

ENTREPRENEURSHIP AND INNOVATION, A MOTIVATOR FOR THE GROWTH OF SMALL SCALE ENTERPRISES IN NIGERIA

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Abstract

Entrepreneurship activities bring about business and production innovation with resultant growth in enterprises and industrial organizations. From history, entrepreneurship development in Nigeria is a late starter as the indigenous entrepreneurs were never allowed to develop by the colonial entrepreneurs. Private businesses sprung and grow generating employment, income and increase in GDP. For the time being, Nigerian entrepreneurs have ventured into the less-explored areas of telecom, transport, hospitality, music, film and food processing. The Nigerian government has supported entrepreneurial ingenuity through various programs to encourage self employment, income empowerment, social cohesion, technical progress and economic development. Entrepreneurship development still remains the strong policy option for developing Nigeria's manufacturing and industrial sectors. With increase in government support, exploration of new areas of competitive and natural advantage by entrepreneurs, among others, Nigeria will stand a better chance of increasing her pace of economic development.

Keywords: *Entrepreneurship, Innovation, Growth of Enterprises, Enterprises and Organization*

Introduction

Since ancient times man has designed various ways of surviving in his environment, gathering food and hunting for games. As years go by, he modifies his survival techniques from being a wonderer and shifting cultivator to a sedentary/intensive farming, arts and crafts. His pragmatic disposition has resulted in innovative and better ways of harnessing the opportunities and potentials of his environment for welfare maximization and economic development. The industrial revolution of the late 1780s in Europe and early 19th century in America influenced significantly work ethics, organizational behavior, thinking and management of productive resources (land, labour, capital and enterprise). Thus, the phenomenon growth of the economy is attributable to enterprising management of resources where entrepreneurship factor is a very important factor of production that co-ordinates the sometime idle factors of production such as land, labour and capital.

According to Say in 1803, as cited by Hisrich and Peters (2002), an entrepreneur is someone who consciously moves economic resources from area of low yield to area of high yield. He redeploys people, material, money and co-ordinates the processes necessary for efficient large scale industrial/trade development. Joseph Schumpeter (1975) added that the entrepreneur is the motive behind capitalist development. Entrepreneurship spirit pervades all economies (though more with free market or capitalist economies) and is considered the bedrock of modern economic development through innovation, technological break through and by developing untried technologies.

The entrepreneur in his entrepreneurial activities can bring about increase in production, create employment, income, facilitates rapid growth of micro, small, medium and large scale

enterprises to reduce poverty and hunger among the people. Given this background it is thus imperative to explore the extent to which entrepreneurship contributes to innovation and growth of enterprises/industries in Nigeria. This, of course, is the focus of this paper.

Literature Review

Concept of Entrepreneurship and Intrapreneurship

There is no accepted definition of entrepreneurship and or entrepreneur or what entrepreneur does (Churchill and Lewis, 1986). The term has been applied to founders of new businesses, or persons who started businesses (Gartner, 1985) in this view anyone who inherits or buys an existing enterprise or manages a turnaround as an employee is by this definition not an entrepreneur. Schumpeter, (1934) others reserve the term to apply to only creative activities of innovators whilst Garfield, (1986) called those who develop strategy to satisfy a need as entrepreneurs. The function that is specific to entrepreneurs is the ability to take the factors of production-land, labor and capital and use them to produce new products or services. The entrepreneur perceives opportunities that other business executives do not see or do not care about. Some of them use information that is generally available to produce something new. "Basically, the entrepreneur sees a need and then brings together the manpower, materials and capital required to satisfy that need"

Davis in 1983, as cited in Igbo (2005) sees entrepreneurship as the creation and running of one's own business. Timmons in 1987 also cited in Igbo (2005), sees it as the creation, building and distribution of something of value from practically nothing to individuals, groups, organizations and society. He summed up by stating that it involves planning and organizing small business ventures through the mobilization of people and resources to meet people's needs.

According to Schumpeter (1995), entrepreneurship is a process of change where innovation is the most vital function of the entrepreneur. It is the basic requirement for economic development in a free enterprise or mixed economy where innovation is the basis of development. Innovation in a system can increase the marginal productivity of the factors of production.

UNIDO (1999) defined entrepreneurship as the process of using initiative to transform business concept to new venture, diversify existing venture or enterprise to high growing venture potentials.

The above definitions and discussions point to the fact that entrepreneurship involves innovation, development, recognition, seizing opportunities and converting opportunities to marketable ideas, value while bearing the risk of competition.

Entrepreneurial development is a catalyst for economic, social and industrial development. Peter and Clark in 1997 as cited in Egai (2008) affirms that entrepreneurial development is a disposition to accept new ideas, new methods and making people more interested in present and future than the past.

The entrepreneurial class provides leadership in resource change, innovation, technical progress and capital formation to produce new knowledge, new production techniques/possibilities, profits and economic growth. Historically entrepreneurship development Nigeria has remained excluded from industrial policy until changes began to occur in 1980s due to am bivalency of competition and increasing service sector.

According to Audretsch and Thurik (2001) the role of the entrepreneurial sector changed when industrial comparative advantages shifted towards knowledge-based economic activities. Large firms lost their competitive edge while smaller and more flexible entrepreneurial firms gained

new importance in the increasing knowledge-based economy. New dynamic ventures are acknowledged to be drivers of innovation.

Associated with entrepreneurship is the concept of **intrapreneurship**. This involves entrepreneurship ingenuity and spirit within an organization rather than outside. It provides opportunities to hard-to-find key employees of an organization to unfold their potentials, performance and hard work to earn a reward or share in the profit or revenue generated by his ingenuity for the enterprise. The concept of intrapreneurship is beginning to spread rapidly in modern times.

The actor at the centre of entrepreneurship is the entrepreneur who possesses the following characteristics and traits.

1. **Personal attributes and traits:** An entrepreneur should be hard working, self discipline, confident, determined, innovative, visionary, risk-taker, consistent, independent, lead, amenable to change or flexible and God-fearing. All these traits prepares him against the odds to success

2. **Creative attributes or technical skills:** The entrepreneur requires unique skills as prowess in communication, writing, engineering technology, environmental management monitoring, interpersonal relation, building, Networking, coaching, organizing, art making, technical drawing etc.

3. **Business management skills:** These are specific skills for decision making such as accounting/finance, managerial, marketing/sales, information and operational/logistics skills.

The entrepreneur should be able to keep proper accounting records, financial/investment details, promote sales, communicate effectively to give clear instructions and direction and build a good feasibility studies. He should be able to exploit the Strengths, Weaknesses, Opportunities and Threats (SWOT) in his environment for survival of competition.

Concept of Innovation and Entrepreneurship Process

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

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

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

Business ideas

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

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

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

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

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

v. Governmental activities: Governmental activities such as registration of business, patent right and government agencies provide opportunity for business. Also government programmes of economic, social and community development provides opportunities for business/entrepreneur.

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

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

Converting Business Dream to Reality

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

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

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

Role of Government in Entrepreneurship Development in Nigeria

Economic growth rates are often attributed to the role of the duo of government and entrepreneurs which is complementary and not mutually exclusive.

In Nigeria, like some other economies, government helps to develop transportation, power, financial inducement, subsidies and other utilities to encourage entrepreneurship development. Further more the government provides security to safe guard life and property; maintaining law and order and freedom to do business.

The role of government in entrepreneurship development in Nigeria became significant only after the Nigeria civil war (1967-70).

Since the mid 1980s there has been increased commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment economic Program (SAP) in 1986. Added to this, is the establishment of the National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), Small and Medium Enterprise Development Association of Nigeria (SMEDAN), SMEEIS etc.

wheel (a) Registered (b) Beneficiary	- -	- -	- -	2625 1205	2250 615	- -	4500 1468	1125 407
Entrep. Dev. Pr og. (EDP) (a) Registered (b) beneficiary	- -	- -	- -	111,000 50,502	11100 0 58000	11100 0 106,00 0	111000 63000	111000 -
Start your own Business (a) Register (b) beneficiary	- -	- -	- -	7400 185	7400 370	34229 34229	25706 25706	7400 203
Women co-operatives (a) Register (b) Beneficiary	- -	- -	- -	3700 500	3700 3700	3700 3700	3700 3700	3700 -
Rural agric dev and training scheme (a) Registered (b) beneficiary	- -	- -	- -	12580 1222	12580 3867	12580 4977	12580 9737	12580 1020
Rural handcraft scheme (a) Register. (b) beneficiary	- -	- -	- -	- -	5550 -	5330 3791	11100 9285	- -
Environmental Beautification scheme (a) Register. (b) Beneficiary	- -	- -	- -	3700 540	3700 -	3700 1850	3700 1850	3700 1850
Graduate attachment prog. (a) Register. (b) Beneficiary	- -	- -	- -	5550 -	5550 -	5550 -	5550 -	5550 -
Community dev. Scheme (a) Register. (b) beneficiary	- -	- -	- -	925 -	925 -	925 925	925 925	925 -

a. **NBS (2007) *Annual Abstract of Statistics* Pg 216 – 226**

A look at the above table shows that various entrepreneurship programmes are supported by government. The number of participants registered over the period of analysis (1999-2006) is constant while the number of beneficiaries out of the total number of graduates of the programs is however very low. Much is left to be covered.

Entrepreneurship Development and Growth of Small Scale Enterprises in Nigeria

As earlier mentioned, entrepreneurship development in Nigeria became significant only after the Nigerian civil war. At the end of the war the 2nd National Development Plan in place focused on the development of the 3Rs objectives of Reconstruction, Re-development and Reconciliation with the Ibos. The activities in the plan challenged/task the ingenuity and inventive skill of the individuals. Added to this was the promulgation of the Nigerian Enterprise Promotion Decree of 1972 as amended in 1977 as indigenisation decree. This action further act as a catalyst to entrepreneurship business development as businesses hither-to monopolized and reserved for the colonial entrepreneurs by the Royal Niger Charter were returned and reserve solely for the Nigerian entrepreneurs.

This early period of history witnessed economic development ideology of industrialization as the ultimate source of economic growth and industrialization itself is the product of technical progress and investment. Technical progress or capital growth on the other hand is seen to be a function and the result of entrepreneurship effort. In particular evidence from the developed world according to Joseph Schumpeter (2001) indicates that economic growth is entirely due to the quality and efficiency of the entrepreneur. Thus after independence in 1960 there was the need by government to promote indigenous entrepreneurs who were hither to displaced and outlawed by the British Royal Niger company. The Government never loses sight of the tripartite relationship between Entrepreneurship, Industrialisation and Economic growth order of influence. Thus the key or source or agent of economic growth is the entrepreneur who has to be developed and supported by government to effectively play this role.

Amendment of the indigenization decree in 1987 and the introduction of privatization and commercialization decrees in 1988, 1989 and 1995 further boost the development of indigenous entrepreneurship.

Individual and group interest/awareness was aroused leading to venturing in mining, banking, knowledge industry, education, publishing, information technology etc. As mentioned earlier there are some governmental policies and activities which spurred entrepreneurship development.

SAP policy (1986), inward looking policy, Apprenticeship system, NDE and the establishment of industrial centres and SMEDAN all contributed to entrepreneurship and enterprise growth in Nigeria. SMEDAN sponsor and supervises entrepreneurship ventures while the Central bank of Nigeria creates financial relief to entrepreneurs through the 10% fund contribution by commercial banks to the Small and Medium Enterprise Equity Investment Scheme (SMEEIS) of 2001.

Entrepreneurship ventures are often carried out via the Micro and Small scale businesses. This notion informs SMEDAN's focus on the development of Micro, Small and Medium scale Enterprises (MSMEs). It has therefore co-ordinated and integrated MSME activities and develops them to their full potential and competitiveness.

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

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

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

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

Since 2000 due to the exponential growth in global information technology a lot of service enterprises have emerged viz GSM accessory manufacturing, GSM recharge-cards/credit sale, cybercafé/internet business, communication and computer systems etc. Information technology and globalization has increased the growth of film industry in Nigeria (Nollywood). Home video and comedian tapes are being produced by entrepreneurs in their various forms.

The increasing entrepreneurship activities since 2000, is partly caused by the increasing rate of unemployment, growing service sector, reduction in regulatory control, increasing privatization/competition and the introduction of poverty eradication programme in 2001. All these have created potency in international trade and finance to create global competitiveness. The world economic forum report of 2006, ranked Nigeria as 88 out of 117 countries in its global competitiveness indicators.

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

Computer and cybercafé

- Vegetable production
- Animal fats and oil
- Beverages
- Plastics and Rubber
- Art and decorative

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

Conclusion

Entrepreneurship development and innovations in Nigeria is at the peak of awareness creation and participation by both the people and government. Policies of government have shifted to addressing the problems of infrastructural decay and finance. The problem of power supply is still very much on ground while credit framework via microfinance banks put in place to assist entrepreneurs with soft loans is still in infancy.

Innovation characterized entrepreneurship and brings about technical progress through capital-saving, efficient production techniques and higher level of output or economic growth. The entrepreneur creates and supplies new line of consumption to enhance growth in some emphasized entrepreneurial sectors to stimulate growth in various enterprises and industrial organizations.

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

Recommendation

From the foregoing, discussion it will be pertinent for us to recommend as follows:-

- Government should increase her support for entrepreneurial training take-off tools and funds made available to more of the trained graduates of entrepreneurship programmes such as NOAS.
- Entrepreneurs should seek the assistance/incorporate the services of other persons in skills that they lack but highly needed for their business to succeed or grow.

- Entrepreneurial discoveries and innovations should be linked up with SMEDAN/Industries for practical production. The present wide gap between R & D in tertiary education and industries should be narrowed.
- Entrepreneurs should explore areas in agriculture and others where increasing returns/comparative advantage is high and not saturated areas of production.
- Assistance to entrepreneurs in product quality by institutions like the Standard Organization of Nigeria (SON) and the Raw Material Development Council of Nigeria should be encouraged.
- Promotion of Micro, Small and Medium scale Enterprises should be intensified and entrepreneurship development activities incorporated in Nigeria's industrial blue print by Government
- Government should guarantee and remove the bottlenecks in accessing loans by entrepreneurs from microfinance banks and grant them reasonable time to run the business before loan repayment starts.
- Easy business registration, tax holiday, basic infrastructures should be provided by the government to encourage the growth/expansion of enterprises and industrial organizations in Nigeria.

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