

## Entrepreneurship Development in Nigeria: a Socio-economic, Political and Security Perspective

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### Abstract

The importance of entrepreneurship to any state and its socio- political, economic, societal thrive and stability cannot be over emphasized. Entrepreneurship is thus, a major segment in every state's socio-economic and sustainable development which provides substantial employment, growth and development to the economy, socio-economic stability of a state and enhances proper exploitation/harnessing of both human and material resources. States with less or poor entrepreneurship drives and harnessing are likely to have poor economic performance and also encounter more socio-economic, political turbulences. Nigeria, whose economy is developing, is in shackles of poor entrepreneurial drives, harnessing and performance due to several institutional and other factors; it is already hit by unemployment and poverty. This study explores these predicaments which have over the years negatively affected the performance of entrepreneurship in the Nigerian economy as well as impacting negatively on Nigeria's strive to curb unemployment and trigger socio-economic development. The study used secondary sources to gather data. It is found that states and economies only succeeds in overcoming unemployment when entrepreneurship opportunities are optimally explored and harnessed, unsustainability of most entrepreneurial establishments and policies, poor government and private entrepreneurial policies and shortage of or poor funding are the banes of Nigeria's and Nigerians' entrepreneurial drives over the years. The study recommended among others comprehensive design and implementation of entrepreneurship policies and programmes in both public and private sectors, qualitative and sustained entrepreneurial education, inculcation of entrepreneurship practical skills, adequate provision and proper channeling of funds in both public and private sectors towards entrepreneurial establishments, supports and sustenance, filling the major gap existent between theory and practice of entrepreneurship in Nigeria especially in the educational institutions, institutional minimization of risks involved in entrepreneurship drives, optimum exploitation of initiatives especially among the youth and proper orientation to students on the significance of entrepreneurship drives to economic and

socio-political stability, adequate and balanced distribution of socio-economic and infrastructural facilities among the citizenry and various parts of Nigeria..

*KeyWords: Development, Economy, Employment, Entrepreneurship, Policies, Politics and Resources*

#### Background to the Study

Entrepreneurship which generally involves exploitation and harnessing of opportunities/potentialities in individuals and economies is a viable tool that positions economies and to a large extent determines success or otherwise of economies, politics, peace, security and stability of states in the world. In fact most developed nations' economies/democracies depend so much on entrepreneurship and enterprises practices to achieve growth, development and as well provide employment for teeming youth and schools graduates which culminates in productivity and social stability. Many of these developed nations, economies/democracies accord much priority to the entrepreneurial drives with sound policies, conducive atmosphere or numerous windows of opportunities and adequate funding where applicable.

Nigeria, the largest of all African state in terms of population and economy is also involved in such drive to attain optimised entrepreneurial pursuits but along the way finds itself ravaged by some impediments. This has adversely affected the entire socio-economic, political and other aspects of Nigerians' public and private lives and endeavours. Most Nigerians similarly regard entrepreneurship and or self employment as the last resort for reasons of laziness, poor initiative, fear of or inability to bear and sustain risks and the general environmental and prevailing economic factors and situations. Similarly, entrepreneurship has suffered a wide gap between theory and practice in Nigeria. Casson (2005) has therefore lamented the wide gap existent between theories and practicals in entrepreneurship with big abstracts on one hand and practical assembly of data volumes for the formation and growth of small and medium enterprises on the other.

#### Objectives of the Study

The objectives of this study are to:

- 1 Explore the various factors and or impediments responsible for poor entrepreneurial performances on both sides of the government and private sectors in Nigeria.
- 2 To portray the potentialities available and harnessable in the Nigerian state and economy and to also emphasize the significant and dominant roles played by entrepreneurship in every state, society and economy.

## Review of Related Literature

Although the concepts of entrepreneur and entrepreneurship popular and cherished by many, they are difficult to define as maintained by Lawal et al (1998:5) and many others. Similarly, many scholars, economists and management scientists have conceptualized entrepreneurship. To them, entrepreneurship means "the act or process of identifying business opportunities and organizing to initiate a successful business activity". While an entrepreneur is one who "identifies business opportunities and organizes the required resources initiate successful business activity. Entrepreneurship is seen as process of creating and managing a business to achieve desired objectives and or creating an enterprise that is capable of entering new or already established market with goods or services (Enikanselu and Oyende, 2010). While Kolawole and Omolayo (2006) see an entrepreneur as one who has the ability and recognizes business potentialities and opportunities exploit and produce a product or service. Entrepreneurship involves perception and exploration of opportunities and actualise them (Finkle, 2000). While Hosh (1998) sees entrepreneurial organizations as business oriented establishments that focus on new and novelty products and services and markets with goals of profit and growth.

Generally, entrepreneurship has to do with the ability to acquire and practice skills, ideas and the general ability to operate and manage a business (production or service) to achieve profits and self reliance. Entrepreneurship also involves the establishment/set up and managing a business venture which usually involves risks bearing and benefits (profit) to the entrepreneur. Entrepreneurship always begins with exploration and exploitation of opportunities perceived by an entrepreneur. Entrepreneurship largely depends on individuals' responses to the perceived and or available opportunities. The response of an entrepreneur is largely composed of proceeds that involves discovery of opportunities, evaluation of such opportunities and ability to properly exploit the opportunities for the attainment of success. Two key factors make a better and successful entrepreneur and these are: better information obtained. An entrepreneur is an individual with innovative capability and develops business that has not existed in prior. Entrepreneurship is one of the four components with which free enterprise is established as observed by Enikanselu and Oyende (2010:2). In the same vein, Shane (2004) has identified key elements of entrepreneurship as: Generation of opportunities; Personality factors and responses to perceived opportunities; Risks assessment and its bearing among the entrepreneurs; and organising how to exploit the opportunities through agreements, franchise and granting licenses; and the quality of innovations/creativity to be effected by the entrepreneur. Roles of an Entrepreneur as noted by many like Kilby (1971:12-22) include among others: exploitation of opportunities availed by an environment, overseeing sales and or services, exercising decisions and control over limited resources, managing human relations, managing financial resources and activities, making new innovations in products and services, marketing products and or services. Entrepreneurs initiate and innovate changes in the world of business activities. The Nigerian socio-economic, political and environmental scenes do not however favour entrepreneurial drives as observed by Ogidan that:

*“The present economic environment in Nigeria lacking heavy industry and with dwindling entrepreneurial activities will continue to cause unemployment, low purchasing power, under development and an increasing gap between the rich and the poor. Politicians seem to have lost clear idea of the country's economic future” (Ogidan, 2004:18).*

There is risk in running every enterprise although some have higher risks than others but Nigeria's business and economy generally have continuously relapsed as maintained by Okerie (2010). The small enterprise sector has the advantage of low investment and high rate of employment generation in the economy. The industries under enterprises are dispersed among the rural and urban areas thus aiding a relative balance in the distribution of national income. Drucker (2003:35) has also posited that every business enterprise has two functions of marketing of products/services and innovation of good or better goods and services.

#### Characters of Entrepreneurship/Entrepreneurs

Entrepreneurship/entrepreneurs possess common features the world over but the extent to which they optimally or minimally assume this characters are determined by several social, economic and environmental factors. William et al (1999) have maintained that entrepreneurial attributes include: self direction, self-nurturing, action oriented and high energy. Rae and Carswell (2000) have also maintained that entrepreneurs are action oriented and substantial part of their business learning is based on experience. Major features of an entrepreneur also include: enthusiasm for the enterprise, has specific ideas and plans not found or available generally and or in the market, is persistent and determined to develop strategies to turn his vision to a reality, bears risks, a positive thinker who learns from mistake and experience.

Osuala (2001) has maintained that an entrepreneur is confident, self employed, operates the business, takes risks especially of loss, combines production factors, finances the business and is innovative as per the establishment, operation and success of the business. Those who are engaged in entrepreneurship as observed by Alaezi (2003) believe more in themselves, work harder, make more money and live happier than those in paid employments.

#### Strategic Significance of Entrepreneurship to State, Society and Economy

Many states, societies and economies over the world especially in developed states and economies accord much priority to entrepreneurship drives in their economies (free enterprise). According to Enikanselu and Oyende (2010:39), entrepreneurship plays key role in economy, development and prosperity of a every state through: job creation, transformation of traditional/indigenous economy to industrial one, facilitating innovations, enhancing productivity, invention of new technologies, products and services, stimulation of the traditional/indigenous technologies, enhancing Gross Domestic Products (GDP), reduction in rural urban migration, increase in standard of living, efficient exploitation and harnessing of natural resources, spreading economic activities and generation and reservation of foreign exchange earnings. They also noted

that entrepreneurship is vital for the growth and development of every economy. Skill development forms the basis by which young individuals undergo transition from unemployment or education to field work for earning a living and profits making.

According to Akande (2010), entrepreneurship among others helps to bring economic efficiency through exploitation of human and material resources, form and raise human and material capital, help in geographic spread of development, provide employment, improve social labour relations, raise industrial efficiency and self reliance at individual, local and national levels. Vast wealth and varied as well as millions of jobs are ever created through entrepreneurship with more windows of opportunities and potentialities for realizing them, self esteem, self control. One of the major and strategic drivers of any economy in the world is entrepreneurship. The extent to which a state and its people are entrepreneurial determines the success especially of its economy which invariably affects other sectors.

Entrepreneurship is indispensable to jobs and wealth creation and economic growth and development of every state. Entrepreneurship is borderless and thus cuts all facets – education, production, goods, services and distribution. One of the major reasons why African economies are backward is the fact that they fail to establish, support and or create a conducive atmosphere for enterprising individuals and businesses. Thus, developing countries only contribute about 15% of the world's total industrial output. An entrepreneur is anyone who searches for change or innovation, explores and harnesses resources for gainful and or profitable purposes. Nigeria's economy is being negatively affected by poor policies and reformations, inconsistencies in relation numerous and changing administrations and regimes leading to irresponsible governance, political instabilities which are all complemented by corruption in both public and private sectors and above all loss of confidence, fear and apathy among the citizenry.

All the above similarly manifest in poor performance of Nigeria's sectors especially the economy which in turn results in economic stagnation, decrease in labour demand, unemployment and impacting negative on both public and private entrepreneurial drives as observed by Okojie (2003). Lawal (1998:1) have noted that enterprises have a very significant role to play in the promotion of social and economic well being of a state. Lawal et al (1998:1) also noted that increase in productivity, national income, market leadership, technological innovations of the world economic leading nations as Japan and US are based on entrepreneurial and small businesses in those countries. SMEDAN.

#### Establishment and Sustenance of Entrepreneurship in Nigeria

The importance of entrepreneurship to any economy and state cannot be over emphasized and so for Nigeria. Establishment of entrepreneurships is one thing and sustenance of such is another. Although it is difficult to start an entrepreneurship, it is mostly more difficult to sustain such. This is associated with the fact that Nigerians have poor sustenance/maintainance culture on virtually everything whether in terms of goods or services. Nigeria is thus faced with problem of entrepreneurial sustenance.

Currently, Nigeria has one of the highest rates of entrepreneurial dearth in the world and has one of the highest rates of entrepreneurial business collapse (Akande, 2010) and on the other has a poverty profile of more than 112.519 million people living in abject poverty (NBS, 2014). As a result of those, Nigeria is over the years battling with unremitting unemployment with prevalence among who constitute large number of Nigeria's productive population and human resource although Nigerians have clear idea of what to do and achieve what they want but fail in selecting the appropriate means of achieving their objectives (Ogidan, 2004:18). He also lamented that:

*“A nation that is enslaved at heart cannot be freed by any mere changes of presidents, governors, chairmen, ministers, commissioners, or institutions; and so long as the fatal delusion prevails that liberty solely depends upon and consist in government, so long will such changes, no matter at what cost they may be effected, have as little practical and lasting result as the shifting of figures in a government's budgetary system” (2004:19).*

Aluko et al (1998:96) also notes that business organizations and or entrepreneurs in Nigeria have to take several factors into consideration during their establishments which include: personal circumstances, existence of opportunities, availability of capital, form of ownership, management of the enterprise or organization, location and legal requirements.

#### Determinants of Entrepreneurship Success in Nigeria

Successes of entrepreneurs/entrepreneurships are determined by several factors and such are universal but with unique relativities found in relation economic and environmental peculiarities. Sulaiman (2010:137) has also itemised the factors that influence entrepreneurship as: personal attributes (achievements, self control, tolerance, experience, education, age and commitment, personal values), environmental factors (competition, resources, creativity, government policies, customers, suppliers, opportunities, roles models) and sociological factors (networks, teams and parents, family and roles models). These factors are generally not favourable to Nigerian entrepreneurs and have many effects on the success/failure and to a trickledown effect affect the economy, state, socio-political stability, society and development. These are coupled with the fact that Nigeria is yet to fully operate a free enterprise economy as the state stands to regulate/influence certain sectors and or activities in the economy. This is further aggravated by damning corruption which is existent, manifest and characteristic of every affair in Nigeria especially the public sector upon which dependence is for formulation and execution of laws to regulate and control the overall performances of both the public and private sectors and individuals.

#### Unemployment and Entrepreneur Education

Unemployment is a global problem but it remains most prevalent in developing countries especially Africa South of Sahara. There is insufficiency of employment and

opportunities in the formal sector while the private sector's performance is grossly inadequate to employ the teeming available labour force thus the strong need for entrepreneurial drives and engagements through collaboration among the private, public sectors and the educational sector through entrepreneurial education and training. For International Labour Organisation (ILO)/World Bank (1998), the unemployed involves the population of those who are economically active and available for and seeking work to do. Unemployment therefore, results when individuals are ready to work and seek for but could not get one and it is also a situation where individuals who are ready and willing to do works at prevailing wage rates outnumber the total number of vacancies or jobs to be employed for and when firms cannot as well dispose their goods and services as they normally do see (Bannock et al, 1998). Adebayo (1999) also asserts that unemployment exists when willing and available labour force cannot find jobs to do and the proportion of unemployment in a country is a reflection of its resources (human and material) availability and how such are efficiently utilized. Awogbenle and Iwuamadi (2010) have also asserted that Nigeria has a youth population of about 80m out of which about 64m are generally unemployed.

According to Akindure (2004), the issue of unemployed graduates in Nigeria is intensive that most graduates have to wait for up to five years to get a job in the public service and unfortunately most graduates rely on and look up to the public sector for employment despite alternatives including entrepreneurship. One of the ways and measures used in all parts of the world to curb this is to develop entrepreneurial opportunities and in Nigeria, the government has gone to the extent of inculcating it into the nation's educational system. Entrepreneurial education which has to do with specially designed education with specific goals on innovations in theory and practice of production of goods and services in an economy. Oyebade (2003) has maintained that the unemployed can be grouped into two as: those who lost their jobs through retrenchments etc and those who have been employed no matter what before.

According to UNESCO (1997), no nation can achieve its goals in employment provision unless proper attention is given to entrepreneurship drives and its education in the society and the wealth and or poverty of a country is largely determined by quality of its higher education which is generally encompassed to include entrepreneurship education in most parts of the world (Gibbs, 1999). Accordingly, entrepreneurial education and policies in Nigeria must be tied to physical development of entrepreneurial attitudes and knowledge, the policies makers and educators must also have the spirit in them, conducive atmosphere for display and practice of individual entrepreneurial skills and innovations, teaching and inculcation of entrepreneurial abilities, realistic development of entrepreneurship education and practices, cooperation, partnership and exchange among the various individuals and bodies responsible and related to. Vocational education which emphasizes on specific trades, crafts and technical experiences should be intensified especially to the youth in Nigeria.

### Impediments to Nigeria's Entrepreneurship Drive

Salami (2011) has in the same vein noted that entrepreneurship operation in Nigeria is mainly constrained by main factors of lack of political will and determination by policies makers/implementers', structural (associated with Nigeria's inconsistent educational system) and cultural factors. Enikanselu and Oyende (2010:169-82) have lamented that Nigeria's entrepreneurship drive's problems are two sided (government and private) summarized the problems bedeviling Nigerian entrepreneurship drives as: wrong choice of business, poor locations, financial indiscipline among the entrepreneurs, poor financial management, poor business plan, poor attention by most entrepreneurs, inadequate sources of capital, high competition in the market, lack of reliable infrastructures (electricity, water e.t.c.), absence of stable and favourable government policies and support, poor exploitation of raw materials and poor maintenance culture. Lawal et al (1998:iv) have noted that Nigeria's business environment has been affected in recent years by many factors with mixed effects such as use and abuse of local sources of raw materials, promotion of indigenous technology, low profits and productivity and high rate of unemployment.

Enikanselu and Oyende (2010) have observed that the major factors that constrain or limit entrepreneurship especially in Nigeria are: business opportunities, technical know-how and exploitation of business opportunities, inadequate financial support, poor management, reliable and efficient infrastructures, inadequacy of markets, competition with large organizations, stable and favourable government policies, poor knowledge of the market, skill acquisition and development. All the same, the basic problems confronting entrepreneurship in Nigeria include: Poor distribution of necessary infrastructural facilities for the development of both human and material resources (water supply, favourable government policies, poor or non exploitation of resources, stable energy sector and power supply); Financial scarcity and imbalance; Poor or near absence of basic infrastructures; Inaccessibility, shortage of take off and working capital; Poor educational standard with emphasis on unrealistic paper qualifications; Poor training, re-training and technological impediments; Socio-political and environmental factors and other conditions such as stigmatization, system dynamics of Nigerian state, erratic power failure; Poor marketability at both local and international fronts.

### Conclusion

Entrepreneurship is a basic tool for economic growth and development as well as socio-economic and political stability of any state and it is indispensable to all states and societies of the modern world. States and economies can only succeed in growing and developing their economies, overcome unemployment and establish peace, stability and progress when entrepreneurship policies are opportunities are optimally explored and harnessed. Unsustainability of most entrepreneurial establishments and policies, poor government and private entrepreneurial policies and shortage of or poor funding are the banes of Nigeria's and Nigerians' entrepreneurial drives over the years. Nigeria is lagging behind in entrepreneurial drives and that has negatively affected the growth and development of its economy and by extension is impacting negatively on Nigeria's socio-economic and political development. For Nigeria to assume growth, development and



achieve socio-political and social security and stability as well as be among the twenty largest economies of the world by 2020, a change would have to be effected on Nigeria's course to entrepreneurship. This is both through its economic policies, educational policies and societal orientations and this can only be realized where and when a conducive atmosphere is created by the state for the various sectors of the economy, individuals to exploit and harness their talents, resources optimally exploited, harnessed and judiciously distributed among the citizenry.

#### Recommendations

This study has made the following recommendations based on Nigeria's potential human and material resources and its drive to entrepreneurship:

- 1 There should be realistic laws to curb corruption in both the public and private sectors and all those found guilty should be appropriately dealt with.
- 2 There should be comprehensive design and implementation of entrepreneurship policies and programmes in both public and private sectors.
- 3 There should be sustained and qualitative entrepreneurial education, inculcation of entrepreneurship practical skills.
- 4 There should be proper channeling of funds in both public and private sectors towards entrepreneurial establishments, supports and sustainance, filling the major gap existent between theory and practice of entrepreneurship in Nigeria especially in the tertiary educational institutions, institutional minimization of risks involved in entrepreneurship drives.
- 5 Government should ensure optimum exploitation of initiatives especially among the youth and proper orientation to students on the significance of entrepreneurship drives to the economy and socio-political stability,
- 6 Government should ensure adequate and balanced distribution of socio-economic and infrastructural facilities among the citizenry and various parts of Nigeria.

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