

ENTREPRENEURSHIP AS A PANACEA TO UNEMPLOYMENT AND UNDERDEVELOPMENT IN NIGERIA

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Abstract

The main purpose of this paper is to make it known to all and sundry that entrepreneurship is the only solution to unemployment and underdevelopment in Nigeria. It examines the concept, significance, correct practice and challenges of entrepreneurship. The paper also highlighted how to develop entrepreneurial interest in the youth as a means of empowering them. There were discussions on how business planning and development can be carried out and how to become a successful entrepreneur. Some of the numerous challenges that entrepreneurs in Nigeria encounters and what can be done to combat them were mentioned. The paper concluded by emphasizing that acquisition of entrepreneurial skills by youth in all discipline is a passport and ticket for employment in the global workplace and more importantly in becoming self-employed. Recommendations were made based on information gathered through literature review.

Keywords: Art and Practice of Entrepreneurship, Entrepreneurial Qualities, Business Planning Strategies, Entrepreneurial Challenges

1. Introduction

It is an understatement to say the rate of unemployment in Nigeria is alarming. It is equally a known fact that the rate of development is slower than it should be. All these have tremendously contributed to numbers of societal malaises among the citizen. The Federal Government of Nigeria therefore, as a measure to reducing the rate of social vices in the nation, introduced entrepreneurship education into the syllabus of all the nation's tertiary institutions. Entrepreneurship and entrepreneur are as important as water and air to the survival of man. It is not only beneficial to individual or groups alone but also to the development of a nation at large. The first merit of entrepreneur is in providing job for the job seekers, thence improving standard of living and consequently national development. Entrepreneurship provides employment

opportunities for individuals or groups of individuals who are ready to discover and develop their potential skills, thereby making them to be self-employed and job creators. It satisfies human wants, since human beings, desire nothing but goods and services which make life comfortable and worth living. Entrepreneurship can never lack patronage. It creates income for the government, as all business enterprises, directly or indirectly pay tax which is to be utilized to develop other sectors of the economy. It supports the establishment and growth of large scale industries and factories, as the products of the primary production can still be processed to produce finished goods. Unemployment and underdevelopment can be effectively combated through the engagement of entrepreneurship.

2. Basic Concepts

Entrepreneurship is the practice in which a person utilizes his or her mental, financial, land, labor and organization to establish a business. Such a person is called an enterprise or an entrepreneur. The business established are classified into manufacturing, food and recreation, catering and hotel services, retailing and wholesaling and other services so numerous to mention. An entrepreneur is a service or goods provider and manufacturer. Entrepreneurship is being encouraged in Nigeria through training, re-training and provision of loan schemes. It is included in the curriculum of all tertiary institutions Students whose training are practically oriented are being trained to produce goods or to set up their own business or enterprise.

Oxford Advance Learner's Dictionary (2008) describes an entrepreneur as "a person who takes risk by starting or running business, especially when taking financial risk is involved". Enterprise, as its name implies, is any venture (business) in which entrepreneur invests. Such investments are actualized by an individual, or groups, the public or the government becoming a business owner. Enterprise can be defined as an idea which is transformed into a plan and satisfactorily implemented to fetch an income in return. An entrepreneur is seen as a person with high aptitude in pioneering change and possessing characteristics found in only a small fraction of the population. On the other extreme definition, anyone who works for himself is considered to be an entrepreneur. Quick MBA (2010) confirms that the word entrepreneur emanates out of the French word *entrepredre* which means to undertake or to start a business. Entrepreneur is differently

viewed to be someone who takes initiative, organizes and re-organizes social and economic mechanisms; turns resources and situations to practical account and accepts risks. Entrepreneurship is a micro-economic act of undertaking an innovation aimed to combine the innovation with finance and business to produce goods and services. The innovation could be within an existing organization or a new business aimed to produce goods and services (benefits and advantages.com/tag/benefits_of_entrepreneur).

In economics, entrepreneurship is regarded to be a factor of production, others being land, labor, natural resources, and capital. Collins (2006) defines entrepreneur as: “A man who bears uncertainty, thrive out on his own, and through nature with devotion to duty and singleness of purpose. He is someone who creates a business and is involved in industrial activity where none existed before”. Traditionally, an entrepreneur has been defined as “a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk” (dictionaryreference.com). Rather than working as an employee, an entrepreneur runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader, innovator of new ideas and business processes (investopedia.com). Entrepreneurs tend to be at perceiving new business opportunities and they often exhibit positive biases in their perception (i.e. a bias towards finding new possibilities and seeing unmet market needs) and a pro-risk – taking attitude that makes them more likely to exploit the opportunity (Zhang and Cueto, 2015) “Entrepreneurial spirit is characterized by innovation and risk taking” (businessdictionary.com) While entrepreneurship is often associated with new, small, for profit start-ups, entrepreneurial behavior can be seen in small, medium and large-sized firms, new and established firms and in for profit and not for profit organization, including voluntary sector groups, charitable organizations and government (Clifford, 2015). An entrepreneur is typically in control of a commercial undertaking, directing the factors of production, the human, financial and material resources that are required to exploit a business opportunity. They act as manager who oversees the launch and growth of an enterprise. The entrepreneur is thus seen as the prime initiator of all activities in capitalistic system as in Nigeria.

3. Entrepreneurial Practices

The term “entrepreneur” is often conflicted with the term “small business” or used interchangeably with this term. While most entrepreneurial ventures start out as a small business, not all small businesses are entrepreneurial in the strict sense of the term. Many small businesses are sole proprietor operations consisting solely of the owner, or they have a small number of employees, and many of these small businesses offer an existing product, process or service, and they do not aim at growth. In contrast, entrepreneurial ventures offer an innovative product, process or service, and the entrepreneur typically aims to scale up the company by adding employees, seeking international sales, and so on. Successful entrepreneurs have the ability to lead a business in a positive direction by proper planning, to adapt to changing environments and understand their own strengths and weaknesses (Driessen and Zwart, 2010). The entrepreneur is commonly seen as an innovator, a designer of new ideas and business processes (investopedia.com, 2016). Management skill and strong team building abilities are often perceived as essential leadership attributes for successful entrepreneur (Tanya, 2012).

A good idea alone is not enough for the success of a business but rather combined with entrepreneurial skills or abilities to produce results which could be sustained. Therefore, it is worth spending sometime evaluating preparedness for entrepreneurship through a great and good business plan to see whether the proposed business is feasible. Running a business is about working with other people. One has to communicate with and satisfy employees, customers, clients, suppliers, stakeholders, investors and more. Ability to communicate with them is critical and crucial to entrepreneurial success. An entrepreneur must be able to answer the questions: Am I competent in both written and oral communication? Am I able to accept what others are suggesting? Do I listen more and talk less or do I talk less and listen more? Do I work well with others on projects and be able to delegate and empower others to get things done? Am I able to encourage and inspire others to follow me and my vision? The more you work with people the better you become deciphering the complexity of human relationships.

Prive (2012) asserted that “entrepreneurs need a well developed set of critical thinking to organize and administer a successful venture”. As an entrepreneur, one must be able to find necessary information which supports wise decision on a venture. Further, an entrepreneur must be able to set goals, develop a plan to achieve them and to execute the plan. He must understand the talents,

skills, and abilities required to attain the goals. He must be able to coordinate people, to make them efficient and effective. He must be confident in the decision made by the people and act on the decision effectively. An entrepreneur must have the knowledge of how to raise capital, either through friends, relatives, business associates or government and non-governmental agencies who finance Small Business Enterprise. Adequate knowledge of the main functional areas of business (Marketing, Finance, and Operations) is required. Entrepreneur with a hero personality possess an incredible will power. A healer entrepreneur provides nurture and harmony to his business. Therefore, would be entrepreneur should endeavor to understand his personality trait(s) and utilize them in the best positive ways. His personality trait(s) should be a major factor in determining his business choice.

4. Business Planning and Development

Entrepreneurs are often presented as heroic individuals identified to be persons who master the odds stacked against them. They usually single handedly overcome barriers by sheer force of their personality. They manage to change what exists and offer the customers something better and different from what they really want all along. The reality is that, while larger numbers of new small businesses are being started, a fraction of them will flourish as substantial enterprises. Many will collapse after a few years they had started, as vision gradually fades out. However, enterprises are not supposed to collapse but to grow steadily and magnificently. The following strategies are employed to make great records.

First and foremost, an entrepreneur must not be misled by wishful thinking which is similar to intuition. No one is immune to failure. Success equally beckons to prepared mind. An entrepreneur puts his thinking cap on often and does not lose the initiative. He has a vision around him to attain a mission. He identifies direction and unleashes power. He is all about being so clear of the enterprise and being committed to its significance. He is sure of his ability too to achieve success, since he is capable of making unquestionable decision despite hindrance. He is all about forging ahead to a place and being determined to arrive there at a planned time.

Purpose simply implies understanding what the business is all about and why it exists in the first instance. It implies understanding what business enterprise is all about in directing those involved to focus efforts in support of it. Driessen and Zwart (2010) reported that “good mission statements include a clear statement of purpose”. Unfortunately, the term mission is so overused with so many different meanings. Thus, understanding what business enterprise is really all about is significantly required by everyone. Such understanding affects what products and services are provided, how they are produced and even how the company’s receptionist answers calls. The moment an entrepreneur plunges to invest in any business, he must stop reasoning as a lay man. Clifford (2016) therefore advises “If you are still convinced that the entrepreneurial life is for you, then you can’t do better than to follow the single advice of super, entrepreneur meshulam riklish in Johnson (2007) whose counsel is ‘be stupid, be crazy, be naïve, and be lazy’.” He further explains “Be stupid enough to think what you want is attainable, be crazy enough to give every bit of your energy to what you want to attain.... Crazy enough not to stop when people throw stones at you (a moving target is harder to hit), be naïve enough to understand that you can’t take it all with you, so, share with others as you go along. Be lazy enough to find someone else to do the work. You must have time to sit back and think”.

Once decision is made to invest, the next step is to decide on what service to provide to earn a nice profit. An entrepreneur must develop a positive attitude towards failure. Failure is bound to occur as nothing is ever simple as it seems’. So, totally avoiding failure means doing nothing. The trouble with doing nothing is that, while an entrepreneur avoids, failure, he also avoids victory and success. To build the culture of success, an entrepreneur must know how to deal with failure and how to turn failure into fertilizer. To handle failure, one must possess the capability and ability to handle fear. If one deals with fears ahead of time, one can then prevent failures or, at least, be able to deal with problems in a positive way. An entrepreneur must appreciate the fact that capability to adapt is everything. He must learn lessons from difficult and destructive encounters and failures. He must strive not to repeat the situations again as far as practicable.

A good entrepreneur should be gainfully innovative. Innovation is the specific instrument of entrepreneurship. It is the act that endows resources with a new capacity to create wealth. Innovation, indeed, creates a resource. There is no such thing as ‘there is no resource until man

finds a reason for endowing it with economic value' (Yetissen et al, 2015). Of course, every plant is a weed and every mineral is just another rock. In an economy, 'purchasing power' is the greatest resource power. However, purchasing power is the creation of the innovative entrepreneur. It took an individual to come up with the idea of sachet water before other people realize its potentials in generating employment for thousands of people. The same is the story of sachet powdered milk, et cetera. A good entrepreneur must possess the ability to hold on to customers. There is a saying that, 'customer is king'. This is really true for any successful enterprise. A successful entrepreneur must strive to hold on to their customer to the extent of not making them look elsewhere for the services and goods provided. To attain this is not all that an easy task. Positive attitude, going the extra mile, losing something in the process and above all, the tendency to feel that the customer is all the core of one's business survival are required.

5. Challenges and Recommendations

Nigeria entrepreneurs encounter numerous problems. Any attempt to highlight them all will lead to an endless discussion. Some of the various challenges are discussed as follows. When there is no guarantee of security of lives and properties, it is difficult to run a successful venture. In Nigeria, many manufacturing firms have shut down due to their inability to compete with foreign produce and companies. It is expensive running factories with generators as an alternative power supply. In organized societies, generators are employed as back-up plants to avoid disruptions in the production process. In Nigeria, generators are the main sources of electricity for all and sundry. Constant electricity supply is still a fairly tale, despite the government promises and agendas. The transportation system in Nigeria is really poor. The roads are full of potholes, the railway system is not functioning properly and the water way is underdeveloped while the air transport system is in shambles. It is, therefore, expensive moving both raw materials and finished products from one point to another.

The computer and cyber café centers are poorly located to have access to productive business. High cost of equipment has forced Nigeria entrepreneurs to purchase second value equipment for executing production. Incompetent trainers employed, lack adequate training knowledge. Business leaders often divert the little fund released for the promotion/development of entrepreneurship

activities into their own pockets. Would be entrepreneurs find it extremely difficult or out-rightly impossible to source fund for starting businesses. The orientation and training given to the trainee is inadequate and is responsible for low performance. Lack of good access roads, adequate materials and personnel to train interested candidates, adequate lecture rooms and technological equipment such as computer and efficient trainers are common challenges.

Constantly, changing and amending the laws and constitution affect both internal and external trade. Most Nigerians are imitators rather than innovators. Most entrepreneurs just undertake one enterprise or the other only because it is seen to be attracting a lot of profit. It is unfortunate that most of the problems are not issues that can be tackled by private sectors alone. Good, knowledgeable and committed leadership is required to cause improvement on the welfare of the citizens at various tiers of government.

To overcome the mentioned challenges, it is recommended that

- I. Law must be enacted to combat corruption; and adequate infrastructural facilities must be provided;
- II. Sufficient fund in terms of soft loans to would be entrepreneurs, must be made available and monitored to ensure proper utilization.
- III. Adequate and efficient personnel and trainers, vis-à-vis adequate materials and equipment must be properly addressed.

The survival of any business enterprise depends on personality factor. This factor refers to how focused a person is, the level of his/her knowledge and thinking ability utilized to visualize, plan, implement plans and forecast future occurrence. Entrepreneur must possess ability to continue managing business effectively for a prolonged period of time. He must be able to take decision concerning his business without seeking for assistance from another person. When need, be he consult someone who specializes in a particular area of need to put him through on how his business can be run effectively. He must have confidence in his employees. Family background, age, education and work experience are influential factors. Entrepreneurship education, short-term training and retraining for both youths and adults are required. Loan scheme should be made available after training to enhance access to capital.

For unemployment to be properly tackled in Nigeria, it is recommended that the government at all levels must entice youths and job seekers, to develop interest in self-employment. The governments are expected to provide

- Interest – free revolving loans.
- Tax – free operations over a number of years.
- Low cost or no charge workshops/offices on lease.
- Free or reduced cost of business registration.
- Assistance in procuring needed machines/equipment on initial take-off.
- Enlightenments on advantages/benefits of entrepreneurship.

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