

# Theoretical Analysis of Entrepreneurship Challenges and Prospects in Nigeria

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## ABSTRACT

The success of generating income for majority of rural and urban dwellers who do not have formal paid employment highly depends on Entrepreneurship. They are the backbone of economic development all over the world and play important role for employment, income and social changes, particularly in transition economies like Nigeria. This paper is concerned with the nature and the extent to which entrepreneurship in Nigeria has been developed so far, and outlines the initiative by government and also the main current and future challenges and perspectives for the development of entrepreneurship. The study revealed that such initiatives by government failed abysmally due to over bearing bureaucracies, corruption, inadequate and inefficient infra-structural facilities and maladministration. The paper concludes that entrepreneurship in any other country is an engine for job creation; innovation and diversity and Nigeria's entrepreneurs have a long way to go before they can effectively drive changes in the economy and recommends that Government (policy makers) should genuinely recognize the essence of entrepreneurship to economic development by providing the enabling environment for private sector led investment for economic development and also provide adequate infra-structural facilities (water, electricity, road network, communications etc.).

**Keywords:** entrepreneurship; bureaucracies; corruption; economic development

## 1. INTRODUCTION

A nation's ability to generate a steady stream of business opportunities can only come about when its people take to entrepreneurial activities. Good Entrepreneur can create a strong economy which is an important facet of industrial growth and development of a nation. According to Harper (2003) entrepreneurship is the main mechanism that creates wealth, explanation of economic growth and development often ignore (or fail to acknowledge explicitly) the entrepreneurial forces of change and adaptation that underlie economic performance. Surprisingly, the role of entrepreneurship in economic development has attracted less professional interest than the role of other factors, such as the accumulation of physical capital, expansion of the labour force, R&D, technological progress and education. Entrepreneurship is something we ignore at our peril. Entrepreneurship is pertinent to the analysis of how new ideas or 'recipes' for reconfiguring objects in the material and social world can be harnessed to enhance a nation's wealth. In the longer term, a country's economic progress depends on its ability to increase the value of what it produces with its resource base

(people, land and capital). The point cannot be emphasized too strongly, however, that neither the ends to which these resources are put nor the means for achieving these ends (i.e. the set of resources and how they are used) are given or fixed. They are the result of entrepreneurial choices and are open to entrepreneurial initiative. Individual entrepreneurs and entrepreneurial teams bring to light the resources, technologies and trading opportunities that make economic development possible. Indeed, whenever entrepreneurs are the first to discover the availability and potential economic value of new resources, they are in effect bringing those resources into existence in economic terms (Kirzner 1989). Nigeria as a country has numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources it possesses. The performance and effectiveness of entrepreneurs in the country as an instrument of economic growth and development has long been under scrutiny. This intense scrutiny has been against the backdrop of the low performance and inefficiency that characterized small business particularly in assessing its role on economic growth and development. Tapping the country's resources require the ability to identify potentially useful and economically viable fields of endeavours. Nigerians have equally made their marks in diverse fields such as science, technology, academics, business and entertainment. Entrepreneurship activities and innovative ingenuity in Nigeria have developed enterprises in areas such as agriculture/agro-allied, solid minerals, transportation, information and telecom, hospitality and tourism business, building and construction etc. According to Anyadike, Emeh and Ukah (2012) these human and natural resources notwithstanding, Nigeria is still one of the poorest countries in the world and has one of the highest rates of youth unemployment in sub-Saharan Africa, and despite its alleged strong economic growth. In respect of the above sad and deplorable situation, the government has done little to reduce the misery and frustrations of the country. This has foisted a state of hopelessness on majority of young and old people who have resorted to any means including crime to succeed in life. They resort to vices because they are not gainfully engaged. In other words, they are unemployed; unemployed, not because they lack the qualification but because the system has been crippled politically, economically, socio-culturally and even religiously Anyadike, Emeh and Ukah (2012). The need for entrepreneurship development in the country today is necessitated by the fact that entrepreneurship development is a major factor in economic growth and development and also the permanent cure for extreme hunger and poverty necessitated by unemployment. It is in this respect this paper seeks to highlight the major challenges and prospects of entrepreneurship in the country and thus proposing some plausible strategies that can promote effective entrepreneurship that will help develop the economy. The paper is organized as follows: the first section identifies the concept of entrepreneurs and its role in economic development. The second section gives background information of Nigeria's entrepreneurs. The third section focuses on the relationship between entrepreneurs and development and finally, conclusion and recommendation.

## 2. ENTREPRENEURSHIP THEORIES

The theory of entrepreneurial discovery is the most widely accepted conception of entrepreneurship among market-process theorists. In line with the broader research programme within which it is embedded, this approach is distinguished by its focus upon the nature of competitive processes, market disequilibria, and the role of knowledge, expectations and learning in the operation of markets, the nature and significance of entrepreneurial discovery, and the comparative effectiveness of alternative institutional frameworks for evoking entrepreneurship. According to Duru (2011) early scholars viewed entrepreneurship from

different dimensions, they describe entrepreneurship from the perspective of functions of an entrepreneur, which include as an inventor, imitator, innovator, or more appropriately as a calculated risk taker. According to Cantillon (1932) the essence of the function of the entrepreneur is to bear risk (uncertainty). Kirzner (1997) saw entrepreneur as someone who is alert to profitable opportunities for exchange. He operates on opportunities that arise out of new technology. Schumpeter introduced the concept of innovation and power.

He believes that entrepreneurs bring about change through the introduction of new technological processes or products. Schumpeter argues that only certain extraordinary people have the ability to be entrepreneurs and they bring about extraordinary events. He disagrees with Weber and other theorists of entrepreneurship that entrepreneurship is a function of social, cultural or religious factors; rather, he believes that individuals are motivated by a stastivistic will to achieve power. He insists that this desire could occur randomly in ethnically heterogeneous group. Knight (1921) views an entrepreneur as a calculated risk taker. The entrepreneur is an individual who is prepared to undertake risk and the reward (profit) is the reason for bearing uncertainty, and is an uninsurable risk. Casson (1982) recognizes that the entrepreneur will have different skills from others. These skills enable the entrepreneur to make judgments, to co-ordinate scarce resources.

McClelland (1961) introduced the concept of need for achievement and goal setting. He argues in his book "The Achieving society", that the drive towards achievement is the basis of activity for most entrepreneurs. He used the Jew in his illustration. According to him, the Jewish child is shown from the beginning that he has to maintain and remain on top in order to counteract the attitude of the society to him. McClelland concludes that because of this method of rearing, which the Jewish operates, they are always on top and strive for excellence anywhere they live.

Hagen, in his book, "The theory of social change", argue that creative personality in an individual is characterized by high need for achievement, law, order, autonomy, and problem solving. Economic development, to him, is basically a process of ecological change brought about by the technological activity of individual concerned. He sees the entrepreneur as a reactive problem solver, interested in solving practical problems in most cases through the application of creativity. At times, entrepreneurs are motivated by some internal forces as a duty to do something unique before they die.

## 2. 1. Who Is An Entrepreneur

According to Gnutman (2001) the word entrepreneurship is derived from the French word "entreprendre" meaning to "undertake". To this end, an entrepreneur is someone that creates a business. But as noted by Zimmerer and Scarborough (2006), although the creation of business is certainly an important facet of entrepreneurship, it is not the complete picture. The entrepreneur is a person brings in overall change through innovation for the maximum social good. Human values remain sacred and inspire him to serve the society. He has firm belief in social betterment and he carries out this responsibility with conviction. In this process, he accelerates personal, economic as well as human development. The entrepreneur is a visionary and an integrated man with outstanding leadership qualities. With a desire to excel, he gives top priority to Research and Development. He always works for the well-being of the society. More importantly, entrepreneurial activities encompass all fields / sectors and foster a spirit of enterprise for the welfare of mankind.

## 2. 2. Entrepreneur in Nigeria

Entrepreneurial forces are relatively strong in this country. It has become paramount in a “specially tottering economy” like Nigeria’s, that her citizens, young and old alike unemployed, under-employed and even the employed take on enterprising and risk-taking characteristics in order to sustain family and self above the poverty line. Like natural traits, the average Nigerian is alert to grabbing as much as he can while he can to stay afloat (Obiajuru, 2012).

In the last decade more Nigerians have attended entrepreneurial trainings, taken courses in entrepreneurship than ever before. Virtually all young graduates have been trained or received some form of tutoring on the topic, thanks to the National Youth Service Corps orientation programme. With all this in place, however, the success rate of small and medium enterprises has been very low; businesses have barely survived, let alone thrived beyond incubation period. Some have down-sized to the barest minimum, others prepared in anticipation of a better tomorrow, yet many more have been frustrated and closed.

Government regulations and policies, insecurity and a seemingly inescapable power sector haven’t made it any easier. Nonetheless, some businesses have broken through the ice to become successful amidst the apparent national gloom and one thing appears to be common to them all, a pregnant word with definitions flexible enough to accommodate key ingredients of our understanding of entrepreneurship and much more – passion, loosely defined as a strong feeling, intense emotion, compelling feeling, enthusiasm, desire, eager interest in or admiration for a proposal, cause, or activity (Obiajuru, 2012).

## 2. 3. Challenges to the Entrepreneur in Nigeria

The challenges faced by entrepreneurs in developing countries are monumental and quite similar. The challenges are as follows:

1. Lack of Credit Facilities: Potential Nigerian entrepreneurs go through many hardships when trying to access credit for their businesses. Though there is a wide range of financial institutions that offer business loans, they usually charge high interest rates deterring aspiring entrepreneurs. For instance, major banks have pegged their lending rates to as much as 20% deterring potential entrepreneurs who are mostly low income earners. Other obstacles faced by our entrepreneurs include severe collateral conditions set by banks and other lending institutions.
2. Corruption: Widespread and all present corruption that makes the procurement of licenses, permits, goods and services from government agencies and even the payment of taxes and duties difficult without playing the game i.e. paying bribes and kickbacks.
3. Inconsistent Government Policies: Government inconsistency is really a challenge an entrepreneur will have to tackle if he must succeed in Nigeria. Governance is something entrepreneurs have no control over; all entrepreneurs can do is to influence government’s policy with respect to enacting favorable business laws. But he must have political clout and massive resources to be able to influence government laws. Now he may not have the political clout or financial muscle to influence government’s policy so the best strategy to combating the ever changing policy of the government is to keep a keen eye on government laws and swiftly adjust your business to align with the policies.
4. Multiple Taxation: One other sensitive challenge that is encountered by majority of Nigerian entrepreneurs is multiple taxation. Although entrepreneurs in a country have

a responsibility of funding the government through paying taxes, most of the taxes charged on entrepreneurs are not lawful and have the effect of increasing the cost of doing business. Although Nigeria's Companies Income Tax Act (CITA) has approved only 39 taxes and levies, there are over 500 various levies and taxes that are imposed by state and local government agents. These taxes are questionable and in the case where they are genuine, they are mostly duplicated and this has the effect of increasing the cost of doing business.

5. **Poor State of the Country's Infrastructure:** The state of Nigeria's infrastructure can be deemed to be a nightmare to both entrepreneurs and the rest of the country's population. With the existing infrastructure deteriorating and in some places it is non-existent, the cost of doing business has tremendously gone up. The state of the country's road network makes it hard for entrepreneurs in the agricultural sector to transport harvested produce from farms to processing factories. According to a report released by the World Bank, Nigeria's pace of socioeconomic development and growth is way below what we can achieve. This is mostly because of the erratic supply of electricity which has negatively affected many businesses. The outcome of power problems has prompted entrepreneurs to generate power through expensive ways that have in turn increased their production costs and made their products uncompetitive due to high prices.
  6. **Failure to Adapt to the Changing Business Environment:** Majority of those who venture into MSMEs (Micro, Small and Medium Enterprises) do so because of their need to make money and in almost all cases, such entrepreneurs lack relevant and adequate information about the businesses they engage in. In the event where problems arise, most of these business owners lack sufficient problem solving skills and in the end they find it hard to survive. With the growth of the telecommunications sector since the introduction of GSM in 2002, Nigeria has become one of the fastest growing ICT market not only in Africa but also worldwide. This presents a challenge to entrepreneurs who have not embraced technology, and who are now finding it hard to remain relevant in the competitive business environment. For existing and potential MSMEs to survive and be relevant, they must adapt to the changing business environment and embrace technology.
  7. **Low Standard of Education:** There is no gainsaying the fact that education is the key to knowledge and that it plays a strong role in forming the burgeoning entrepreneur. The world today is a global village and since an intending entrepreneur must be conversant and in tune with events around and about him, education becomes a critical factor in preparing and empowering the entrepreneur with the qualities required of him.
- Security Issues** - When there is no guarantee of security of lives and properties, it is difficult to run a successful venture. According to Arizona (2009), Nigeria has become a land of kidnapping and resulting in incessant hostage taking, kidnapping and unjust harassment.
9. Getting venture capital to finance entrepreneurial endeavour in Nigeria is very difficult because of the political and economic instability.
  10. The policies of the Nigerian government are a barrier to the success of large-scale entrepreneurial success for many Nigerians. The government is plagued by corruption and greed. The government systematically ignores laws that are already in place to promote free enterprise.

11. The lack of enforcement of Nigerian patent laws discourages entrepreneurs from commercializing their ideas and inventions.
12. The constant political turmoil in the country greatly limits foreign investors who would be willing to provide resources for entrepreneurship in the country, which is very rich in natural resources.
13. Political and social movements strongly affect the level of entrepreneurial activity in Nigeria. Religious intolerance and ethnic warfare limit country progress in some areas of the country.
14. Female entrepreneurs in Nigeria are often underestimated and overlooked and they are often hindered because of cultural barriers such as male/female role definitions that label women inherently inferior to men.
15. Entrepreneurship activity in Nigeria is primarily based on necessity. The aim with which you start a business also tells how much the business will grow. Are you starting a business solely because you want to make fast money? Is it because you want to spend more time with friends and family members? Is it because you want to be your own boss? If these are the major reasons for starting your business, then you may be getting it wrong, experts say. Make sure your business is started because of the passion you have for the venture, experts say.
16. Poor planning: Experts say individuals who have successfully managed major events are aware of the fact that success mostly comes as a result of careful, systematic, strategic planning and hard work.
17. Poor product or service: The entrepreneur must understand the needs of his customers and seek ways to meet these needs via the product or service which he offers to the market.
18. Nigeria is characterized by large growing and active population, with sanitation life styles resulting in high demand for expensive foreign goods and services. Most citizens have negative attitude towards made in Nigeria goods/services, are highly religious to a point of intolerance in some states. This has resulted in riots and destruction of lives and properties.

#### 2. 4. Government's Past Entrepreneurial and SMEs Support Initiatives

According to Oghojafor, Okonji, Olayemi, and Okolie (2011) the history of entrepreneurship and Small and Medium Enterprises development initiatives in Nigeria can be traced to 1964 when the Federal Government set up several institutions and agencies to aid the development of entrepreneurship and SMEs, which are listed below:

- The Nigerian Industrial Development Bank (NIDB).
- Industrial Development Centres
- Second Tier Securities Market
- World Bank SME I AND II Loan Schemes
- NERFUND (National Economy Reconstruction Fund)
- People's and Community Banks
- Fiscal and Monetary Policies such as:
  - 1 Pioneer status or income tax relief act
  - 2 Import Duty Relief

- 3 Capital allowance to aid capital formation
  - 4 Tax relief for investment in economically disadvantage local government areas.
  - 5 Imposition of tariffs on foreign goods to ensure effective patronage of locally made goods.
  - 6 Export promotion incentives
  - 7 Foreign exchange facility
  - 8 Mandatory credit allocation of between 10% and 20%
- National Poverty Eradication
  - Advisory Agencies
  - Bank of Industry
  - Micro Finance Banks
  - SMIEIS (Small and Medium Industries Equity Investment Scheme)
  - The Nigerian Agricultural and Rural Development Bank Credit Scheme and Seed Capital for Small Business (The sums of N200b and N700 have been set aside respectively under these schemes)
  - The establishment of Entrepreneurship Development Centres (EDCs) in six geo-political zones of the country by the Central Bank of Nigeria (CBN), as part of its efforts to build capacity for wealth creation and employment generation, as well as complement the efforts of relevant government agencies. It has commenced on pilot basis in three centres, namely, Kano, Onitsha and Lagos (<http://allafrica.com>).

However, it is regrettable that despite the huge human and financial resources invested in these initiatives, they have abysmally failed to produce the desired results as a result of poor implementation. It is either the government pursues politics by not backing those plans or initiatives with the adequate and timely release of funds and other resources. Thus these initiatives will be crippled and exist only in theory and not in practice. On the other hand, the agencies saddled with the implementation of these initiatives are staffed with unqualified and incompetent, officials who have no relevant cognate experience and integrity. These officials are mostly appointed on the basis of personal affiliations and willingness to manage these agencies for the benefits of their sponsors (usually government officials) to the detriment of the nation. Loans are granted to fellow politicians, relations and friends who have no business establishments and nothing to do with the initiatives. Such grants are seen as the individuals' share of the national cake. In some cases, poor implementation is as a result of lack of relevant experience and bandwagon effect of corruption on the Nigeria national life.

## 2. 5. Entrepreneurial Opportunities

Nigeria is a country of over 150 million people and primarily known as an oil producer. However, the country is rich in many other resources that are yet to be exploited. Sectors such as agriculture, mining, semi-precious and precious stones and other resources have taken a back seat to the petroleum industry. These present opportunities for investors. According to a report published online under strategic business team and reported by Agency Reporter (2012), Martins says if you are an experienced entrepreneur or an entrepreneur with guts; then you should know that one of the best places to invest your money and build a business is in a developing terrain. Nigeria is a developing country and one of the best places to invest or build a business. They include:

### *Catfish and Poultry Farming*

The first of the fastest growing business opportunities in Nigeria is catfish farming. It's an emerging industry that hasn't reached its peak or full potential. The major players in this business are usually regional players. What this means in essence is that each major player in the catfish farming industry is focused only on a particular business terrain within the geographical location of the farm.

So all an entrepreneur need to do is look for a region with a growing demand that has not been covered by a major player and situate your business there. As for poultry farming, the ban imposed by the Federal Government with respect to the importation of live or frozen poultry birds has only helped to explode the demand. When accessing any of these business opportunities listed above, you must note three important facts.

- One, food is one of the basic necessities of man, thus making catfish and poultry farming a huge potential.
- Two, the population in Nigeria is estimated to be over 150 million and growing so that entails a growing demand for food.
- Three, even if the local market with 150 million Nigerians gets saturated (which I strongly doubt as this niche is still in its adolescent phase) there is still a growing demand for catfish all over the world. So do your own in-depth analysis and put your money to work.

### **2. 6. Importation of Wears**

Importation of clothes (designer wears) into Nigeria is another fast growing business opportunity one can tap into; but you will be breaking the law if you engage in this business because there is a ban by the government on the importation of wears. This business opportunity is listed for those who have the entrepreneurial guts to take calculated risk (Agency Reporter, 2012).

### **2. 7. Sewing of Specialized Uniforms**

If you don't have the entrepreneurial guts to go into the importation of wears, then you can set up a small scale textile firm that will specialize in sewing uniforms. The demand for uniforms is on the increase in Nigeria; from the crèche to the labour market, uniforms are highly in demand but it is advisable you do your own detailed research before venturing into the business.

### **2. 8. Inland Water Way Transport**

Inland water way transport is one of the fastest growing business opportunities in Nigeria. In fact, this is still untapped because no modern commercial boat or ferry service system has been seen in Nigeria yet. Though there are a few operators in this industry; there are no modern facilities being used by the developed countries. Another reason inland water way transport business proves viable is because population in states such as Lagos, Ogun State and Rivers, is rapidly on the rise thereby resulting in roads congestion. Since the roads are becoming heavily congested, the next means of transportation for these heavily populated states is water transport. With proper planning, a good management team and adequate funding, you can break into this untapped industry and carve a niche for your business.

## 2. 9. Haulage and Logistics

Haulage and logistics is another fast growing business opportunity in Nigeria. Though it is considered a risky business, you can have a breakthrough if you have a strategic business management team on ground. Good management is the key to surviving in the business of haulage and logistics.

## 2. 10. Out-Sourced Bus Service

This is similar to haulage and logistics but the cargo in this case is humans. This is not about the regular road transport bus service. In this case, you are providing transportation services to firms and corporate entities. Some corporate organizations can't afford an in-house transport system for their executive and staff, so this is where you come in. You provide the cars or buses, provide the drivers and you are paid on a monthly basis or contract basis for the use of your transport services. Another area of target is schools. Most schools would like to provide transport facilities for their students but they can't afford it and this is where you step in.

## 2. 11. Information and Communication Technology

When it comes to ICT, Nigeria is lagging behind compared to the western world. It may sound like bad news to you but to entrepreneurs and investors, it is good news. ICT is still an emerging trend that has not reached its peak, so a lot of opportunities exist for both local and foreign investors.

## 2. 12. Cyber café

The demand to stay connected to the rest of the world is rapidly on the increase and the cost of internet connection is still high when compared to what is obtainable in the western world, thereby making cyber café an alternative for internet users; and an investment opportunity for entrepreneurs. The business can be started either on a small, medium or large scale but preferably a large scale because size can be a competitive edge for you as customers won't like to be kept waiting. Customers of this industry want speed and efficient service and most importantly; they want to be sure to find a vacant computer system anytime they want to surf the web without having to wait in a queue. If you can get a good location; provide speedy internet access and provide complementary services; you are in for a breakthrough.

## 2. 13. E-Services

Just as the world is going e-crazy; so also is Nigeria catching up with the trend. E-services provision is still a virgin business opportunity that has not fully been tapped. Under the umbrella of e-services; you can find the following fast growing business opportunities: E-payment, text SMS services, web design and hosting, database management services, e-portal management, etc.

## 2. 14. Schools

The need for education is on the increase and the burden to provide quality education is getting heavier for the government to bear thereby, leaving room for private and institutional investors. A lot of institutional and private investors have gone into building quality schools and providing quality education but this has not been maximized. With a population of over 150 million Nigerians, where 65 per cent are below 40, there is still untapped potential in this

area. You can access this business opportunity from different entry levels. You can tap into this niche by providing either crèche, primary, secondary or tertiary education; but all entry levels hold strong good rewards. Carry out your own analysis before investing in any level of these opportunities.

## 2. 15. Seminars

Not everyone loves being educated within the four walls of school. Some prefer street smart education or high speed learning and that is where you come in. You can set up a seminar company that organizes coaching services according to the current needs and trends of the society.

## 2. 16. Training Centres

Specialized training or educational centre is another fast growing yet untapped business opportunity in Nigeria. Examples of specialized learning centres are leadership training schools, entrepreneurial centres, training centre for the gifted and physically challenged, training centre for hobbies and crafts.

## 2. 17. The Role of Entrepreneurship in National Development

The question of why some nations are rich and others are poor has been at the center of economic debate for over two centuries. While the post-WWII Keynesian dominated discussion of economic development focused on and emphasized the importance of such factors as foreign aid and government planning, it is now widely agreed that the entrepreneur is the prime driver of economic progress (Kasper and Treit, 1998; Leff, 1979). It is also accepted that the institutions that is economic agents (including entrepreneurs) operate in political, legal and cultural, directly influence their activity and hence economic development (Baumol, 1990; Olson, 1996). According to Schumpeter as reported by Ebiringa (2012), 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 these countries. Production factors of land, labour and capital are said to be dormant or inert without the entrepreneur who organizes them for productive ventures. Entrepreneurs have led and will continue to lead to the economic revolution that has proved repeatedly to improve the standard of living for people everywhere (Zimmerer and Scarborough, 2006). Their role is as follows:

1. Economic Development: The profits made by entrepreneurs, payments for the various factors of production by the entrepreneur flow as an increase into the National Income. Increase Gross Domestic Products, National Income etc. help in improving the standard of living of the citizens of the country. The contributions of the SMEs in industrial sector to the Nigeria's Gross Domestic Product (GDP) are valued at about 37 % there by making it the second largest contributor to the Nation's GDP after the oil sector (SMEDAN, 2009).
2. Employment Opportunities: Entrepreneurship results in the creation of small businesses. The labour intensive nature of small businesses enables them create more jobs than the big businesses. The existence of small scale businesses in the country had provided job and employment to many citizens. Small scale businesses play crucial roles in the economic development of countries (Ogundele; 2006). In

Columbia, India, Indonesia, Kenya, Tanzania and Zambia, SMEs employ more than 50 % of the workforce. Similarly they accounted for 99.9 % of the 11.6 million enterprises created in the European Union. (Deloitte Touche Tohmatsu, 1995). Small Businesses created 75 % of the new jobs in the USA and accounted for over 40 % of GDP. Equally about 80 % of Americans find their first jobs in Small businesses (World Bank, 2000). In Nigeria for instance, Small Scale Businesses (SSB) Constitutes 85 % of all firms operating in the economy, and like in most other developing countries they employed the largest number of workers. A study done by the Federal Office of Statistics shows that 97 % of all businesses in Nigeria employ less than 100 employees. Looking at the definition of SMEs, (generally an umbrella term for firms with less than 250 employees) it then means that 97 % of all businesses in Nigeria are "small businesses". The SME sector provides, on average, 50 % of Nigeria's employment, and 50 % of its industrial output. Increasing number of graduates from increasing number of public and private higher institutions who roam the streets, seeking for placement in the few declared vacancies can avail themselves of the opportunity available to make a living.

- 3 Improvement in the Standard of Living through Innovation.
- 4 Reduction in Rural-Urban Drifts: One of the primary objectives of promoting entrepreneurship in developing countries is to mitigate Rural-urban drift syndrome. The migration of rural dwellers to cities in search of 'white-collar' jobs has resulted in congestion, high incidence of crimes, etc.
- 5 Development of Local Technological Base: The development of indigenous technological base in all countries of the world has been championed by native entrepreneurs; this will help in transferring the much needed technology needed for the rapid transformation of the country.
- 6 Conservation of Foreign Exchanges: This will result from reduced importation of machineries and equipment, materials and payment to foreign experts. (Oghojafor, Kaye, Sulaiman & Okonji, 2009).

### 3. CONCLUSION

In conclusion, this paper has tried to unfold various issues that cluster and affect the development and entrepreneurship in Nigeria. Attempts have also been made on the challenges of sustaining and creating a conducive environment for Entrepreneurs to grow and prosper. So far, explicated evidence and arguments that highlight that Nigeria's Entrepreneurs have a long way to go before they can effectively drive changes in the economy. The entrepreneurship miracle in other country is an engine for job creation; innovation and diversity. The role of entrepreneurship in global business of developing countries like India is also significant. The wide range of significant contributions that entrepreneurship makes include promotion of capital formation, creation of immediate large-scale employment, promotion of balanced regional development, and effective mobilization of capital and skills. Nigerians are probably one of the most entrepreneurial people on earth. But this is not enough. For the entrepreneurs to be fully developed in the country, they need to significantly create wealth and employment opportunities thereby reducing poverty. For this to fully take place, the paper recommends that:

- That Government (policy makers) should genuinely recognize the essence of entrepreneurship to economic development.
- Government should increase its funding of financial institutions that provide on lending to entrepreneurs. Therefore such financial institutions as NBCI, NERFUND, NEXIM should be strengthened. Institutions like the National Directorate of Employment should be strengthened to provide training, capital and technical assistance to potential and practicing entrepreneurs.
- In order to positively encourage the spirit of enterprise among our young people, universities and other institutions of higher learning must be encouraged to become more commercially focused and more entrepreneurial. They should be encouraged to develop more ties with local businesses and hold more business related activities on campus. Students should be encouraged to take business studies modules as part of their main courses. This will help develop the interest in business, and provide a basic understanding of what to expect when going into business. The knowledge gained will help provide students with a ready option when they graduate rather than waiting their time looking for the jobs that are not available. This will ultimately help to reduce the pool of unemployed young people in the country.
- Oil and Gas companies should partner with government in the business of development of entrepreneurial skills for professionals in the economy.
- Special Industrial and Enterprises Insurance schemes should be established to absorb the risks of bad debts from new high-tech ventures. Such debts written off should not be counted as loss but as costs of development.
- Finally, the government should provide the enabling environment for private sector led investment for economic development - by providing adequate infra-structural facilities (water, electricity, road network, communications etc.).

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