research conducted on other three factors of production. In particular, growth and development economist have suffered rather seriously “from the neglect of the entrepreneurial role” (Swoboda, 1983). This neglect he said arises from two main reasons. First, entrepreneurship is characterized by uncertainty and typically occurs in the presence of imperfect information, unknown productions function and market failure. Therefore, Leibenstein (1995), claims that entrepreneurship arises to make up for a perfect deficiency.

Leibenstein (1995), further revealed that the majority of mainstream economic models assumed perfect information and clearly defined production functions. Thus, an entrepreneur typically falls outside these models. As a follow up, Kilby (1983), suggests that entrepreneurship exists only in the lower realms where imperfect knowledge and market failure are granted and untidy presence. As a result of this, many economists disregard the phenomenon, particularly economic models dealing with developed countries. However, many models that focus on the underdeveloped countries relax their assumptions about imperfect information. This more realistic view of economic markets allows entrepreneurship to stand out as one of the leading sources of market transformation of economic growth and development.

Leibenstein (1995), highlighted that there are two simultaneous step is in the process of economic development for less developed countries (LDCs) as: economic growth and market transformation. He said further that for economy to increase it’s per- capital income, it must have a shift from less productive to more
productive techniques per worker. This paradigm shift is the process of market transformation, and it can be manifested in the creation of new goods, new skills and new markets.

Entrepreneurship is the driving force behind both growth and transformation. Therefore, without entrepreneurship, there would be no new production methods and goods would not take place. As entrepreneurs transform the market, not only do they provide new goods and services to the domestic market, they also provide new sources of employment to the economy (Praag and Hans, 1995).

In view of this, entrepreneurship is a necessary ingredient in the process of economic development, it both services as the catalyst for market transformation and provides new opportunities for economic growth, employment generation and increased per capital income.

Sharing South and South East Asia Experience

Entrepreneurship in parts of South and South East Asia had gone through rapid revitalizations in recent time. The term “technopreneur” arose from within Singaporean culture to describe an individual whose entrepreneurial endeavours focus on technology – centered enterprise. The government of Singapore has embraced technopreneurship and has launched several initiatives to promote technopreneurship as a means of economic development. According to Drucker (1984), the government of Singapore has embraced technopreneurship as a means of economic development. Other South East Asia countries (Asian Tigers) like Taiwan, China and India are presently focusing on cottage industry as a vehicle for economic transformation and prosperity. In the past years, Singapore has restructured the focus of many of its economic policies to fully support the growth and development of domestic technopreneurship firms.

Singapore is a small Island. City state with meager natural resources Thus, it has to rely largely on its human capital to sustain its development. Initially, the government concentrated on the improvement of its human capital by dedicating large amount of the annual budget to education. However, now that the country has attained high literacy rate, traditional human capital development is no longer sufficient to sustain economic growth.

Recognizing the need for a new strategy for economic growth, Singaporean government turned towards the technology sector. With the creation of the Technopreneur 2.1 initiative and ministerial committee, Singapore began promoting technopreneurship encouragement policies. Singapore success with technopreneurship policies has influenced other Asia countries to begin such initiative. For example, Malaysia recently launched its multimedia super corridor to encourage domestic technological development while Hong-Kong also completed the construction of the cyberport, a technopreneurship friendly business district. In India, technopreneurship development is already gaining ground.

Back home in Nigeria, until of recent government wholly owned the big businesses while state restrictions prevented entrepreneurs from entering the market. However, in the mid 1980s, Nigeria abolished the marketing board, which prevented entry into certain industries and opened up its markets to competition from domestic entrepreneurs. Over the past decades, we have run an economy characterized by growing dominance of the public sector, over dependence on a single commodity (oil) and the pursuit of a highly import dependent individual strategy. While these policy thrusts were justified at their inceptions, experience has shown that their growth were based on increasing public expenditure, import substitution, and half hearted industrialization. Efforts aimed at exporting a few primary commodities were neither efficient nor sustainable. This is evident from the several indices of sub-optimal performances low per capita GDP, low growth rate, weak industrial base with declining industrial output and capacity utilization, large budget deficit and deterioration in the state of social and infrastructural facilities as wells as low productivity in the real sector and an unacceptable level of unemployment. The attendant policies by government were geared towards privatization to address the aforementioned problems.

In recent times, as a result of the high unemployment rate and job turnover, there have been renewed interests in entrepreneurship. Since the assumption of the democratic government in 1999, Nigeria government has been promoting enterprise culture. Okpara (2002), reiterates that fundamental to the enthronement an empowerment of the private sector as the engine room for economic transformation as an elaborate policy for the development of entrepreneurship which in its sociological and releases the creative potentials of the people and makes them self- propelled agents of economic and social change as a means of alleviating poverty of the people.

Unarguably, Nigerians, have demonstrated great zeal with official intervention, and tremendous potentials for enterprises creation.

Entrepreneurship in Nigeria, the Journey so Far

Entrepreneurship Development is the key to economic development. In the past government concentrated on the multinational corporations as agent of development but with the global economic scenario, micro and cottage industries have become the hall mark of industrial growth, and economic emancipation of countries like South Korea, South Africa, Japan, China Singapore, Taiwan and in recent times, Indonesia.
While entrepreneurship is about taking initiative in the conception and actualization of dreams, government participation in business is to serve as regulator. Government, it has been said are good regulators and not good entrepreneurs. Government has no business in creative activities but excel in providing enabling environment for the private sector to flourish. Government can only play the role of a “referee” and not an active “players” in providing an environment friendly to investment as well as providing incentives, service facilities to entrepreneurs and enterprise. Agencies established by government to provide incentives to entrepreneurs among others in Nigeria include the followings:

1. The Nigerian investment promotion council (NIPC): is one of such agency for the promotion of investment in Nigeria.

2. Raw Material Research and Development Council (RMRDC): The council is the umbrella organization for all the various effort of public and private sectors in the research and development of local raw materials by the medium scale industries.

3. National Directorate of Employment (NDE): This agency was established to re-orientate the Nigeria youths towards self employment through entrepreneurship development as well as vocational skills development for sustainable enterprise creation.

4. Industrial Training Fund (ITF): It is responsible for promoting and encouraging the acquisition of skills in industry and commerce. The funds will continue to generate indigenous trained manpower sufficient to meet the needs of the economy.

5. Nigeria Export Process Zone Authority: The authority is chargers with the responsibility of managing, controlling and co-ordinating export processing zone called TINAPA is being developed in Calabar, Cross River State. It is expected to give the export sector the required boosts.

6. Nigeria Export Promotion Council: The council is charged with duty of designing and implementing export incentives to industries that engaged in export activities in Nigeria, source for buyers for their products and participate in international trade fairs thereby marketing “made in Nigeria goods”. There are also eighteen export trade incentives being manned by the council.

7. National Economic Reconstruction Fund (NERFUND): The fund was established in 1984 to convert the imbalances in the provision of medium to long term finance to small and medium scale enterprises. The funds available through NERFUND for small and medium scale real production enterprises are compromised of loans borrowed from the World Bank and made available through the SME Apex unit of the Central Bank of Nigeria; $230 million export stimulation loan from the Africa Development Bank (ABD), NERFUND is expected to give financial assistance both in local and foreign currencies to deserving small and medium enterprises that engaged in real production.

8. The Organized Private sector(OPS): The organized private sector consisting of the Manufacturers Association of Chambers of Commerce, Industries, Mines and Agriculture (NACCIMA) and the National Association for Small Scale Industrialist ( NASSI) are ever ready to see Nigeria to the promised land, economically, if given the encouragement with the private sector-led development, non- governmental organizations are expected to play a very crucial role towards the attainment of socio- economic development of the country.

The Non- Governmental Organizations (NGOs) as Vehicles for Entrepreneurship Development in Nigeria

The non- government organization (NGOs) are set up for the challenges of sustainable rural development. They are centers for capacity training and practical demonstration in integrated agriculture and micro – industrial innovations in a rural setting with emphasis on self reliance. They undertake training, research, advocacy and consultancy to motivate and mobilize rural youths and adults for direct participation in their various and individual and community development. The NGOs emphasize the need for a sustainable development composed from the “bottom-up” to ensure gradual and steady reconstruction of the rural communities that make up the larger part of Nigeria. They are of the belief that “planning from below” is the most efficient and effective way of improving the standard of living and productive capacity of the entire rural population since it makes the programme participatory in nature and they see the programme as their own.

Below are some of the non-governmental organizations (NGOs) currently in Nigeria promoting entrepreneurship for poverty reduction and economic development.

1. Country Women Association of Nigeria (COWAN): COWAN mobilizes the rural women for individual and community development. This it does by organizing them into cooperative societies and making funds available for them to go into agro allied ventures like gaari processing, rice milling, mat weaving well as finding market for their various products thereby increasing their income and invariably improving their standard of living. It has various centres Oyo, Osun, Ondo and Ekiti states.

2. Village Pioneer Project (VPP): The VPP has a training and demonstration centres at Ajue and Iju both in Ondo state. It also has a cultural centre at Akure. Some of their activities involves:
   a. Youth Exchange Programmes between Nigeria and Germany
   b. Construction of the biogas plant in Ondo State (using animal waste to generate gas for cooking and lighting in Ajue centre).
   c. Provision of opportunities for practical for local and
foreign students of higher institutions in integrated agriculture, handicrafts, environmental protection, resource management and appropriate technologies.
d. Organizes Seminar/ Symposia on issue relating to processing and equity considerations in sustainable economies.
3. Nigeria Women Association of Development (NIWAD): This organization has its headquarters in Ile-Oluji, Ondo-State. It assists rural women in the area of funding for small scale businesses like gari processing, mat weaving, knitting, cloth weaving, dyeing etc. They also build small market stalls for women in the rural areas to exhibit their wares. Co-operative activities backed up with funds allocation are also made available as an effort at assisting the rural women.
4. National Association of small scale industrialists (NASSI): its objectives are
   a. To ease and solve the problems confronting the small scale industrialists.
   b. To establish and maintain an association whereby small scale industrialist could meet and exchange ideas on issues common to members.
   c. To promote business education programme through organized seminars, trade fairs, debates and other relevant activities.
   d. To provide means of communication with the government, financial institutions and other relevant agencies for the purpose of obtaining assistance relevant to the business of operations and managerial advancements.
   e. To confers, consult, maintain, contact and cooperate with organization, person, institution or bodies of persons established in Nigeria or elsewhere, having objectives in part or whose activities are similar to those of the association.
   f. Others organizations are NACCIMA, Techno Serve, Women in Business, Hope and Enablement of the Weak Organization (HEWO).

Market Exploration and Entrepreneurship Development from the NGOs perspective

The term market has acquired many meaning order the ears. In its original meaning, a market is a physical place where buyers and sellers gather to exchange goods and services. It is a place where sellers bring their good and buyers shop for goods. The Erekesan markets in Ado-Ekiti, Eleyowo market in Ikole-Ekiti, Oja Oba in Akure, Atakumassa market in Ilesa, Osun State are good examples.

To an economist a market consists of all the buyer and sellers who transact their goods and services. Thus the soft drink market to an economist consists of major sellers such as Cocacola, 7up, Limca, etc and all the customers who buy the soft drinks.

To marketers, a market is the set of all actual and potential buyers of a product. This definition is very relevant to the NGOs. At this junction, it is necessary to make it clear that market is not synonymous with marketing. Since we know that market is a place where people buy and sell goods.

Marketing in itself is a management function which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specified cost in moving the product or service to the final consumer so as to achieve the profit targets or other objectives set by the firm. It is a management process responsible for identifying, anticipating and satisfying customer requirement profitably. It is also a human activity directed at satisfying needs and wants through exchange process.

The activities of the NGOs as discussed above have not yielded a parallel achievement in terms of output, improvement of the standard of living of the members, exploration of market potentials and overall influence on economic development of their environment. The reasons for these are not farfetched. The NGOs have not imbibed the entrepreneurship philosophy. More often than not they behave like businessman and their conceptualization of investment scenario and opportunities have been selfish, misconstrued and ill motivated.

Thus for a rapid transformation and improvement of strategies in order to achieve the purpose and goals for which NGOs stand to achieve, they need to behave like entrepreneurs by perceiving the demand gap that may exist in the economy and bringing same to the door step of their members. Failure in one attempt of an entrepreneur is a challenge rather than a discouragement. There is therefore the need for the NGOs to organize entrepreneurship development programme (EDP) courses for their members and also to give them information about where such training advantages exist.

For the people to feel the impact of the NGOs, their various activities must be coordinated in such a way that the market size of their products as well as market share may be determined.

As entrepreneurs, they need to device growth strategies; and useful device for identifying growth opportunities is the product – market expansion grid. Some of the growth strategies include:-

(a) Market penetration: The NGOs need to use the existing brands of their various products to achieve a deeper market penetration by making more sales to different customers without changing the products in anyway. This could be achieved by cutting prices, increasing advertising, running a sales promotion etc.
(b) Product development: offering modified or new products to current markets. This could take the form of product in new sizes, or with new ingredients or in new packaging all product modifications. New brands could be lunched to appeal to different users (as in the case of Lux soap variants)
(c) Market development: This involves identifying and developing new markets for current products. This would involve revive of demographic market – infants, teenagers, young, adults, senior citizens to see how any of the groups could be encouraged to buy. The NGOs can also expand their market by exposing members to trade fairs and business forum where they can have the opportunity to promote and showcase their trades.

(d) Exploring international market: when the business has fully taken off, there is the need to explore the foreign market. It is gratifying that Country Women Association of Nigeria (COWAN) and Village Pioneer Project (VPP) have on some occasions attended international engagements where members products were promoted. During the era of Better Life for Rural Women, Aso- Oke and Ipoti mat were exported to foreign countries where successes were recorded in the area of sales.

(e). Other export promotion council. They will give every necessary assistance in ensuring the condition that needed to be attained at before going into the international market.

The Limitations of NGOs on Entrepreneurship and Economic Development

The NGOs businesses being relatively small, is severely limited in the area of capital facilities, in mind by the NGOs in drawing their market programme. They strive to resist unhealthy comparative with the higher firms but must strive to put their strength in the area of their comparative advantage into great use. It is in this area of flexibility that bog firms have problems. Selling to a mass market often leads big firms to choose products and services that appeal to the mass taste. Products desired by only a small segment of the market are much less attractive. By finding non- standard product areas at which large companies are not exploiting, a small firm may compete effectively in the market place. This might mean either a higher priced product or an economy model. The latter is preferred as most Nigeria consumers perceive only the big companies as being capable of producing premium product that merit extra price. The NGOs should also look at area of fast deliveries and / or short production runs of special items and for high quality service offered with the products. If properly selected, the NGOs products would end up occupying a special niche in the market.

CONCLUSION AND RECOMMENDATION

This paper has covered the major aspects of entrepreneurship and its role in the scenario created by the poor power supply, policy somersault by government as well as poor infrastructure have become the bane and a clog in the wheel of entrepreneurial ventures in Nigeria.

One of the primary determinants of the supply of entrepreneurship is the willingness of an individual to become an entrepreneur. Willingness is largely determined is the willingness of an individual to become an entrepreneur. Willingness is largely determined by the anticipated economic benefit that will accrue to an entrepreneur if his enterprise is profitable.

To achieve this therefore, government policies should aim at providing tax incentives, prohibition of good that are dumping oriented. Government should aim at balance of trade.

Government should pass a legislation that is friendly towards entrepreneurship. Technopreneurship 21 initiative of the Singapore could be copied and adapted to assist entrepreneurship in assessing capital, setting up business plans and complying with the various business and tax regulations

The following policy options are therefore recommended for entrepreneurship to thrive in our economy.

• Improve the availability of credit capital: in order for individual to start his own enterprise, it is necessary for him to have easy access to credit facilities to finance the initial start up costs. Focus must be on micro credit schemes.

• Entrepreneurship initiatives should be created to teach entrepreneurship. By equipping more people with the skill on how to become an entrepreneur, the country can effectively increase its supply of competent entrepreneurs.

• Entrepreneurship development centre like the NDE, NAPEP and SMEDAN should be made more invigorated to meet the need of the unemployed youths who are desirable of entrepreneurship development training for self reliance and sustenance.

• The NGOs also as a matter of urgency and strategy should liaise with all institutions that offer entrepreneurship development programme, such as UNDP,NDE, ASCON, CMD, and SMEDAN so that they could take advantage of their training for their beneficiaries.

REFERENCES


