Entrepreneurs and Entrepreneurship in Developing Countries: The Nigerian Experience

Dr. Carl Osunde*

*Senior Lecturer, Department of Business Administration, Tansian University, Oba, Anambra State, NIGERIA.
E-Mail: osundecj{at}gmail{dot}com

Abstract—This article examines the importance of entrepreneurship as a panacea for economic growth and development in developing countries and addresses the importance of government support to entrepreneurs in Nigeria. Previous articles have not extensively covered the various governmental agencies set up in Nigeria to support entrepreneurs and measure their performance. 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 grow 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.

Keywords—Business Idea; Entrepreneur; Entrepreneurship; Intrapreneurs; Risk Taker.

Abbreviations—Centre for Entrepreneurship Development (CED); National Directorate of Employment (NDE); National Open Apprenticeship Scheme (NOAS); Science, Engineering and Technological (SET); Small and Medium Enterprise Development Association of Nigeria (SMEDAN); Strengths, Weaknesses, Opportunities and Threats (SWOT); Structural Adjustment economic Program (SAP).

I. 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 behavior, 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 & Peters (1984), an entrepreneur is someone who consciously moves economic resources from area of low yield to area of high yield. He redeployes 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 [Byrd, 1987].

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 [Petrin, 1990]. Given this background it is thus imperative to explore the extent to which entrepreneurship contributes to innovation and growth of enterprises/industries in Nigeria. This, of course, is the focus of this paper.

II. Concept of Entrepreneurship and Intrapreneurship

Literature abounds as to what entrepreneurship is all about. Davis in 1983: entrepreneurship as the creation and running of one’s own business. Timmons (1989) 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 (2001), 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.

United Nations International Development Organisation [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 [Stevenson et al., 1985].

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 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 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 David B. Auadreetsch (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 intrapreneurship. 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 intrapreneurship is beginning to spread rapidly in modern times.

The actor at the centre of entrepreneurship is the entrepreneur who possesses the following characteristics and traits [Carnevale, 1990]:

- Personal attributes and traits: An entrepreneur should be hard working, self discipline, confident, determined, innovative, visionary, risk-taker, consistent, independent, lead, amenable to change or flexible and God-fearing. All these traits prepares him against the odds to success
- Creative attributes or technical skills: The entrepreneur requires unique skills as prowess in communication, writing, engineering technology, environmental management monitoring, interpersonal relation, building, Networking, coaching, organizing, art making, technical drawing etc.
- Business management skills: These are specific skills for decision making such as accounting/finance, managerial, marketing/sales, information and operational/logistics skills. The entrepreneur should be able to keep proper accounting records, financial/investment details, promote sales, communicate effectively to give clear instructions and direction and build a good feasibility studies. He should be able to exploit the Strengths, Weaknesses, Opportunities and Threats (SWOT) in his environment for survival of competition.

Concept of Innovation and Entrepreneurship Process

Fundamentally innovation has to do with changes leading to improvement in the quality and quantity of products as well as techniques of doing things. Innovation is dynamic and creates new things out of existing ones [Twaalfhoven & Indivers, 1993].

Through innovation, the entrepreneur introduces new production techniques, new commodities, improve on existing ones, open up new markets, explore new source of raw materials and design new techniques of management. Research and Development Programs are formal avenues of introducing or inculcating innovative skills in the entrepreneur. These skills are what the entrepreneur translates into business establishment and development.

The process of entrepreneurship starts from the generation of business idea, through implementation to the realization of output and profit.
III. BUSINESS IDEAS

Business ideas and opportunities come from a variety of ways according to Hisrich & Peters (2002). These include:

- Consumers: Opinions, information and complaints of consumers can be useful source of information as to what the consumer wants. The entrepreneur can obtain this from market survey of preferences, discussion, age, socio-cultural background, biological and wealth status of the consumers etc. The entrepreneur can map out critical areas of consumer’s need, deficiency and inefficiency and exploit it.

- Existing business: Entrepreneurs and intrapreneurs can get business clues by constantly monitoring and evaluating market performance of products and services of existing businesses.

- Research and development: The entrepreneur as an agent of change, should constantly explores and gets involved in research to develop new products, improving on existing ones or establish new ways of production.

- Distributive channels: Distributive trade both at local and international levels provide opportunities for ancillary industries to spring up.

- Governmental activities: Governmental activities such as registration of business, patent right and government agencies provide opportunity for business. Also government programmes of economic, social and community development provides opportunities for business/entrepreneur [Johonstone et al., 1990].

- Adverts: Advertisement in News print and radios/TV, bill boards are a source of new line of business to the entrepreneur.

- Sundry activities: The entrepreneur can lean about things needed by the consumers but which are not supplied from activities such as marketing, seminars/symposia, marriages, burial ceremonies, picnic centers, traveling, sporting activities, catalogues etc.

- Distributive channels: Distributive trade both at local and international levels provide opportunities for ancillary industries to spring up.

IV. DEVELOPING A BUSINESS IDEA

The translation of business idea into a business venture takes the following process.

When a business idea struck an entrepreneur, the first thing is to write it down to avoid forgetting. The various ideas that have been so recorded are then screened and the feasible or plausible and more profit-oriented ones selected for implementation. A good feasibility or business plan must be systematic and integrates market, finance, production and human resources. It should have:

- A clear mission statement of the business line to be involved.
- A design of production, process, detail logistic and operational activity plan of a complete business circle
- A detail marketing and sales plan. Forecasting sales and identifying Consumers problems with existing products.
- An organizational plan of administrative relations, legal relations, duty schedule, customer service etc
- A detail financial record plan projected for a 3-year period, explaining income, expenses and profit.
- Evaluation of business operations and objectives
- Provision for minimizing risk and uncertainty e.g. starting a business that the entrepreneur is familiar with or that has been tested in that environment of operation.
V. CONVERTING BUSINESS DREAM TO REALITY

Just as it could be difficult choosing the best business to pursue, so also is the difficulty to get it started. It may take many years to get off the ground a business plan. The entrepreneur needs to struggle to obtain the basic and necessary facilities to get the new business off the ground. He should not spend the whole time planning but review his initial plan, jump in and get started. He should stop talking about the business instead of starting it up because action speaks louder than voice.

Execute your business with excellence focusing on customers’ needs/satisfaction. Try to avoid mistakes and when you make one quickly correct it. Do not jump into cut throat competition especially with older successful entrepreneurs or business persons but instead involve in a life time friendship and a possible franchise.

Explore and access government’s policies and infrastructural supports that will help you translate your innovative dreams into reality so as not to remain a mere dreamer. Constantly search for new, competitive and innovative ideas to remain relevant in your business and do not go into huge debt to start a business.

VI. 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 and promotion of R&D. 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 [Petrin, 1992].

VII. ENTREPRENEUR IN INNOVATION AND ECONOMIC DEVELOPMENT

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 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 [Nafukho, 1998].

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, embroiderying, agricultural produce, music, film production etc.
VIII. ENTREPRENEURSHIP DEVELOPMENT AND GROWTH OF ENTERPRISES AND INDUSTRIAL ORGANIZATIONS 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 Igbos (2005). 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.


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.

Structural Adjustment Programme (SAP) policy in 1986, National Directorate of Employment (NDE) and the establishment of industrial centres and Small Medium Enterprises Development Agency of Nigeria (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 ventures are often carried out via the Micro and Small scale businesses. This notion informs SMEDAN’s focus on the development of Micro, Small and Medium scale Enterprises (MSMEs). It has therefore coordinate and integrated MSME activities and develops them to their full potential and competitiveness [Egai, 2008].

Microfinance banks have been put in place by the Central bank of Nigeria to complement the activities of SMEEIS to provide adequate funding for the new entrepreneurship concept.

SMEDAN has organized seminars, workshops at both local and international levels and encouraged the formation, registration and co-operation of micro, small and medium business associations. Thus there is the Nigerian association of small and medium scale enterprises (NASME), International Council of Small Business (ICSB), Abuja Enterprises Agency (AED), Acadia Centre for Small Business and Entrepreneurship (ACSBE) to stimulate the growth of businesses and industrial organisation through cooperation, linkages and franchises

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

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

In the mean time entrepreneurship venturing and innovations are focused at sectors and areas of comparative advantage in which the entrepreneur has natural competition such as service to a new customer, production of products/services for low income earners, personal service business etc. The modus operandi becomes the use of micro business outfits to obtain fund for running the following businesses to produce for both the domestic and international market.

- Computer and cybercafé
- Vegetable production
- Animal fats and oil
- Beverages
- Plastics and Rubber
- Art and decorative
- Wood and furniture
- Transport/haulage
- Fruit juice, spirits making and dairy production
- Foundry/fabrication
- Textiles and embroidering
- Machine, vehicle spare parts fabrication
- Savings, collection and micro finance business
- Machine, vehicle/spare parts fabrication
- Savings, collection and micro finance business
- Farming and livestock – cassava, flour and poultry.
- Foot wear, headgear
- Ceramics, aluminium design
- Bakery and cakes
- Restaurant and food vending
- Plantain, potatoes chips/flakes
- Hair dressing/barbing salon
- Leather, fur and skin
- Soft drinks and sachet water
- Electrical/electronic services
- GSM, recharge card/service
- Music, dance, drama and film production

**IX. BEST POLICIES IN DEVELOPED COUNTRIES**

9.1. Business Incubators

Business incubators are a facility designed to assist the development of new enterprises [Smilor, 1987]. They assist entrepreneurs with business support services at a low cost to enable entrepreneurs reach their potentials.

The business support services provided by business incubators include secretarial, administrative and business expertise and facilities. The business incubator industry was one of the fastest growing industries in the late eighties in the U.S.A. Business incubators in the United States were publicly supported by communities or states and public funds covered practically all investment and start-up costs [Petrin, 1991].

Business incubators are making great headway in other market economies too, for example, Great Britain Japan, (where they are known as Managing Workspaces), Canada, France, Germany, Italy and Sweden, (where they go under the name of Industrial Parks). In Central and Eastern Europe, where entrepreneurial activity has traditionally been very low, incubators are sought to play an important role in initiating entrepreneurial activities [Tyson et al., 1994].

9.2. Institutions Facilitating Networking

There are quite a number of non-profit organisations in developed countries which facilitate networking between small firms located in the same region. They usually promote co-operation between small firms in the network, thus promoting their competitive efficiency; provide different services in the areas of finance, marketing, research and development; and provide common services of daily matters in production and administration in order to reduce transaction costs.

Successful examples of networking between small firms are to be found, for example, in: Smaland, Sweden, Jutland, Denmark; Baden Württemberg, Germany; Emilia-Romagna, North Italy; Haloze and Skofja loka, Slovenia.

**X. SCOPE OF THE RESEARCH**

The overall objective of this research is to examine the importance of entrepreneurship; that entrepreneurship creates jobs and add value to the economic growth of a country.

This article discusses the role of government in entrepreneurship development in Nigeria through various agencies like NDE, SMEDAN and SMEEIS.

Additionally, the article outlines the characteristics and traits of an entrepreneur and how entrepreneurs can convert business ideas from incubation stage to the establishment of the business.

Also, the article defines various terminologies which include innovation concept, Intrapreneurship and entrepreneurship.

**XI. CONCLUSION**

Entrepreneurship development and Entrepreneurship 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 various enterprises and industrial organizations.

However, Nigerian entrepreneurs still face doldrums of problems and challenges in their struggle for innovation and technical progress.

REFERENCES


Dr Carl Osunde is a senior lecturer at a Nigerian University. Dr Carl Osunde holds a doctoral degree in organisation management and his research area is in organisational behaviour, organisational psychology, human resource management and entrepreneurial development. Dr Carl Osunde is a management consultant providing consultancy services to Delta State Chamber of Commerce and Industry (DCCI), governmental agencies in Nigeria and the Association of Business Executives (ABE) based in the United Kingdom. Dr Carl Osunde has attended conferences in Nigeria and other countries. He has 12 journal articles to his credit.