



Overview of Challenges Confronting the Entrepreneurship Development in Nigeria

Adekanmbi, J. A.

Department of Business Education,
College of Education, Ikere Ekiti.
adekanmbijohn123@gmail.com

Ogunleye, W.A.

Department of Accounting,
University of Nigeria, Nsukka.
wumiakinyemi@gmail.com

ABSTRACT

Unemployment is one of the problems that have defied solution by government in recent time in Nigeria. Efforts of the Government to reduce this menace have proved abortive. There is an evidence of an increase in the rate of unemployment in Nigeria yearly as reported in National Bureau of Statistics (NBS). Entrepreneurship that is established to bring succor has been fraught with different challenges, leaving it functionless. On this note, this paper examines challenges confronting the development of entrepreneurship in Nigeria in achieving its objectives (reducing unemployment). The method adopted for this study was a Narrative-Textual Case Study (NTCS) the method rely on information and data from secondary sources for problem identification and problem-solving. The identified challenges confronting entrepreneurship development in Nigeria include: inadequate working capital, absence of infrastructural facilities, lack of adequate security, lack of adequate training and low standard of education, multiplicity of taxation, high inflation, incessant cases of kidnapping, rampant political and bureaucratic corruption among others. These challenges can be ameliorated by recommendations made in the study. The recommendations are: Government, financial institutions, and other relevant agencies should provide adequate working capital, infrastructural facilities, adequate training and improved standard of education, and reduces multiple taxes to encourage small scale business to thrive. Government as a matter of urgency should collaborate with the relevant agencies to curb incessant kidnapping, herdsman, insurgency of 'Boko-Haram Sect' and address the rampant political and bureaucratic corruption in order to encourage entrepreneurs for meaningful contribution to economic growth and development.

Keywords: Entrepreneurship Development, Nigeria, Training, Working Capital and Taxes.

iSTEAMS Proceedings Reference Format

Adekanmbi, J.A. & Ogunleye, W.A. (2019): Overview of Challenges Confronting the Entrepreneurship Development in Nigeria. Proceedings of the 15th iSTEAMS Research Nexus Conference, Chrisland University, Abeokuta, Nigeria, 16th – 18th April, 2019. Pp 67-72. Available online at www.isteam.net. DOI Affix - <https://doi.org/10.22624/AIMS/iSTEAMS-2019/V15N1P7>

1. INTRODUCTION

It is obvious that the rate of unemployment in Nigeria is increasing every quarter and year evidence from the National Bureau of Statistics (NBS), says the country's unemployment rate rose from 14.2% in 2016 to 20.42% in 2017 to 23.13% in the third quarter of 2018. Efforts of Nigerian government, at various levels, in curbing unemployment have not been yielding expected results.



Government has adopted policies aimed at enhancing the performance of the informal sector in order to reduce unemployment. They have embarked on youth employment programmes, leading to the establishment of the National Directorate of Employment (NDE), Small and Medium Enterprises Development Agencies (SMEDAN), the poverty alleviation programme, the Subsidy Reinvestment and Empowerment Programme (SURE-P), and the Youth Enterprise With Innovation in Nigeria (YOUWIN), Better Life Programme, Peoples' Bank, National Agency for Poverty Eradication, (NAPEP), National Empowerment Programme (N-POWER), the National open apprenticeship scheme, the graduate job creation loan Guarantee Scheme, and Agricultural sector Employment program and so on. However, unemployment still remains a national issue that defies solutions. Below is a bar chart showing the increase in percentage of labor market, unemployment rate in Nigeria.

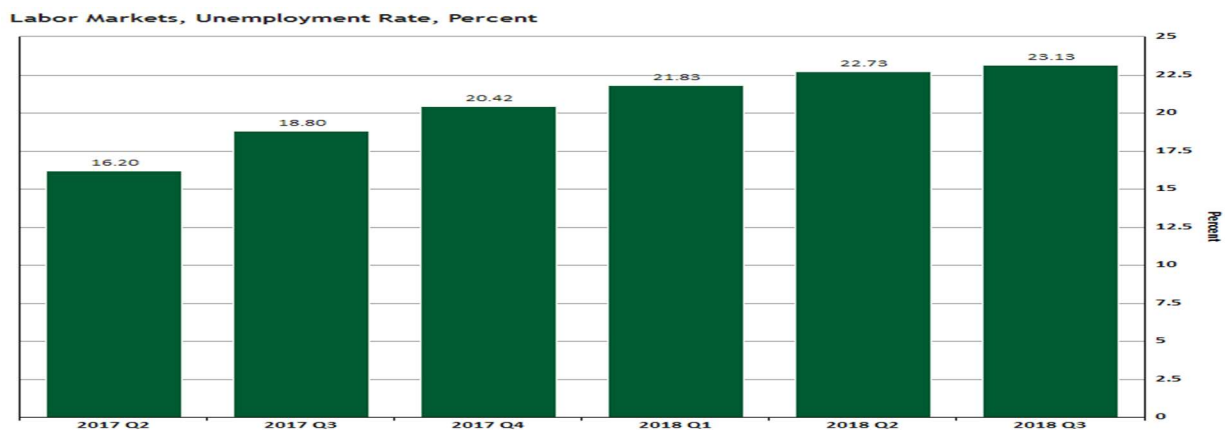


Fig. 1: Labour Market, Unemployment Rate & Percent
Source: National Bureau of Statistics (NBS) 2018

Looking at the rate in which unemployment is increasing in Nigeria today is too high and it has an effect on the economic growth and national development. In order to reduce the unemployment problem in the country, the Federal Government made the study of entrepreneurship compulsory in universities and other institutions of higher learning. Minister of Education, Mallam Ibrahim Shekarau, stated this while declaring open the 2014 Annual National Entrepreneurship Week, ANEW, and stakeholders' sensitisation forum, organised by National Universities Commission, NUC, and Kaduna State University in Abuja. According to him, this will discourage Nigerian graduates from craving for non-existent white-collar jobs. He said this would help deal with the vexed issues of the low employability rating of Nigerian graduates and the general unemployment problems confronting the nation.

In addition, with the step taken by the federal government through the Federal Ministry of Education to make Entrepreneurship Education one of the compulsory general studies for students in universities across the country seen as a positive step in the right direction because it will inculcate in the youths the spirit of self-reliance. This development will not only address the problem of unemployment and underemployment but will also ensure an entrepreneurial human capacity for national development because Entrepreneurship Education (EE) aimed at equipping tertiary students with entrepreneurial skills, attitudes and competencies in order to be job creators and not just job hunters. This is to improve the economic, technological and industrial development of the nation, as well as to reduce poverty to its minimum.



The characteristics of entrepreneurship policies include the willingness to take calculated risks in terms of time, equity, or career; ability to formulate effective venture teams; involvement of creative skills to marshal needed resources and fundamental skills of building solid business plan. Recognising opportunity where others see chaos, contradiction, and confusion is also an important priority for entrepreneurship driven policies (Kuratko and Hodgetts, 2004 in Adekunle and David 2014). These are expected in the long run to help create business and thus enhance economic development. Other characteristics such as seeking opportunities, taking risks beyond security, and having the tenacity to push an innate idea through to reality generally permeate entrepreneurs (Kuratko, 2005 cited by Adekunle and David 2014). Despite the efforts of the Federal Government in 2006 that issued a Presidential directive through the Federal Ministry of Education in making Entrepreneurship Education compulsory for all students of Higher Education Institutions with effect from the 2007/2008 academic session in order to discourage Nigerian graduates from craving for non-existent white-collar jobs. Ever since it is yearly observed that the rate of unemployment in Nigeria is increasing every year. Based on these observations, there is a need to look at the challenges confronting effective entrepreneurship development among the Nigerian.

2. CONCEPT OF ENTREPRENEURSHIP

Entrepreneurship has been simply captured as the use of human courage to seek investment opportunities and establish a profit-oriented enterprise (Ikeme and Onu, 2007). Entrepreneurship is generally viewed as a process of creating something new. Doing this involves a lot of time and effort devoted to ensure the tasks at hand and the resultant effects include monetary and personal satisfaction as well as independence. Entrepreneurship involves creation process, conscious devotion of time and effort, involves risk and has some rewards. Gana (2001) defined it as willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on identified opportunities. Entrepreneurship is a service rendered by anyone who starts a new business (Ogundele, Sofoluwe and Kayode, 2012).

Ndikanwu and Aninye (2014) described entrepreneurship as “the process of bringing together creative and innovative ideas and coupling these with management and organizational skills in order to combine people, and other resources to meet an identified need and create wealth. In the same vein, Nwangwu (2007) opined that entrepreneurship is a process of bringing together the factors of production, which include land, labour, capital and time so as to provide a product or service for public consumption. Ndikanwu and Aninye (2014) described entrepreneurship as the willingness and ability of a person or persons to acquire educational skills to explore and exploit investment opportunities, establish and management as successful business enterprise and in the process creating employment opportunities to would – be employees. Egboh (2009) sees entrepreneurship as the process of creating wealth by bringing together resources in new ways to start a venture that benefits customers and rewards its founders for their initiative and innovation. Also Umemezie (2003) in Oduma (2012) noted that entrepreneurship involves the capacity to find out and evaluate business opportunities, gather the necessary resources and implement actions to take advantage of the opportunities while guided by high achievement motivation.

3. NEED FOR ENTREPRENEURSHIP IN NIGERIA

Entrepreneurship does not only imply being able to start and manage business but it also helps the economy in a lot of ways. For starters, it contributes greatly to the GDP of the country as entrepreneurship primarily involves production and supply of goods and services with a profit motive in mind. This is one of the most important needs for entrepreneurship.



An entrepreneur also generates employment in the economy and helps in reducing unemployment as well as in improving the standard of living of the people. This is because more jobs mean more income from the people and more revenue in the economy. Moreover, it is because of the entrepreneurs in the economy that realize the need of goods and services of the people that we do not have to depend on western produced goods. Another need for entrepreneurship in the country is that it helps to develop and nurture latent potential in the country. A study by Global Entrepreneurship Monitor (2008) showed that economic growth of a country is directly correlated to its level of entrepreneurial activity. "Entrepreneurship has many multiplier effects on the economy, spurs innovation, and fosters investment in people, which is a better source of competitive advantage than other natural resources, which can be depleted. Entrepreneurs create new enterprises, new commercial activities, and new economic sectors. They generate jobs for others; they produce goods and services for society; they introduce new technologies and improve or lower cost outputs; and they earn foreign exchange through export expansion or the substitution of imports" (Oteh, 2009).

4. CHALLENGES CONFRONTING ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

Entrepreneurs or small business are faced with lots of challenges (Ihimemekpen, and Amaefula, 2015 in Ejeka and Mgbonyebi, 2016). They further averred that entrepreneurship ventures are faced with lots of challenges and they include:

- **Inadequate Working Capital:** Oduma (2012) posited that the availability of capital is central to the establishment and sustainability of any enterprise irrespective of the size, focus and objective. For any entrepreneur in Nigeria to start a business, adequate fund is required. When the desired working capital is inadequate or unavailable, it becomes difficult to start or continues a business. In terms of loan facilities, the procedures for accessing such credits are often rigorous and dependent on the provision of collaterals which the potential entrepreneur may not possess. Again, the financial institutions charged outrageous interest rates to the detriment of the applicant or borrowers.
- **Absence of Infrastructural Facilities:** It is unequivocal that certain basic infrastructures like good roads, good water supply, constant power, access to uninterrupted access to information and communication technology and other tools of trade aid the development of the mind and body. It also assists productivity and encourages entrepreneurship. When these facilities are lacking in a country, the growth of the economy will be adversely affected. In Nigeria, these basic facilities and working tools as well as the enabling environment are either lacking or malfunctioning if in existence. This has brought untold hardship as well as frustration to be entrepreneurs.
- **Lack of Adequate Security:** Nigeria has a porous security system where lives and property are not safe. The current security challenges facing the country include the wanton killing through bombing of innocent citizens in the name of religion and politics by some disgruntled individuals. Again, kidnapping of foreigners and indigenes with heavy ransom is almost becoming the order of the day. Theft, stealing, looting during political unrest and broad day light robbery is almost a recurring decimal. Invariably, no right thinking individual, foreigner or citizen would like to invest in an insecure country or environment.
- **Lack of Adequate Training and Low Standard of Education:** The lack of adequate training for students such that would enable them meets the challenges of the future as leaders of business and change agent is another hindrance. Coupled with this, the low standard of education in the recent years, resulting from lack of incentives for teachers, inadequate finding of schools, inadequate equipment and laboratories for teaching and learning, dearth of adequate, qualified teachers, absence of conducive learning environment and so on. Education is the key to knowledge and it plays a strong role in forming burgeoning entrepreneur (Oduma, 2012). The absence of solid educational foundation for the acquisition of knowledge, skills and office



competencies would result in half-baked workforce whose activities would be inimical, retrogressive and unproductive in a society.

Metu and Nwokoye, (2014), identified some problems of entrepreneurship development in Nigeria which includes; basic infrastructural facilities such as good roads, constant power supply, access to information and communication, etc; aid in development of mind and body as well as assist productivity in any environment. Another problem identified is the issue of transportation. The dilapidated road that leading to unwarranted road accidents and unnecessary delays and Security network which has been made worst by the incapability of the security personnel is another big challenge.

Agbeze (2012), writes on the obstacles of entrepreneurship development and assert that the challenges facing aspiring entrepreneur includes non-accessibility to local and international markets, absence of a viable credit policy that address the specific needs of the enterprises, difficulty in procuring business approval, multiplicity of taxation, high inflation and other macroeconomic distortions. All these put together have made entrepreneurial activities cost intensive, unprofitable and uninteresting thereby dissuading the youths from assuming entrepreneurial leadership positions (Anyadike et al, 2012). Sunday (2012), observed the following as the most important obstacles facing rapid entrepreneurial development in Nigeria;

- Rampant political and bureaucratic corruption together with the absence of social consensus on important macroeconomic policy issues.
- Poor access to vocational and skills – development training for rural and urban youths involved in the informal economy.
- Absence of regulatory mechanisms for effective oversight of enterprise development initiatives, especially those in the MSME space.
- The presence of administrative and trade barriers that curtail capacity building and inhibit access to technical support.
- Significant infrastructural deficits (especially with regards to roads and electricity) and systematic irregularities inimical to small businesses.
- Absence of a pro-active regulatory environment that encourages innovative enterprise development at the grassroots level.
- No doubt, one of the biggest challenges of any entrepreneur is access to capital.

Agboola and Ukaegbu (2006) cited in Idam (2014) emphasize the devastating effect of poor infrastructural facilities, including epileptic power supply, poor condition of road network and inadequate water supply on emerging businesses. Idam (2014) added that a related environmental factor is the incessant cases of kidnapping and insurgence of 'Boko Haram Sect', which create unhealthy and insecure environment for business operation. According to Idam (2014), the high cost of doing business in Nigeria imposes economic dimension of challenges encountered by nascent enterprises. "The weight of high incorporation costs, legal and professional fees, business permits and licenses add up to other start-up costs to create heavy burden on small businesses faced with limited access to credit facilities and high interest rates. The incidence of multiple taxation and levies in different forms at federal, state and local government levels constitute militating forces for emerging small businesses, whether entrepreneurial or not" (Idam, 2014).

5. CONCLUSION AND RECOMMENDATIONS

Governments in Nigeria over the years made efforts to develop entrepreneurship that would contribute to the economic growth but this has not yielded the desired results as there is an increase in the unemployment rate as it rose from



14.2% in 2016 to 20.42% in 2017 to 23.13% in the third quarter of 2018 in Nigeria. Based on these, this paper concluded that entrepreneurship development is confronted with challenges such as inadequate working capital, absence of infrastructural facilities, lack of adequate security, lack of adequate training and low standard of education, multiplicity of taxation, high inflation, incessant cases of kidnapping, rampant political and bureaucratic corruption. In order to reduce unemployment in Nigeria, it recommends that governments, financial institutions, and other relevant agencies should provide adequate working capital, infrastructural facilities, adequate training and standard of education, and reduces multiple taxes to encourage infant business. Government as a matter of urgency should collaborate with the relevant agencies to curb incessant cases of kidnapping, herdsman insurgency of 'Boko Haram Sect' and address the rampant political and bureaucratic corruption in order to secure entrepreneurs and economic growth.

REFERENCES

1. Adekunle, S. O. & David, J. K. (2014). Entrepreneurship Education in Nigerian Universities: A Tool for National Transformation. *Asia Pacific Journal of Educators and Education*, Vol. 29, 155–175.
2. Agbeze C (2012) Entrepreneurship: The need to create wealth.... Why not now. *Ohafia Today*. 2(32):7-12.
3. Anyadike, N., Emeh, I. & Ukah, F. O. (2012). Entrepreneurship development and employment generation in Nigeria: Problems and prospects. *Journal of Education and General Studies*, 1(4)
4. Egboh, S. H. O. (2009). *Entrepreneurship development for employment and wealth generation*. Benin City Ehis Publishers.
5. Ejeka, C.A. & Mgbonyebi, D.C (2016). Entrepreneurship Skills Expected Of Graduates Of Office Technology And Management (OTM) Programme From Nigeria Polytechnics. *International Journal of Advanced Academic Research Social & Management Sciences Vol. 2, (4) 1-12*
6. Gana, J.S. (2001). *Entrepreneurship*, Kaduna: Jofegan Associates.
7. Global Entrepreneurship Monitor (2008). *Global entrepreneurship report*. Retrieved from www.gemconsortium.org/doc/download/2645
8. Idam, L.E. (2014). Entrepreneurship development in Nigeria: A review. *J. of Buss. Mgt*, vol. 16, (1), 01-07.
9. Ikeme, A. & Onu, V.C. (2007). Creativity, Innovation and Entrepreneurship: Implications for Nigerian Youths and Government. Paper Presented at the Annual Conference of the Nigerian Psychological Association, University of Nigeria, Nsukka.
10. Metu, A. G. & Nwokoye, E. S. (2014). Entrepreneurship Development in Nigeria: Prospects and Challenges. A paper presented at the International Conference on Entrepreneurship: Strategy for Socio-Economic advancement in Emerging Economies, organized by the Department of Business Administration, Faculty of Social and Management Sciences, Bowen University Iwo, 28-30th May.
11. National Bureau of Statistics (NBS) 2018 3Q unemployment Report
12. Ndikanwu, F. I. & Aninye, R. L. (2014). Entrepreneurship Education: A Panacea for Sustainable National Development of Nigeria. *The Modern Technologist. A Multidisciplinary Journal of Research*. 1(1), 119 – 128.
13. Nwaugwu, I. O. (2007). Higher education for self-reliance. An Imperative for the Nigeria Economy. NEAP Publication.
14. Oduma, C. A. (2012). *Fundamentals of entrepreneurial education*. Abakaliki: Catholic Communication Link.
15. Oteh, A. (2009). The role of entrepreneurship in transforming the Nigerian economy, *Seventh Convocation Lecture*, Igbinedion Univeresity, Okada, Benin.
16. Sunday, A.O. (2012). Entrepreneurship Education in Nigeria. *J of Education and Practice Vol 3, No 14, 78-82*