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**A REVIEW OF THE ROLES OF ENTREPRENEURSHIP
IN STIMULATING SOCIO-ECONOMIC
DEVELOPMENT IN NIGERIA**

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ABSTRACT

This study examines the roles of entrepreneurship in stimulating socio-economic development in Nigeria. Entrepreneurship is considered as the bedrock of national development. Entrepreneurship has been identifying as a critical element for creating an industrialized economy. It is often approached as the catalyst and caretaker of national economy and also the prime movers of the economy. The entrepreneur is an important force that can be used to confront the problems of low productivity, unemployment and poverty. It is a strategy of transformation and entails creating an entrepreneurial community, changing the people to enable them reap the dividends of entrepreneurship. This paper considers the concept of entrepreneurship, the theories that explain entrepreneurship, its contribution to socio-economic development of Nigeria and the problems militating against the attainment of much desired industrialization through the explanation of the entrepreneurship opportunities. A secondary source of data collection was employed for the study. It has been recommended that government should provide entrepreneurs with favourable entrepreneurial environment through providing infrastructural facilities, policies and programs.

KEYWORDS: *Development, Socio-Economic, Entrepreneurs, Entrepreneurship, Entrepreneurial ability.*

1. INTRODUCTION

The features of under-developed countries are well known and include the predominance of primary productive capacities which uses primitive technology as well as relative insignificance of modern means of industrial production and management. There are also problems of low income, low savings, high population growth rate and inadequate infrastructure (Ladanu, 2009). Africa, for example, is the most highly indebted continent relative to its Gross Nation Income and has failed to be a part of the growth in international trade. The World Bank figures also indicate that the erosion of the share in world trade between the year 1970 and 1993 resulted in a loss of US \$66 billion, which is about 21% of the GDP of the countries (World Bank, 1998 cited in Ladanu, 2009)). Trade as a percentage of GDP was only 20% for Nigeria in 1999, while for Malaysia, one of the fastest growing economic in the world; it is high as 70% (Collier & Gunning, 1999).

The above situation has compelled many developing countries, including Nigeria, to accept industrialization as a *sin quo non* for rapid economic development (Ladanu, 2009). Industrialization is very important for modernization and also to increase productivity. Entrepreneurship is a critical element in creating an industrialized economy. Entrepreneurship is often approached as the catalyst and caretaker of national economy and also the prime movers of the economy. Entrepreneurship is the privilege road to enhance the creation of jobs and increase GDP (Parker, 2000). It has been established that no country can grow economically without the positive support of entrepreneurship and entrepreneurs. The availability of entrepreneurs may be considered the most important prerequisite for economic development in a country (O'Neill & Viljoen, 2001).

Some scholars are of the view that entrepreneurship impact positively on economic growth, development and the idea that entrepreneurship and economic growth are positively linked has undoubtedly been made since the early work of Schumpeter (1911) cited in Kwasau and Folorunsho (2009). Many Governments in Nigeria have realized the importance of entrepreneurship and in particular, small scale business. This has led to the formulation and implementation of several policies/measures for promoting entrepreneurship. Therefore, this paper tends to provide an overview of the concept of entrepreneurship, various theories that explain entrepreneurship, and importance/contributions of entrepreneurship to socio-economic development of Nigerian economy.

Countries all over the world, no matter the stage of their development recognise the importance of promoting entrepreneurial activities as an engine room for socio-economic development. But the growth and development of an entrepreneurship has been identified with so many problems in African

countries especially Nigeria. These problems among others include; corruption which has been the cankerworm to entrepreneurship, poor infrastructural facilities, inadequate capital, and lack of trust by Nigerians. Hence, the objective of this study is to examine the roles of entrepreneurship in stimulating socio-economic development in Nigeria.

The data for the study was collected mainly from secondary sources. Such sources include; published materials, magazines, periodical, newspapers, journals and article on entrepreneurship, and internet and the researcher used descriptive method of research.

2. LITERATURE REVIEW

2.1 Concept of Entrepreneurship

The term entrepreneurship is derived from the French verb "entreprendre" and the German word "Unternehmen" both of which translate into "undertaker" (Cunningham and Lischeron, 1991). However, as state, researchers are in consistent in their concepts of entrepreneurship (Brockhaus and Horwitz, 1985; Gartner, 1988; O'Neil & Viljoen, 2007). It is important to state that the modern concept of entrepreneurship was introduced by Schumpeter (1961) who defined entrepreneur and entrepreneurship as: The carrying out of new combinations we call "enterprise"; the individuals whose function is to carry them out we call "entrepreneur" (Ladanu, 2009). Baudear as in Adeyemi (2006) saw entrepreneurship as innovative management; Cantillion (1965) described it as self-employment accompanied with uncertainty in returns; Kao (1993) extended the concept to include the process of wealth and value creation (Adeyemi, 2006). Mamman (2008) saw it a special aspect of human Labour. Entrepreneurship has also been defined as the willingness and ability of individual to seek out investment opportunities, establish and run an enterprise successfully (Kilby cited in Ejikeme, Idris and Eke, 2008). Hisrich (2002) Opines that it is "a process of creating something different with value by devoting the necessary time and effort; assuming the accompanying financial psychological and social risk; and receiving the resultant rewards of monetary and personal satisfaction". In the same way the centre for entrepreneurship of Miami University of Ohio (2003) viewed entrepreneurship as "the process of identifying, developing and bringing a vision to life. The vision may be an innovative idea, an opportunity or simply a better way to do something. The end result of this process is the creation of new venture formed under condition of risk and considerable uncertainty "(Mamman, 2008).

The concept of entrepreneurship has been associated with several activities concerned with the establishment and operation of enterprises. These activities according to Inegbenebor includes identification of investment opportunities, decision making as to the opportunities to exploit, promote

and establish the business enterprise, aggregation of the scarce resources required for production and distribution, risk bearing and innovation (Ejikome, Idris, & Eke, 2008). Hence, entrepreneurship is a vital factor in the process of economic growth and development.

2.2 Theoretical Framework

Entrepreneurship is central and critical in every human society. It is through entrepreneurship that societies can attain any level of development. Entrepreneurship is said to be the secret behind rapid development of countries like Japan, China, Malaysia and USA, and low entrepreneurship is also said to be the major cause of under development of most countries in Africa, Asia, Latin America and the rest (Mamman, 2008).

In view of the importance and centrality of entrepreneurship to socio-economic development, there have been many attempts by scholars to explain factors behind the presence of entrepreneurial ability in some people and its absence in others. It is these kinds of explanations that are referred to as entrepreneurship theories.

The 17th Century French Writer, Richard Cantillon, physiocratic scholar, Say, J. B., early 50s social scientist Schumpeter and the rest (Mamman, 2008) postulated what is referred to as economic theory of entrepreneurship. According to them entrepreneurial ability in a man is a product of his desire to acquire wealth and the fear of destitution or poverty (Virtanen, 2001). A higher entrepreneurial ability, similarly a lower fear of poverty on the other hand may equally result in lower desire for wealth and a low entrepreneurial ability. For entrepreneurship to grow, it requires some challengers. The challenges, economist belief, include among others, consumers' crave for new goods or services, a desire for new methods of production, transportation and emergence of new market (Virtanen, 2001).

In the same way, many psychologists contributed to the theory, notable among them were David McClelland and Schumpeter (Mamman, 2008). In the views of psychologists, the entrepreneurial ability of an individual is determined by his or her levels of need for achievement, autonomy and problem solving. The higher the needs for achievement, autonomy and problem solving, the high will be the entrepreneurial ability and vice versa. In this perspective, motives and personality trait play a significant role in determining the entrepreneurial ability of an individual. This traits according to Mamman (2008) involves desires for recognition, materialism, creativity, leadership and similar other desires.

Similarly, sociologists include Weber, Reynolds (1991), Howard Aldrich (1986) and Freeman (1996) Opines that the thrust of the sociological theory of entrepreneurship is that entrepreneurial ability is largely determined by the environment (Byers, Kist, and Sutton, 2004). This

perspective view entrepreneurship from the social rather than individual context as in the case of psychological theory. According to sociologists, the environment in which an individual lives plays a significant role in determining his/her level of entrepreneurial ability. They believed that an individual residing in challenging environment where there are many entrepreneurs may likely have a higher entrepreneurial ability than an individual residing in less challenging environment with few entrepreneurs. Going by this view, there are more entrepreneurs among the Lebanese, Jews and Igbo than in Hausa, Angas, Kaje, Kataf and Kanuri (Mamman, 2008) in the same vein; there are more entrepreneurs in highly challenging environments of Lagos, Port Harcourt and Kano than in rural areas across this country.

Finally, scholars are not in agreement with the factors that determine the entrepreneurial ability of an individual. Entrepreneurship is viewed differently by scholars from different disciplines. To harmonize their differences and have a single universal accepted approach, some scholars came up with the multi-dimensional theory of entrepreneurship (Mamman, 2008). In view of this approach, entrepreneurial phenomenon can be explained using the postulations of a group of entrepreneurship theorists (Virtanen, 2001). The proponents of this approach argued that no single theory of entrepreneurship can provide a comprehensive explanation of the phenomenon. This is because the different theories are applicable in different phases of entrepreneurial development and circumstances.

Several theories of entrepreneurship presented different factors determining entrepreneurial ability of individuals. These include among others; motives, traits, expectations, environment and the multi-dimensional theories believe in using all and similar other factors in explaining the phenomenon of entrepreneurship.

2.3 Roles of Entrepreneurship in Nigerian Economy

Entrepreneurship is considered as the prime movers of economy and this explain why states and communities promote entrepreneurship. Further an entrepreneurial economy, whether at the communal, state or national level, differs significantly from non-entrepreneurial economy (Ladanu, 2009). An entrepreneurial economy is complex, dynamic and competitive arising from the rapid creation of new firms and the decline of old static firms. Entrepreneurship therefore is expected to be driving force for the industrialization and the overall development of the Nigerian economy. However, irrespective of the theory adopted in explaining the entrepreneurial abilities of individuals, entrepreneurship, usually brings about numerous contributions to the economic development of Nigeria. Gana (2001), Odah (2003) and Ladanu (2009) stated some of the contributions as follow:

- i. Entrepreneurship is responsible for the generation of employment and more importantly through the small and medium scale enterprises (Venkataraman 1984; McMillan and Woodruff, 2002). Further the SMEs through the major development banks, the Nigeria Industrial Development Bank have created several thousands of jobs in Nigeria (Kasimu, 1998).
 - ii. Entrepreneurship also serves as a good channel for mobilization and utilization of domestic savings into the productive sectors of the economy (United Nations, 1984 cited in Ladanu, 2009; McMillan and Woodruff, 2002). The use of local resources in the production of goods and services will significantly reduce the country's dependence on imports and improve its balance of payment (Mamman, 2008).
 - iii. Entrepreneurs through their various operations generate profits which ultimately contribute to the increment in the national income. The national income is an instrument used to measure the state of well-being of the people i.e. the standard of living (Ladanu, 2009). In view of that Schumpeter (1947) considers the entrepreneurs as the central figure in modern economic history.
 - iv. Entrepreneurship increases the productivity of individuals and the economy as a whole (Mamman, 2008). Thus is achieving mostly via improved technology and management expertise of entrepreneurs that are the product of entrepreneurship development process.
 - v. Due to improved technology and increase in productivity occasioned by entrepreneurship development, there will be availability of goods and services in the economy. This kind of development usually benefits the monopolistic powers of the monopolist and enhances the competitive potentialities of the economy (Mamman, 2008). With competition, consumers will have a variety of alternatives and these tend to reduce prices and improve their satisfaction.
- execution of business activities which can only be obtained in an enduring stable policy environment and of course stable political environment too (Ladanu, 2009).
- iii. Inadequate infrastructural facilities which include deteriorating road networks and erratic supply of water, power and telecommunications services (Ladanu, 2009). These were clearly identified by Giwa in Ladanu, (2009) as the major constraints in the nation's industrialization.
 - iv. Lack of education including the low level of skills (i.e. technical and managerial) of entrepreneurs to be conversant with the methods useful to manage modern enterprises hence it is necessary to employ a professionals.
 - v. Socio-cultural factors which include the value system, issues relating to gender differences and feminism (Ladanu, 2009). The reality in the Nigerian situation is the absence of the right social and cultural forces that will accentuate entrepreneurship (Akeredolu-Ale, 1975) and that of the protestant ethic which Weber (1930) considers being the spirit of capitalism.
 - vi. The institutional support capacity for entrepreneurship is poor and inadequate. The Peruvian economist identified the lack of institutional framework to recognize and trade capital as the problem of developing countries, and not the lack of wealth (Akin-Olugbade, 2003), which is Nigeria included.

2.5 Prospects of Entrepreneurship Development in Nigeria

The problem facing entrepreneurship development in Nigeria, notwithstanding, the entrepreneurship development process in Nigeria has bright future arising from the following activities of stakeholders:

2.4 Problems of Entrepreneurship in Nigeria

Despite the great roles play by entrepreneurship in the socio-economic development of Nigeria and despite the various efforts at promoting entrepreneurship, much is still needed in its development. This is because entrepreneurship development in Nigeria is faced with problems which include:

- i. The problem of corruption which is endemic in the country's landscape. Corruption contributes a major obstacle to the development of the country (Igun, 2004) as cited in Ladanu (200). According to McMillan and Woodruff (2002), "corruption deters investment" and "That it discourages entrepreneurs from investing".
- ii. The instability in the policies of government (Micro and Macro economic). Entrepreneurship requires consistency in the planning and
- iii. Further government at various levels (i.e. local, state and federal) realized entrepreneurship as a fundamental national objective and therefore realized the need for cooperation with individual entrepreneurs. The vision 2010 committee main report stated the intension of government to reduce the dominance of the public sector in the economy and develop a viable, dynamic highly motivated socially and environmentally

- responsible private sector as one of its objectives (Shonekan and Ida, 1997).
- iv. In the light of the shifting nature of entrepreneurship development through corrupt practices, especially by government officials, government at various time used a number of measures including the setting up anti-corruption commission of inquiry and panels, summarily termination of appointments and administrative purges and the enforcement of the principle declaration of assets by public officers (Ladanu, 2009). These bodies such as Independent Corrupt Practices Commission, Economic and Financial Crime Commission and the Code of Conduct Bureau are aimed at combating corruption and thereby providing favourable climate for entrepreneurship.
 - v. There is now general consensus amongst the tiers of government that it is important to change the value system of Nigerians to increase the preference for home made goods. (Ladanu, 2009). A laudable step towards sustainable development, in particular, via the activities of the National Orientation Agency (NOA).

3. CONCLUSION AND RECOMMENDATIONS

The Nigerian state is confronted with myriad of problems which include low level of technology, unemployment and poverty. The contribution of the entrepreneurship in the Nigerian economy is a reminder that the uphill responsibility of industrialization is not that of government officials alone, i.e. via the enactment of laws and implementation of policies but also that of the entrepreneurs. The entrepreneurs are innovator of business enterprises who organizes opportunities to introduce a new product, a new process of organization, raises the necessary capital and assembles the factors of production to exploit the opportunities. Entrepreneurship has contributed positively to the survival of a nation's economy, particularly when operating in a complex, dynamic or turbulent economy like that of Nigeria. In Nigeria, various measures have been geared towards promoting entrepreneurship skills; the spirit of entrepreneurship is yet to be fully developed. Based, on the above analysis and literature reviewed, therefore, it is logical to recommends that:

- i. There is need for steps to be taken so as to facilitate individual empowerment particularly among young graduate through government putting in place necessary policies and programmes.
- i. In order for Nigeria to harness the wealth of entrepreneurship to enable we develop into an emerging economic power like that of Japan, China and Malaysia. The entrepreneurship spirit in our people should be stimulated to enable them convert their innovative ideas into successful business enterprises.
- ii. Government should encourage the establishment and operation of sustainable managed enterprises. The mix should include regulatory measures, economic incentives and streamlining of administration procedures to assure maximum efficiency in dealing application for approval in order to facilitate investment decisions, advice, assist with information, infrastructural support and stewardship management.
- iii. Government at various levels should create an enabling environment for entrepreneurship to blossom.

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