

Effective Policy Framework for Entrepreneurship Development in Nigeria

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ABSTRACT

The main purpose of this research is to find effective way through which Entrepreneurship can take it rightful place in the socio-economic economic development of Nigeria. It is intended to equip policymakers with implementable recommendations to create the most conducive and supportive environment for entrepreneurs to thrive. People must choose to leave the mentality of the corporate hierarchy to create independence economic base and chose the autonomy that owing a business offers. This study discovered that the impacts the entrepreneurship will have on the nation's economy goes far beyond their numbers. However, there must be a resurgence of the entrepreneurial spirit to spearheading this most significant economic development in recent business history all around the world. These heroes of the new economy are introducing innovative products and services, pushing back technological frontiers, creating new jobs, opening foreign markets, and in the process, will sparkle the economy. On the other hand, government must create and implement effective policies and enabling environment to drive home this all important phenomenon in the development of our economy. In Nigeria, it suffice to say that massive unemployment as a result of irregular government policies and corruption, massive downsizing campaigns in public service and large corporations, dramatically cutting the number of managers and workers on their payroll had meted untold hardship on citizenry and on our economy. One casualty of this downsizing has been the long-standing notion of job security in government and large corporations, which all but destroyed the concept of loyalty and has made workers much more mobile. This research having under study the level of entrepreneurship in Nigeria system thereby proffer a solution to ameliorate the situation and embed this concept that is the bedrock of developed economy into our own economic system.

Keywords: Entrepreneurship, development, policy framework, government, economy

INTRODUCTION

In developed economies of the world over, Entrepreneurship also has become its mainstream. Although launching a business is never easy, the resources available today make the job much simpler today than ever before. This downsizing trend among large companies also has created a more significant philosophical change. It has ushered in an age in which “small is beautiful.” Twenty-five years ago, competitive conditions favored large companies with their hierarchies and layers of management; today, with the pace of change constantly accelerating, fleet-footed, agile, small companies have the competitive advantage. These nimble competitors dart into and out of niche markets as they emerge and recede; they move faster to exploit opportunities the market presents; and they use modern technology to create within a matter of weeks or months products and services that once took years and all of the resources a giant corporation could muster. The balance has tipped in favor of small entrepreneurial companies.

As such, entrepreneurship is a vital component of economic growth and development. The creation of new business entities not only generates value added, fiscal revenues, employment and innovation, but is an essential ingredient for the development of a vibrant small- and medium-sized business sector—the core of most competitive economies. It has the potential to contribute to specific sustainable development objectives, such as the employment of women, young people or disadvantaged groups. Growth-oriented entrepreneurs can also contribute to structural transformation and building new industries, including the development of eco-friendly economic activities.

The research work recognizes that Nigeria not, as yet, have an effective dedicated ‘national entrepreneurship strategy’. The promotion and facilitation of new enterprise is often, implicitly or explicitly, part of an overall private sector or enterprise development strategy that encompasses broader objectives related to the creation of productive capacity, including regulatory reform, infrastructure

development, human resource and skills development, or small and medium size enterprises (SME) policies etc. It is to state the obvious that inadequate Entrepreneurships in Nigeria have hampered her Industrial cum Economic development. The Nigeria policy makers must therefore tap into this and other policy guidance to devise an effective national policy to create a general conducive business environment to enterprise development. This policy guidance should aim at promoting the emergence of new entrepreneurs and facilitating new business start-ups in the country. In that regard it will pay attention to how entrepreneurship policy interacts with broader private sector development and general economic policies, as well as policies that contribute to improve the business climate and promote entrepreneurship cross all sectors and industries, independent of the level of innovation, and including profit-seeking ventures and those with social entrepreneurship objectives. It will also acknowledge the importance of the informal sector, although policy initiatives aimed at facilitating entrepreneurship will, by necessity, tend to promote formal business start-ups or transitions out of informality.

Nigeria as a country has numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources. It is therefore necessary for the policy makers to create through effective policies framework necessary environment for the development of entrepreneurship which will go a long way in fostering socio-economic transformation of Nigeria.

Concept of Entrepreneurship

The word "*entrepreneur*" is derived from the French verb "*entreprendre*". It means "*to undertake*". Around 1700 A.D. the term was used for architects and contractor of public works. In many countries, the term entrepreneur is often associated with a person who starts his own new business. Business encompasses manufacturing, transport, trade and all other self-employed vocation in the service sector. *Entrepreneurship has been considered as the propensity of mind to take calculated risk with confidence to achieve predetermined business objectives.*

An entrepreneur is an individual who identifies opportunities in the marketplace, allocates resources, and creates value. Entrepreneurship—the act of being an entrepreneur,—implies the capacity and willingness to undertake conception, organization, and management of a productive new venture, accepting all attendant risks and seeking profit as a reward. In economics, entrepreneurship is sometimes considered a factor of production, at par with land, labour, natural resources, and capital (UNCTAD/DIAE/ED/2012/1). In business management, Entrepreneurship is regarded as the “prime mover” of a successful enterprise just as a leader in any organization must be the environmental change agents. According to M. Coulter in 2001 *"entrepreneurship is the process whereby an individual or a group of individuals use organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled"*.

Binks and Vale (1990) defined entrepreneurship as ‘an unrehearsed combination of economic resources instigated by the uncertain prospect of temporary monopoly profit’. Entrepreneurship revolves around the realization of existence of opportunities in combination with decision to commercialize them by starting a new firm (Acs and Szerb (2007). This reasoning is what Thornton (1999) called demand and supply perspectives of entrepreneurship discourse.

Entrepreneurship study is not a new research field but dated back to late 17th and early 18th century when Richard Cantillon and Adam Smith did a work on the subject. Though the work on the subject was largely neglected it resurfaced in the 20th century with the work on the understanding of entrepreneurship owes much to the work of economist Joseph Schumpeter in the 1930s and other Austrian economists such as Carl Menger, Ludwig von Mises and Friedrich von Hayek.

Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources. (Ronstadt, *Entrepreneurship*)

The entrepreneur is the aggressive catalyst for change in the world of business. He or she is an independent thinker who dares to be different in a background of common events. The literature of entrepreneurial research reveals some similarities, as well as a great many differences, in the characteristics of entrepreneurs. Chief among these characteristics are personal initiative, the ability to consolidate resources, management skills, a desire for autonomy, and risk taking. Other characteristics include aggressiveness, competitiveness, goal-oriented behavior, confidence, opportunistic behavior, intuitiveness, reality-based actions, the ability to learn from mistakes, and the ability to employ human relations skills. There is the need for promoting entrepreneurship culture on the ground that youth in all societies have sterling qualities such as resourcefulness, initiative, drive, imagination, enthusiasm, zest, dash, ambition, energy, boldness, audacity and courage which are all valuable traits for entrepreneurship development (Schnurr and Newing (1997). Supporting this assertion, Bennell (2000) maintained that governments, NGOs and international bodies seeking to improve youth livelihoods could best pursue their empowerment objective by tapping into the dynamism of young people and build on their strong spirit of risk-taking through entrepreneurship development which has also led to employment generation, growth of the economy and sustainable development.

Scope of the Research

This research focuses on a limited set of regulatory issues that will have the greatest immediate relevance for development of entrepreneurship in Nigeria. It is quite concise and direct to the point.

Detail analysis of entrepreneurship level of participation in the economy and the in-depth effects of all these policies on entrepreneurship is beyond the scope of this document.

Policy Framework

For Entrepreneurship to drive socio-economic development in Nigeria an effective Policy framework that is based on consensus building, sustainability, implementation, monitoring and evaluation must be adapted. This will not only to build robust enterprise sectors, but to generate growth with social and economic inclusion. Entrepreneurship policy cannot, of course, be treated entirely separately from broader economic development policies. Coordination and coherence are essential in order to achieve a positive impact, to benefit from the synergies of these policies, and to maximize the economic and social growth they can provide. It will requires a “whole of government” approach with strong commitment at top ministerial level and coordination across ministries, in partnership with the private sector and other civil society stakeholders, including academia, NGOs, and community organizations. In an effective entrepreneurial ecosystem, multiple stakeholders contribute to facilitating entrepreneurship. It is a system of mutually beneficial and self-sustaining relationships involving institutions, people and processes that work together with the goal of creating entrepreneurial and innovative ventures. Entrepreneurship policies can also generate inclusive and sustainable development outcomes, along the recommendations of the UN High Level Panel on Global Sustainability (2012).

Formulating National Entrepreneurship Strategy

Entrepreneurship is not always actively encouraged in all developing countries like Nigeria through dedicated policy initiatives. Both economic theory and practice demonstrate that entrepreneurship may generate social gains beyond private gains. A proactive role of governments in supporting entrepreneurship is, therefore, justified and it requires a systemic approach.

1. Identifying the country specific challenges in the area of entrepreneurial development and clarify how entrepreneurship is expected to contribute to overall national development objectives and where policies should intervene to achieve those objectives.
2. Specification of goal of National Entrepreneurship strategy and being aware of variety of objectives and therefore set priorities differently. The specific objectives identified drive all other aspects of the national entrepreneurship strategy, from the institutional set-up to the specific policy instruments used. Appropriate instruments would include technology incubators, venture capital funding, networks of business mentors, national business plan competitions, at the low end of the productivity spectrum; the challenge is often to encourage business ideas and ambition among informal micro enterprises. Large companies should be encouraged through incentives by government agencies to nurture small firms as service providers.
3. Ensure the coherence of entrepreneurial strategy with other national policies. Harmonization with strategic processes pursued by different national ministries and national commissions are crucial to exploit synergies.
4. Strengthening the institution framework by designating a lead institution in charge of entrepreneurship development. This can be a working group, ministry or an agency in the government that would be assigned responsibility for all phases necessary to develop a national entrepreneurship development strategy, from defining the overall objectives to implementation and monitoring. As Entrepreneurship development depends on many interdependent factors that cannot be influenced by one single institution. Therefore, it is important to design joint working arrangements across institutional boundaries.

5. Monitoring and evaluation (M&E) of entrepreneurship programmes to ensure that policies remain relevant and that they serve the needs of entrepreneurs at different stages of development through several indicators like numbers of start-up, value added, employment generation, poverty reduction etc

Promoting Entrepreneurship Education and Skills Development

Entrepreneurship education seeks to provide students with the knowledge, skills and motivation to encourage entrepreneurial success in a variety of settings. It is known as a specialized knowledge that inculcates in learners the traits of risk-taking, innovation, arbitrage and co-ordination of factors of production for the purpose of creating new products or services for new and existing users within human communities. The discipline of entrepreneurship generally studies the why, when and how of opportunity creation, recognition and utilization for providing goods and services through the creation of new firms (start-ups) and within existing firms for both profit and non-profit purposes.

Enhance entrepreneurship education can be achieved thus:

1. Incorporating Entrepreneurship into formal and informal education starting from primary school level as perceptions and attitudes about entrepreneurship start at a young age, Promote entrepreneurship through electives, extra-curricular activities, career awareness seminars and visits to businesses at secondary school level, Support entrepreneurship courses, programmes and chairs at higher education institutions and universities, Promote vocational training and apprenticeship programme and Promote and link up with entrepreneurship training centres.
2. Development and implementation of an effective entrepreneurship curricula that should embrace tailored local material, case studies and role models, basic entrepreneurial skills education material and foster interactive and online tools in the form of development of personal competencies like team

work, acquisition of core operative skills like ICT, business & management skills. Effective entrepreneurship curricula introduce experiential learning through interactive teaching methods that incorporate practical experience and encourage learning-by-doing.

3. Train the teachers of entrepreneurship in what is known as train-the-trainer scheme to enhance their performances. This will also ensure that teachers engage with the private sector and with entrepreneurs' and support initiatives that bring entrepreneurs to educational establishments.
4. Partner with the private sector in sponsorship for entrepreneurship training and skill Development and link up business with entrepreneurship education networks.

Optimizing the Regulatory Environment

Entrepreneurship can only thrive in an environment where regulation necessary for its survival is guaranteed. Nigeria should adapt from a number of known policy guide that already exist to avail the policy makers of reform needs and options. These include the World Bank's "Doing Business" Report and Governance Indicators, the World Competitiveness Report, the Index of Economic Freedom, and the Bertelsmann Transformation Index, among others. The Global Entrepreneurship Monitor provides more specific guidelines for entrepreneurship policies, and the Donor Committee for Enterprise Development has published guidelines for development agencies that support business environment reforms.

This optimization should as a matter of coherency encompass the following:

1. Examine regulatory requirements for business start-ups in time and cost, region and sector and in regulation and standard with sustainable development objectives. This can be achieved through; *benchmarking the national business climate* against other countries, *look at specific sectors and regions* and assess

whether specific licensing or administrative requirements are justified or not and the *organization of a public-private dialogue* on the costs and benefits of regulations.

2. Minimize as much as possible regulatory hurdles for business start-ups. These hurdles includes and not limited to business registration, licenses and taxes, procedures, administrative fees etc. transparent information dissemination and fast-track mechanisms should be introduced through ICT-based procedure. Harsh regulations impose tremendous costs on entrepreneurs and prejudice the environment for doing business in a country.
3. Build entrepreneurs' confidence in the regulatory environment through transparency and good governance in making contract enforcement easier and faster, establishing alternative conflict resolution mechanisms and guarantee property protection. A sound regulatory framework is one that operates based on predictability and transparency, as well as proper enforcement mechanisms. It is essential to emphasize the importance of the quality of regulatory enforcement, which remains a challenge for a number of national regulator (UNCTAD/DIAE/ED/2012/1).
4. Establish a body that will guide entrepreneurs through the start-up administrative process and enhance the benefit of formalization. These includes: Carry out information campaigns on regulatory requirements; make explicit the link between regulatory requirements and public services, including business support services, assist start-ups in meeting regulatory requirements.

Entrepreneurs need appropriate regulation to ensure predictability of the business environment, fair competition, and security. Also, national entrepreneurship strategies aiming to facilitate the development of activity in specific target areas, or for specific target

groups, *need* appropriate regulation for their successful implementation.

Facilitating Technology Exchange and Innovation

Technology provides entrepreneurs with new tools to improve the efficiency and productivity of their business it therefore become pertinent that for entrepreneurship to play its role in socio-economic development of Nigeria, a policy frame work that will facilitate technology exchange and innovation must be put in place. In turn, entrepreneurs fuel technological innovation by developing new or improving existing products, services or processes and ensuring commercialization. This can be achieved through:

1. Giving support to greater diffusion of ICTs to the private sector by launching awareness and capacity-building campaigns on ICT use, stimulating the introduction of ICT into business, supporting the development of on-line and mobile market information platforms and providing training on ICTs to target groups such as women and rural entrepreneurs.
2. Promote inter-firm networks that help spread technology and innovation by promoting horizontal linkages through cluster development, providing assistance for standardization and quality certification to networks of local enterprises (including social and environmental standards) and promoting business linkages through supplier development.
3. Build bridges between public bodies, research institutions, universities and the private sector by identifying joint research activities with clearly designated participants and beneficiaries ,promoting PPPs and mixed public/private structures to diffuse innovation, developing market friendly university-industry collaboration and promoting institutional synergies at the sectorial level

4. Support and promote high-tech start-ups by establishing high-tech business incubators, knowledge hubs and science parks, facilitating start-ups that commercialize innovation, building networks in knowledge intensive sectors with leading science experts and academics around the world and giving researchers and innovators streamlined access to cost-effective patent protection

Promoting Awareness and Networking

Large sections of the population should consider entrepreneurship as a viable and rewarding for every aspect to be optimal. Network building serves as an important tool to showcase models, champions and references of success of entrepreneurship as a career option. The network awareness can be achieved through:

1. Highlight the value of entrepreneurship to society and address negative cultural bias by launching entrepreneurship outreach and awareness campaigns at national, regional and local levels in collaboration with all stakeholders, utilizing the media and spaces for policy dialogue, speeches, addresses and reports to communicate support for entrepreneurship, dissemination of information about entrepreneurship, including social entrepreneurship, and its impact on the economy, publicly celebrating entrepreneurship role models through awards and other initiatives and involving entrepreneurs in policy dialogue processes to sensitize government officials.
2. Raise awareness about entrepreneurship opportunities by advertising business opportunities linked to national sustainable development strategies, and related incentive schemes and organization of information and career fairs, forums and summits on business opportunities, including in specific economic sectors or on specific business models such as micro-franchising.

3. Stimulate private sector-led initiatives and strengthen networks among entrepreneurs by supporting private sector-led campaigns, facilitating business exchange platforms, business portals, fairs, business associations and clubs and engaging Diaspora community in local entrepreneurship networks.

Improving Access to Financing and Infrastructure Facility

Inadequate access to credit—both short term and long term—remains a perennial problem facing the small-scale sector. Emphasis would henceforth shift from subsidised / cheap credit, except for specified target groups, and efforts would be made to ensure both adequate flow of credit on a normative basis, and the quality of its delivery, for viable operations of this sector. A Technology Development Cell (TDC) would be set up in the Small Industries Development Organisation (SIDO) which would provide technology inputs to improve productivity and competitiveness of the products of the small-scale sector.

Access to finance shall be improved thus:

1. Improve access to relevant financial services on appropriate terms through a developed public credit guarantee schemes, stimulate the creation of private mutual guarantees and facilitate collateral-free loan screening mechanisms.
2. Promote funding for innovation by providing incentives to attract venture capital investors and business angels, encourage equity and “risk capital” financing modalities, provide performance-based loans and incentives for innovation and green growth and facilitate the use of intellectual property as collateral for loans.
3. Build the capacity of financial sector to serve business start-up by establishing a national financial charter, promoting public-private sector “access to finance partnerships” for specific groups and provide capacity-building grants and technical assistance to expand lending activities (e.g. financial service

provision through post offices and other “proximity lenders”; use of new banking technologies to reach rural areas)

4. Provide financial literacy training to entrepreneurs and encourage responsible borrowing and lending by Setting up financial and accounting literacy training, undertaking appropriate supervision of financial products offered to social and micro-entrepreneurs and expanding private credit bureau and public credit registry coverage

CONCLUSION

Entrepreneurship has become a major force in the global economy. Policy makers across the world are discovering that economic growth and prosperity lie in the hands of entrepreneurs—those dynamic, driven men and women who are committed to achieving success by creating and marketing innovative, customer-focused new products and services.

Not only are these entrepreneurs creating economic prosperity, but many of them are also striving to make the world a better place in which to live. Those who possess this spirit of entrepreneurial leadership will continue to lead the economic revolution that has proved time and again its ability to raise the standard of living for people everywhere.

This research realized that are entrepreneurship initiatives in Nigeria but lack of appropriate policy frame work has marred its development. The overarching goal of the *Entrepreneurship Policy Framework* is to contribute to inclusive and sustainable development in developing countries and economies in transition. Sustainable development is captured by the United Nations Millennium Development Goals that are embedded in each of the areas of the framework, including poverty reduction, gender equality and environmental sustainability, among others.

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