

CHALLENGES FACING ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA: AN EMPIRICAL REVIEW.

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ABSTRACT

***T**his paper examines the challenges facing entrepreneurship development in Nigeria. The study uses secondary data by reviewing existing literature related to the subject matter. The findings reveal that entrepreneurship development in Nigeria is faced with numerous challenges among which includes; inadequate capital, government policies, lack of awareness of business opportunities, inadequate infrastructural facilities to mention but a few. The study concludes that government at all levels should set aside certain percentage of their budget annually as loan and grants to existing and prospective entrepreneurs at a subsidize rate. The federal government should come out with sound economic policies that will revive the falling economic trend in the country by putting up structures that will aid entrepreneurship activities. The study therefore, recommends that the*

Introduction:

There has been emergent acknowledgement that a sustainable economic transformation in Nigeria can be facilitated within the framework of entrepreneurship-driven activities. Indeed, the small businesses created by innovative entrepreneurs have proved to be the most significant contributors to the national wealth (Antai and Agnes, 2012). Entrepreneurship is the willingness and ability of an individual to seek for investment opportunities, to establish and run an enterprise successfully. (Suleiman, 2006) Gatner (1988) opined that an entrepreneur is a person

government should enact law and enforce such law to protect the indigenous entrepreneurs within the country so that they will be able to compete favorably with their foreign counterparts.

Keywords: Challenges, Entrepreneurship, Development, Nigeria, Entrepreneurs, Government.

Working within an existing organization or independently who identify a business opportunity within a given market and set up an enterprise or subsidiary to take advantage of the opportunity. He assumes the risks involved in pursuing the opportunity and also take credit for the reward that may accrue from taking such risk. He however, ensures that the risk is well calculated before venturing. Onugu (2005) postulates that entrepreneurship has played and continues to play significant roles in the growth, development and industrialization of many economies in the world over the years. In the case of Nigeria, Small and Medium Enterprises have performed below expectation due to a combination of problems which ranges from attitude and habit of entrepreneurs themselves through environmental related factors, instability of government and frequent government policy changes. In essence entrepreneurs are characterized by the need to break new grounds and attain new heights (Komives, 1972). McClelland & Winter, 1969. They possess strong value and personal discipline (Decarlo & Lyons, 1979; Komives, 1972). They have strong self believe that they can control events around them (Broekhaus, 1980, Liles 1974). Individuals with these sorts of qualities can therefore contribute immensely to the growth of the economy if they are given the necessary platform to strive. The onus is on the government to establish the right policy framework that can effectively spur the development of sustainable entrepreneurship, because the prosperity and progress of a nation depends on the quality of its people. If they are enterprising, ambitious and courageous enough to bear the risk, the society will develop quickly. Such people are identified as entrepreneurs and their character reflects entrepreneurship.

CONCEPTUAL FRAMEWORK

Entrepreneurship

Landes (1998) put it that Entrepreneurship can indeed promote poverty alleviation, encourage innovation, promote healthy competition and in the overall boost economic growth. The entrepreneurial spirit is a prerequisite to an entrepreneurial society and culture. This spirit is required for the overall economic growth of any nation especially developing ones like Nigeria. This is in line with the view of Nwangwu (2006) that entrepreneurship is the willingness and the ability of an individual or a firm or an organization to identify an environmental change and exploit such an opportunity to produce goods and services for public consumption. In the words of Dangote as stated by Odjegba (2005) Entrepreneurship is built on vision, focus and determination. It is built on standards management practices, enabling environment and access to funds.

Soyibo (2006) sees entrepreneurship as the process of identifying an opportunity related to needs satisfaction and converting it to a product or service of value. It can also be conceptualized to mean the process and activities undertaken by entrepreneurs directed at capturing value associated with business opportunities.

Unachukwu, (2009) opined that the concept of entrepreneurship is associated with a number of activities including the following:-

- a- The ability to create and build something from nothing
- b- The ability of having a vision matched with focus and determination of building and enterprise.
- c- The skill for seeing an opportunity where others fail to do so.
- d- The ability to build a working team to complement your own talents and efforts
- e- The ability to aggregate, marshal and control resources judiciously
- f- The willingness and ability of innovativeness and creativity
- g- The willingness to undertake personal and financial risks
- h- The ability to engage in activities despite all odds and in fact surrounding these odds and possibly turn them into your own favors.

Unachukwu, G.O. (2009) went further to conclude that entrepreneurship is more than being smart, it is the ability of a person to collaborate with others and to act in the face of new opportunities. It entails the possession of key skills and talents; innovativeness and the combination and usage of all these together with an entrepreneurship skill.

The concept of entrepreneurship is however associated with a number of activities as it does not occur in a vacuum. For it to occur it demands the presence of an entrepreneur and an enabling environment (Unachukwu, G.O. 2009).

Entrepreneur

According to Meredith (1983), an entrepreneur is a person who possesses the ability to recognize and evaluate business opportunities, assemble the necessary resources to take advantage of them and take appropriate action to succeed. In the view of Unachukwu, (1992) an entrepreneur is a person (or groups of persons) who initiates a business, organizes, controls, and combines other factors of production, directs the processes of production and bears all the attendant risks,

The above definitions go to show that an entrepreneur is a creative person who readily bears all forms of risks associated with an enterprise. He organizes work, makes final decisions, finds customers to ensure survival of the business enterprise and handles other diverse activities at the same time. In a simple words therefore, an entrepreneur is any person who perceives business opportunities, initiates the business and applies scarce resources rationally and in a most beneficial manner to guarantee profit and survival of the business venture.

Entrepreneurship Development

Development according to advance English dictionary is the act of improving, by expanding or refining a phenomenon or perhaps a process in which something passes by degrees to a different stage especially a more advanced, matured or beneficial stage.

It may be deduced that entrepreneurship development is any act or effort made in respect of entrepreneurship for its advancement, maturity and being more beneficial. Hence, the academic and practical interest in the field of entrepreneurship development has gained considerable and serious attention over the years from many scholars. This was supported by Marris, Pitt and Berthan (1996) that extensive attention has been given in recent years to the role of entrepreneurship in facilitating global economic development. More also, Esuh (2011) added to the body of knowledge that the impact of entrepreneurship development is long due and thus, has been given global acknowledgement in various countries across the globe.

In the light of this, Unachukwu (2009) contends that the attention on entrepreneurship development was spurred by the realization of the extent to which the phenomenon serves as a key factor in economic development. Ogbo and Agu (2012) scholarly view that the roles of entrepreneurship as catalyst for social-economic transformations are another major reasons for the global campaign towards entrepreneurship development for development and growth.

Osemeke (2012) maintained that entrepreneurship development involves every undertaken characterized by efforts towards the advancement and propagation of the essence and practice of entrepreneurship. He further argued that such efforts encompass all activities to enhance the knowledge, skills, behavior, attitude and motivation of any individual and group that assume the role of entrepreneurs as well as those who may be interested to take part in the adventure of an entrepreneur.

In the case of Nigeria, Osemeke (2012) explained that entrepreneurship development has been conceived by successive government as a program of activities to enhance the knowledge, skills, behavior and attitude of individual and group to assume the role of entrepreneurs.

Theoretical Framework

This paper adopted Schumpeter's theory, the theory was propounded by David J. Schumpeter in 1934. The theory identified innovation as a function

specific to all entrepreneurs, suggesting that the entrepreneur undertake new combinations of the existing factors of production in any of the following ways:

- a) The introduction of a new product.
- b) The use of a new method of production.
- c) The opening of a new market.
- d) The exploitation of a new source of raw material supply.
- e) The reorganization of any industry.

In the Schumpeterian general theory, economic development occur through a dynamic process of boom and depression (Business Cycle) and therefore, economic development in the Schumpeterian model is an uneven and disharmonious process that flows like the wave of the sea side. Naude (2013) submitted that the innovation tendency of the entrepreneur is very vital for economic development.

CHALLENGES OF ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

Hassan Olanrewaju Makinde (2013) submitted that entrepreneurships in Nigeria have a lot of problems. Entrepreneurship is faced with several constraints which limit its development. Some of the challenges are:

- a. **Inadequate capital:** Hassan Olanrewaju Makinde (2017) opined that inadequate capital is one of the problem encountered by Nigeria Entrepreneurs. As a result of insufficient capital, entrepreneurs are not able to carry out all the beautiful project/ideas that they may have formulated. Borrowing from banks and other financial institutions have not been very easy as very stringent conditions are required for the entrepreneurs. This has greatly affected business development.
- b. **Government Policies:** Most time government came up with certain policies that may not be in the interest of the entrepreneurs. This could either be in form of restriction on certain key raw materials or outright ban, withdrawal of subsidies, increase in taxes etc. These policies can affect business operation.

- c. **Lack of awareness of business opportunities:** Sometimes, entrepreneurs are not aware of business opportunities available to them, this is because most entrepreneurs do not know how to seek for business opportunities. Most of them depend on their intuition and what is obtained within their immediate environment, which may not be enough.
- d. **Management Control:** The employment of incompetent and low quality staff can affect the features of a business. When a worker is incompetent, his output would surely be poor. Most entrepreneurs have no effective control over their workers due to the fact that most of the employees are well known to them.
- e. **Production of substandard goods:** It has been noticed that most entrepreneurs are in the habit of producing substandard goods. This is because they may not have the technical know-how or the resources to make better products. These problem poses a lot of setbacks to the entrepreneurs owing to the fact that they will not be able to compete with their foreign competitors.
- f. **Falling economic trends:** The prevailing economic situation in Nigeria have the potentials of affecting business activities. These include price change, market demand, inflation etc. An increase or decrease in each of these variables can affect business operations as well as the fortunes of the entrepreneurs.
- g. **Lack of adequate infrastructural facilities** like electricity, water supply, good road etc that will ensure smooth operation of the entrepreneur's business activities.
- h. **Lack of strong patent law:** A serious challenge that entrepreneurs face in Nigeria is the level of competition from foreign producers. The local entrepreneurs are not protected, the situation is worsened by the apparent lack of faith in the Nigeria patent law which many entrepreneurs feel offer them little protection against piracy (Duru, 2011).
- i. **High cost of doing business in Nigeria:** Entrepreneurs are in business (take risk) because they want to make profit, where the

expected returns from a venture are lower than the opportunity cost; it will act as a disincentive for the entrepreneur. Due to collapsed infrastructural facilities and unbridled corruption, where entrepreneurs have to spend huge sums to provide some basic infrastructure and bribe government officials, it makes the cost of doing business in the country to be too high with adverse implications for profitability.

CONCLUSION

- a. Government at all levels should set aside a certain percentage of their budget annually as loan and grants to existing and prospective entrepreneurs at a subsidized rate.
- b. Government should formulate policies that will encourage and guide the operation of entrepreneurs in Nigeria e.g. decrease in tax, provision of incentives etc.
- c. Entrepreneurs should be encouraged to acquire more knowledge in their area of operation as this will go a long way to boost their business and open their eyes to numerous business opportunities available both within and outside their environment.
- d. An entrepreneur should be very firm in the running of his/her business as the success or failure of the business depends largely on his ability. It is important for the entrepreneurs to know that there is no sentiment in business and all family affairs be separated from the business.
- e. The Standard Organization of Nigeria (SON) should wake up to his responsibilities and ensure that all goods or services produced by Nigeria entrepreneurs all up to standard and are capable of competing with their foreign counterparts.
- f. The Federal Government of Nigeria should come out with sound economic policies that revive the falling economic trend in the country by putting up structures that will aid entrepreneurship activities.

RECOMMENDATIONS

- a. There should be provision of adequate infrastructural facilities like electricity, good road etc which are the bedrock for the survival and success of an entrepreneur. Based on the above, government at all levels should ensure provision of adequate infrastructural facilities to boost entrepreneurship activities within the country.
- b. The government should enact law and enforce such laws to protect the indigenous entrepreneurs within the country. When these laws are put in place, entrepreneurs will compete favorably with their foreign counterparts.
- c. The government should put in measures to reduce the cost of doing business in Nigeria i.e. registration, administrative bureaucracy giving incentives and other paper works be reduce to the bearest minimum, as doing so will encourage many other entrepreneurs to start business.

If the above recommendations are implemented, the numerous challenges faced by entrepreneurs will be a thing of the past, entrepreneurs will have a smooth drive in their business operation and this will lead to economic development of the country.

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