ENTREPRENEURSHIP AS DRIVERS OF GROWTH, WEALTH CREATION AND SUSTAINABLE DEVELOPMENT IN NIGERIA

Preduzetništvo kao pokretač rasta, kreiranja blagostanja i održivog razvoja u Nigeriji

Ayodeji O. Ojo
Department of Agricultural Economics, University of Ibadan, Nigeria

Isaac B. Oluwatayo
Department of Agricultural Economics and Animal Production, University of Limpopo, Sovenga, South Africa

Abstract

Entrepreneurship is a veritable tool for the achievement of inclusive growth and consequently sustainable development. There are many opportunities entrepreneurs can harness in Nigeria given the demographic dividends. In fact, the youths constitute about 60 percent of the Nigerian population. Opportunities include but not limited to agriculture, creation of place utility for manufactured products (toiletries, beverages among others), repairs and servicing of mobile phones, computers, generators, cars etc. However, because of the deplorable state of wellbeing in the country, a sizeable number of youths are now being employed as touts and thugs by politicians to cause chaos at rallies. The rising wave of crimes in the form of electoral malpractices, commercial violence or economic terrorism and motor park rent seeking among others are common cases to ponder. The huge infrastructure deficits (road, power, water etc.), inadequate access to credit and disastrous policy regime constrain entrepreneurial development in Nigeria. The study therefore recommends public-private partnership in wealth creation towards achieving enhanced and sustainable economic wellbeing. There is the need to fight corruption heads on by taking the fight to the grassroots. Government should put entrepreneurs at the centre of trade and commerce policy formulation and implementation.

Keywords: Corruption, Entrepreneurship, Nigeria, Sustainable development, Wellbeing

Kontakt autora: ayodejiyoo7591@gmail.com. Autori izjavljuju da nemaju značajne materijalne ili finansijske interese koji se odnose na istraživanje opisano u ovom radu. Takođe, autori izjavljuju da je podneti članak njihov originalan rad i da nakon izdavanja ništa od sadržine neće predstavljati povredu autorskog prava. Rad primljen 12.07.2015 godine. Odobren za objavljivanje 05.10.2015 godine. The authors declare that they have no relevant or material financial interests that relate to the research described in this paper. Also, the authors declare that the submitted paper is their original work and that, upon publication, nothing contained in it will not constitute an infringement of any copyright. Paper received 12.07.2015. Approved 05.10.2015.
1. Introduction

The dire need for entrepreneurship development in Nigeria today more than ever, is necessitated by the rate of unemployment and its effects on both the people and the nation and the need for Small and Medium Scale Enterprises (SMEs). Entrepreneurship and economic development refer to the specific relationship between the art of starting and managing businesses and a sustained improvement in the national economy. The word entrepreneur originated from the French word "entrepreneur" which means to undertake (Akanni, 2010 cited in Hamza, 2013).

Entrepreneurship is the art or process of starting a business as a result of identification of business opportunities, organization of resources, management and undertaking the risk of an enterprise (Hamza, 2013). Economic development refers to economic growth sustained over time. Economic growth is the expansion in economic activities (production, exchange and consumption) in a country as a result of efficiency in allocation of resources at a particular time. UNIDO (1999) cited in Hamza (2013) defined entrepreneurship as the process of using initiative to transform business concepts to new venture, diversify existing venture or enterprise to high growing venture potentials. However, entrepreneurship that can initiate economic growth leading to economic development involves businesses that strive within moral perpendicularity to improve the obtainable. It therefore excludes illegitimate and culturally unacceptable businesses such as product counterfeiting and black marketing, piracy of intellectual materials, human trafficking and child abuse among others.

An entrepreneur is a person that can make profit even in a risky economic environment given inconsistencies in policies of government. Aggregation of the activities of this special breed of Nigerians is capable of leading to economic growth. Nigerians are ready to take initiative and search for a positive change in the status quo. Economic growth sustained and improved over time results in economic development. The American human psychologist, Abraham Maslow views the entrepreneur as one who can discern change, enjoy it and improvise without being forewarned. He further stated that the entrepreneur is a "here-now" creator, an improviser who is willing to operate against traditions (Stephens, 2010 cited in Hamza, 2013). An entrepreneur identifies the needs of a place or group of people and strives to meet them while making profit in the process (Anyadike et al., 2012).

The term entrepreneurship is relative, as it means different things to different people. In spite of the conflicting views, there are common grounds such as risk taking, creativity, independence and reward/profit (Garba, 2010). The objectives of an entrepreneur could be profit making, survival in business, growth, control of reasonable market share, innovation, employee’s welfare, service to consumers and social responsibility. All these objectives, if achieved by all entrepreneurs will lead to sustainable economic growth in Nigeria.
2. Entrepreneurship Development in Nigeria

Entrepreneurship has a long standing history in Nigeria with significant impact on the livelihoods of the people. Hamza (2013) reported that people of the Ibo community in Nigeria are considered one of the oldest entrepreneurs in history. Their trade involved crafts, marketing and talent utilization. There are so many opportunities entrepreneurs can harness in Nigeria. These opportunities include but not limited to agriculture (production, marketing and processing), creation of place utility for manufactured products (toiletries, beverages among others), repairs and servicing of mobile phones, computers, generators, cars etc. Nigeria has an estimated population of 170 million people with majority being youths (Wikipedia, 2013b). This indicates that the Nigerian population is active and can expand production and marketing.

There is a sustained decline in the number of youths in the informal sector of the Nigerian economy over the years. This is not unconnected with the deep interest of youths in white collar jobs and businesses with short gestation periods such as okada riding, Motor Park rent seeking (“agberos”) and commercial violence among others (Oluwatayo, 2014). Nigeria currently ranks 170 out of 189 countries (World Bank, 2014). The following are however some of the constraints to entrepreneurial development in Nigeria:

(1) **Financial Constraints**: Nigerian entrepreneurs are confronted with the problem of undercapitalization (Anyadike et al., 2012). Some traders sit behind wares not up to 5000 naira (USD 22) from morning till night; a situation that depicts poverty. Inadequate access to credit as a result of high bureaucratic process of obtaining loans, and ‘throat-cutting’ interest rates charged by banks make businesses unprofitable.

(2) **Infrastructural deficits**: The Nigerian business environment is characterized by bad roads, epileptic electricity supply, and inadequate access to potable water (Onukwuli et al., 2014). The high cost of transportation resulting from deplorable state of roads in the country and cost of purchase and maintaining generators (on account of epileptic power supply) account for high production costs obtainable in Nigeria. A recent study by the Nigerian Customs Service awarded Nigeria the ridiculous honour as the continent’s biggest importer of generators. Private entities spend $8 billion to import generators annually. Estimated 60 million Nigerian residents spent $13.35 billion on fuelling generators in 2012 (GGA, 2013). Inadequate access to basic infrastructure has resulted in high production costs and outright loss of goods in extreme cases. International business organisations with sophisticated technologies, low labour cost and good business environment access Nigerian markets resulting in dumping. This situation renders Nigerian products too costly and inferior in the sight of consumers.

(3) **Government Policies**: Government policies are inconsistent and contradictory (Agwu and Emeti, 2014). For instance, while there is local rice in Abakaliki (Ebonyi State), Erinmo (Osun State) and Igbimo rice (Ekiti State) among others, government subsidizes foreign rice. The agricultural enterprise being a risky and
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rain-fed business, instead of being subsidized by government is taxed heavily. Inconsistency in government policies has led to business failures. The basis of formulating most of the policies is wrong, coupled with poor implementation has led to policy summersault in some cases.

(4) **Corruption:** There is low funding to protect SMEs and when provided, they are diverted to private pockets. Developmental projects are made unnecessarily complex to justify the corrupt huge expenses on them. Government at all levels; spend the bulk of Nigerian budget on large and difficult-to-manage projects to encourage fraud through project execution. A high proportion of Nigerian budget is spent on defence and infrastructure rather than provision of necessary public services such as health, roads, housing, schools, electricity and water. Registering of new businesses is faced with bureaucratic complexities and fraud. In fact, Nigeria ranks 129th out of 189 countries in the starting a business index (World Bank, 2014). There is double counting in government taxation; however some corrupt Nigerians evade tax. Nigeria ranks 7th in money laundering index with $12.9 billion being laundered by Nigerian leaders between 2001 and 2010 (Karr and Freitas, 2010). However, proceeds from drug trafficking, human smuggling, and other criminal activities which are often settled in cash were not included in the estimate. If the $12.9 billion is spent on provision of public services and monitored, SMEs will flourish consequently leading to economic development.

(5) **Insecurity:** The insurgency of Boko Haram in Northern Nigeria owing to religious misconceptions, government neglect, delayed and unfruitful response of security agencies makes it a sustained reality (Mbam, 2011). This makes entrepreneurial development and consequently economic development a herculean task. Agricultural products such as onions, yams, and beans are trapped in the North owing to terrorism resulting in high cost of food items. This situation renders traders who specialize in marketing of these commodities jobless. For example, on the 5th of May, 2013, 5 traders from Bodija market, Ibadan, Oyo State were murdered by Boko Haram members in the North. In total, Bodija market lost 14 of its members and an estimated 33 million Naira to two attacks in 2013 (Vanguard, 2013). Boko Haram insurgency has claimed about 4000 lives, with about 300,000 people displaced while impacting negatively on the livelihoods of an estimated 6 million people (Blanchard, 2014).

The aforementioned are not restricted to Nigeria alone. Other countries in Africa as Kenya, Sudan, Egypt and Mali suffer from insecurity. Zimbabwe and Libya experience advanced corruption. Niger republic is plagued with severe poverty in which businesses find it difficult to thrive.

### 3. Entrepreneurship as a Tool for Nigerian Economic Development

The following are the ways in which entrepreneurship can impact economic development:
(1) **Reduction of unemployment, poverty and hunger:** This can be achieved through wealth creation, income redistribution and employment creation for people. Improvement in agricultural production for instance, can lead to low food prices thereby eliminating extreme hunger. Agriculture employs 70 percent of the Nigerian labour force (Oshinowo, 2012).

(2) **Reduction in Terrorism and Criminal Activities:** Youths involved in terrorism and criminal activities such as illegal oil bunkering, ballot stuffing and ballot snatching, drug peddling e.t.c will be gainfully employed. They will be able to contribute their bit to nation building if they secure gainful employment. Kidnapping and armed robbery will reduce as some studies attribute armed robbery to soaring youth unemployment rates.

(3) **Infrastructural Development:** Entrepreneurship can provide a platform for improvement of critical infrastructure, which will lead to better economic outcomes (Nyeneokpon, 2012). This will stem from Corporate Social Responsibility (CSR) initiatives of business organizations. The CSR could include provision and maintenance of roads, power supply, schools, water environmental beautification and pollution control etc.

(4) **Economic Diversification:** Entrepreneurship can reduce overdependence on the petroleum industry which is technology intensive with limitations in employment creation. Agriculture, mining, manufacturing are labour intensive but under-utilized owing to dependence on oil. It is true that oil contributed 98 percent of foreign earnings and 65% of government budgetary revenues as at year 2000 (Wikipedia, 2013a). Crude oil is a non-renewable natural resource which will dry up one day.

Some constraints to entrepreneurial development in Nigeria in particular and Africa in general had been discussed earlier in the paper. The following are the solution to the problems:

(1) Entrepreneurs should form cooperative societies to make access to credit and internalization of economies of scale easy. Government and financial institutions should collaborate on reducing administrative bottlenecks in the provision of loans. The Central Bank of Nigeria should be more stringent with banks in terms of loan accessibility and interest rates. Interest rate should be low enough to encourage profit making and good enough to encourage granting of loans to other people.

(2) Organized Private Sector and government should increase and monitor investments on infrastructure.

(3) Participatory approach to policy making should be adopted by government rather than top-down approach currently in use. Communities and all stakeholders should be involved in situation analysis, problem definition, planning, implementation, monitoring and evaluation of appropriate developmental programmes. Therefore, public policies should be demand driven rather than being supply driven. There should be policy varieties to be used by government at the same time to prevent policy summersault. Government should
disengage from activities that private sector can run better to militate against tendencies of law of unintended consequences. Otherwise the benefits of public policy (e.g. fertilizer subsidies) will continue to flow into the hands of unintended beneficiaries (Idachaba, 2013).

(4) There should be a campaign championed by the National Orientation Agency (NOA), religious and traditional institutions. The campaign should be targeted at changing the attitude, knowledge, skill and aspirations of Nigerians positively. Illegitimate, culturally unacceptable businesses and corrupt practices should be discouraged. This will result in raising a strong army against corruption from the grassroots.

(5) Efforts of the government at curbing insecurity should be intensified and sustained. The recommendations on security at the 2014 national conference should be implemented with no further delay.

In conclusion, as outlined ab initio, entrepreneurial development is capable of reducing poverty, hunger, unemployment, crime rates, among others. The constraints to economic development through entrepreneurship were discussed extensively in the paper. Africa and Africans should not form an association of beneficiaries of international sympathy living on foreign aids. African countries should wake up from their slumber and embrace entrepreneurship.

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**Apstrakt**


**Ključne reči:** korupcija, preduzetništvo, Nigerija, održivi razvoj, blagostanje