ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT: INSEPARABLE DRIVERS OF ECONOMIC GROWTH AND DEVELOPMENT IN NIGERIA

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Abstract

This paper seeks to examine the relevance of entrepreneurship and small business management to economic development. In developing economies the prospects of initiating and growing a business is fraught with risks. The paper was mainly based on conceptual and theoretical framework, and from the study it was discovered that the development of an economy depends to a large extent on the strength and innovativeness of its entrepreneurs, with the government giving little support.

Keywords: Entrepreneurship, Small Business, Economic Development.

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1. INTRODUCTION

An entrepreneur is an economic leader who possesses the ability to recognise opportunities for successful introduction of new commodities, new techniques, and new sources of supply and to assemble the necessary plant and equipment, management, and labour force and organise them into a running concern. Whatever be the form of economic and political set-up of the country, entrepreneurship is essential for economic development. In a socialist state, the state is the entrepreneur. So is the case in underdeveloped countries where private entrepreneurship is shy in undertaking the risks associated with new ventures. But in advanced capitalists societies, private entrepreneurs have played the critical role in economic development. The entrepreneur supplies funds and other resources, supervises and coordinates productive resources, and plans, innovates and takes ultimate decisions. In a small enterprise, these functions may be performed by the entrepreneur himself. He has his property tied up in his concern which is exposed to the risks of business. He participates fully and often constantly in the actual productive process. According to Hoseltiz, ''The chief characteristics of a small industrial entrepreneur is not so much his venturesomeness, nor his motivation to make profits, but his capacity to lead other men in a common undertaking and his inclination to introduce innovations; and in the early stages of industrialization, the overwhelming bulk of these innovations are of a technological nature requiring the direct and immediate participation of the entrepreneur. In modern corporations, the entrepreneurship is vested in different persons. The shareholders of the company are the capitalists. The managerial function is performed by a number of persons who are specialists in their respective fields, such as the sales manager, the purchase manager, the production manager, the personnel manager, and so on. The entrepreneurial function is performed by the chairman of the board of directors who takes the major decisions through consultation and agreement. Besides, there are the public enterprises in LDCs which are controlled and managed by the state. The capital is provided by the government, the managers for different departments are drawn from various field of specialisation, and the entrepreneurial decisions are taken by the managers and the party in power. Around the world, growing number of persons are realizing their dreams of owning and operating their businesses. Entrepreneurship continues to attract the young and the old, and this entrepreneurial activity is essential for economic growth. (Bosma, Jones, Autio, and Levie, 2007). Micro, Small and Medium enterprises account for 17.3 million business in Nigeria and employment in the sector is put at 32million, contributing about 45% to the GDP. (Aganga, 2012).

This is as a result of an increase in the awareness and importance in engaging in entrepreneurial activities as a means of promoting small business enterprises. Currently, the rise in the importance of rural areas for business activity is extraordinary. Rural areas are now becoming a reality and competition is more dynamic. Large scale businesses are increasingly adopting new strategies and adjusting structures in order to remain competitive and relevant in the market. The economic situation of the country is compelling many youth and individuals to seek more creative ways to earn money. Majority of them believe that starting and running a business-or just learning the skills to do so-can give them an advantage in life. It is becoming clear that the private and public sector are not able to absorb all the employable manpower in the labour market. As a result of this the government has decided to commit its effort to cultivating an entrepreneurial approach to provide employment opportunities (Onyima, 2011). The process and approach involved in inculcating the spirit behind entrepreneurship enhances someone's life because there are certain experiences that cannot easily be explainable or communicated. (Peterson, 2004). The dynamic role of the small business enterprises as an engine for industrial growth and development of any nation cannot be overemphasized (Solze, 2000; cited in Omidiji, 2011), which support the study conducted in Nigeria by the Federal office of Statistics that SMEs constitutes over 97% of all businesses in Nigeria employing less than 100 employees. (Ojukwu, 2007). They operate in many of the same areas as large businesses, and are the main stay of an economy. A large number of them are started by entrepreneurs who are willing to take the risks to pursue innovation and business opportunities in an uncertain environment. They include sole proprietorships, partnerships, franchises, the activities of individual professionals and various part-time operators as well as small corporations (Schermerhorn, 1996 cited in Okafor and Onochie 2010). The U.S. Small Business Administration see any small business as that which is independently owned and operated and does not dominate the market and most times do not grow to become a medium or large enterprise, on the other hand an entrepreneurial venture seeks to grow.

2. Conceptual and Theoretical Framework

Schumpeter as referred in (McCraw. 2007), said that entrepreneurs are more than just business creators, they are change agents in the society. The process of creative destruction, in which entrepreneur create new ideas and new businesses that make existing ones obsolete, is a sign of a vibrant economy. Although this constant change may be riotous, in reality, it is an indication of a healthy growing economic system that is creating new and better ways of serving people's needs and improving their quality of life and standard of living. (Scarborough, 2011). The economic growth of any country depends, to a certain degree, on the ability of the country to maximise their growth potential. One of the biggest contributors for the business community of any nation, to the nation's economic development, is the small and medium sized enterprise (SME) sector. Entrepreneurship, on the other hand, is the pursuit of the generation of value through the creation of economic activity identifying new products, processes or markets. (OECD, 2009). According to Masha (1986) the importance of small scale enterprises (Small Business) in the promotion of economic development has always been at the forefront of development strategies resulting from the fact that small business enterprises have big potential to bring about social and economic development. Small businesses also contribute significantly to employment generation, income generation and catalysing development in urban and rural areas (Olutunla, 2001). In Nigeria, the SMEs account for about 70% of industrial employment (Adebusuyi, 2000). Thus, being able to find out the factors which improved the promotion and development of SMEs so that they are successful and grow into conglomerates is of considerable concern to the entrepreneurs and the Nigerian government. Small business are adaptable and flexible, being the to modify their products or services to meet individuals needs of the local consumer. 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 now acknowledged to be drivers of innovation (Eshiobo, 2010). Empirical evidence also shows that entrepreneurship and specifically the process of business turbulence of market entries and exists, positively contributes to economic growth through greater efficiency in the allocation of resources (OECD, 2003).

As for small and medium sized enterprises (SMEs), their contribution to innovation and economic development has often been overlooked in the past as a result of lower direct investment in R&D. But in fact SMEs may have more impact on innovation than it would appear from their contribution to R&D activity for at least three reasons. Firstly, they are more likely to bring radical rather than incremental innovations to the economy (Baumol, 2002). Secondly, there are technological regimes (i.e sectors) in which small and new firms contribute the most to innovation, which are those where capital intensity and scale economies are low and the importance of knowledge high. Thirdly, because small firms lack the assets and resources of large corporations, they do not innovate alone but rather rely on the external environment by exploiting knowledge spillovers and knowledge flows (Acs et al, 2006). Empirical evidence suggests that SMEs particularly benefit both from business-to-business networks (Winters and Stam, 2007) and from knowledge flows from universities and other research institutions (Acs et al, 1994).The three aspects investigated in the conference are closely related. Entrepreneurship turns knowledge about products, processes and markets into economic activity and new and small firms contribute significantly to the generation of innovations in the economy.

3. Literature Review

Entrepreneurship has been defined in various ways by different authors and researchers. This paper adopts a simple definition from Kirchhoff (1994) that reflects the topic of this paper.

Kirchhoff (1994) defined entrepreneurship as the creation of new businesses that prosper and create jobs. This definition is line with the first economists to talk about the role of the entrepreneur in economic development; Schumpeter (1934, 1976), with his discussion of entrepreneurial innovation and creative destruction, which serves as a catalyst for economic growth. Schumpeter's work was intellectually motivated by the absence of entrepreneurship from the neoclassical model. The neo-classical approach essentially viewed firms as 'black box' production functions and therefore de-emphasized the role of individuals within them. It also left little room for distinguishing between firms that were innovative and others that were not (Eid, 2006). The Stanford Technology program of Stanford University defines Entrepreneurship as any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of existing business by an individual, a team or an established business.

Therefore, an entrepreneur is a person who takes advantage of a business opportunity by assuming the financial, material and psychological risk of starting a company. (Hatten, 2006:32). He also summarized Entrepreneurship as a process of identifying opportunities for which marketable needs exists and assuming the risk of creating an organisation to satisfy them. There are notable gamut of definitions of entrepreneurship among which are:

a) A.H. Cole defined entrepreneurship as "the purposeful activity of an individual or group of associated individuals, undertaken to initiate, maintain or earn profit by production and distribution of economic goods and services".
b) According to Higgins, entrepreneurship as function of seeking investment, production opportunity, organising an enterprise to undertake new production process, raising capital, hiring labour, arranging resources and introducing new organisation.
c) Frank H. Knight (1921) opined that Entrepreneurship is about risk taking. The behaviour of the entrepreneur reflects a kind of person willing to put his or her career and financial security on line and take risks in the name of an idea, spending much time as well as capital on an uncertain venture.
d) Shapero and Sokol (1982) denotes entrepreneurship by the following activities: initiative-taking; consolidation of resources; management of the organization; relative autonomy; and risk-taking. It is the act of being an entrepreneur which is seen as "one who undertakes innovations with finance and business acumen in an effort to transform innovations into economic goods.
e) Davis (1983) sees Entrepreneurship as the creation and running of one's business.
f) Ronstadt (1984) Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and career commitment or provide value for some product or service. The product or service may or may not be new or unique but value must somehow be infused by the entrepreneur by receiving and allocating the necessary skills and resources.
g) Timmons(1987) sees Entrepreneurship as the creation, building and distribution of something of value from practically nothing through planning and organising small business ventures by mobilising of people and resources to meet people's needs.
h) Bygrave (1989) pointed out that Entrepreneurship is the creating of organisations.
i) Binks and Vale (1990) defined entrepreneurship as 'an unrehearsed combination of economic resources instigated by the uncertain prospect of temporary monopoly profit.

j) Amit, et al (*1993*) however defined Entrepreneurship as the process of extraction of profit from a new, unique and valuable combination of resources in an uncertain and ambiguous environment.

k) Peter Drucker*(1995)* described Entrepreneurship as application of management concepts and management techniques (what is 'valuable' to the consumer?), standardizing the 'product', designing process and tools, and by basing training on the analysis of the work to be done and then setting the standards it required, which drastically upgraded the yield from resources, and creates a new market and a new consumer.

l) Schumpeter (1995) posits that Entrepreneurship is a process of change where innovation which is the ability to think originally is a vital function of the entrepreneur. He posits that entrepreneurship is essentially a creative activity. It consists of doing such things as are not generally done in ordinary course of business. An entrepreneur is one who innovates i.e., carries out new business

m) According toMc Clelland, there are two characteristics of entrepreneur: first is doing a thing in a new and better way, second is decision making under uncertainty.UNIDO (1999) defined Entrepreneurship as the process of using initiative to transform business concept to a new venture, or diversifying existing venture or enterprise to high growing venture potentials

n) Ogundele *(2000)* Entrepreneurship as the processes of emergence, behaviour and performance of entrepreneurs.

o) Kuratko and Hodgetts (*2001*) 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 commitment to providing value for some product or service.

p) Robert .D. Hisrich (2002). Entrepreneurship is the process of creating something distinct with value by devoting the necessary time and efforts, assuming the accompanying financial psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

q) European Commission (2004). Entrepreneurship refers to an individual's ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives.

r) Tijani-Alawiye (2004) defines entrepreneurship as the process of increasing the supply of entrepreneurs or adding to the stock of existing small, medium and big enterprises available to a country by creating and promoting many capable entrepreneurs, who can successfully run innovative enterprises, nurture them to growth and sustain them, with a view to achieving broad socio-economic developmental goals. One of these goals is sustaining employment.

s) Obasan K.A (2005) Entrepreneurship is the process of creating something new and assuming the risks and rewards thereof.

t) Acs and Szerb (2007) noted that entrepreneurship revolves around the realization of existence of opportunities in combination with decision to commercialize them by starting a new firm.

u) Schumpeter as referred in (McCraw, 2007), said that entrepreneurs are more than just business creators, they are change agents in the society. The process of creative destruction, in which entrepreneur create new ideas and new businesses that make existing ones obsolete, is a sign of a vibrant economy.

v) Entrepreneurship is the proactive and pragmatic response to business challenges through creativity, risk-ability, innovativeness and ingenuity Olusanya. O.O (2011)

w) Entrepreneurship involves capturing ideas, nurturing and converting them into products or services and then establishing a business outlet to take the product to the market place for consumers and customers to purchase. Oluwasanya.A.T (2012)

Entrepreneurship as an Art

Within the academic parlance, we tend to think of entrepreneurship as a theoretical discipline except that the academia cannot replicate the experiences of successful entrepreneurs. Some of the phrases related to entrepreneurship like innovation, creativity, self direction, autonomy, self belief etc are associated with artists. Entrepreneurship can be described as an economic art because the entrepreneur creates something different and new through his ability to apply his theoretical knowledge creatively and with the required initiative. Thus, entrepreneurship is an art because it is generative proactive.

Entrepreneurship as a Science

The science of entrepreneurship has to do with new inventions by scientist and researchers. The inventions, thereafter, becomes a niche product marketed by the inventor or researcher for consumers or customers to purchase at a profit.

Entrepreneurship can also be seen and defined at different levels namely:

i. Entrepreneurship is a Matter of Culture

This is an institutional point of view or a state of mind, it is also a matter of mind set or individual point of view.This implies that entrepreneurship education is imperative to create an entrepreneurial culture within countries, communities, societies, firms, schools, associations etc. It is also helpfully to change the mind set of individuals (paradigm shift). Culture and the state of mind could be mainly approached in terms of values, norms, beliefs, attitudes, etc.

ii. Entrepreneurship is a Matter of Behaviour

Organization and individual can develop an enterprising or venture-some behaviour such as opportunity orientation, commitment to opportunity orientation, commitment of resources etc.

iii. Entrepreneurship is a of Matter Specific Situation.

This has to do with the creation new firm, corporate venturing, acquiring existing businesses etc.Entrepreneurship can be likened to business idea generation and venturing into business risk created by the dynamic environmental challenges and making the best opportunity to generate profit.

iv. Entrepreneurship is the Nexus between Evaluation and Exploitation

(i) Entrepreneurship = set of competencies: entrepreneurship as set of competencies of entrepreneurs that drive the entrepreneurial process, this determines what is being taught and thefocus is on extension of behavioral repertoire of the entrepreneur as learning outcomes(Gibb 1997). Competencies may include communication and analytical skills.

(ii) Entrepreneurship = process of realising opportunities: focus on the process and the entrepreneur as part of the creation of enterprise and bringing opportunities to market where the learning outcome is on a theoretical level understanding for the process and its resources and on the practical level the elaboration of the resources in a business case or a business plan; deeply rooted in the literature on opportunity recognition (Davidsson 2004 and van der Veen andWakkee 2004).

(ii) Entrepreneurship = starting a company: practical approach that focuses on entrepreneurshipas starting company, mostly about writing a business plan for presentation to financiers, target –oriented; suitable for starting entrepreneurs who seek finance for their venture (van der Sijde,Ridder, Blaauw, and Diensberg 2008).

(iii) Entrepreneurship = management of a small company: emphasis on managing the process ina young company and is often used in MBA curricula for post-experiential students (van der Sijde,Ridder, Blaauw, and Diensberg 2008).

Perspectives of Entrepreneurship

(i) Economics Perspective: Hebert and Link (1989) distinguish between the supply of financialcapital, innovation, allocation of resources among alternative uses and decision-making. Thus, anentrepreneur encompasses the entire spectrum of these functions: "The entrepreneur is someonewho specializes in taking responsibility for and making judgmental decisions that affect thelocation, form, and the use of goods, resources or institutions."

(ii) Management Perspective: Sahlman and Stevenson (1991) differentiate between entrepreneursand managers in that, "entrepreneurship is a way of managing that involves pursuing opportunitywithout regard to the resources currently controlled. Entrepreneurs identify opportunities,assemble required resources, implement a practical action plan, and harvest the reward in atimely, flexible way."

(iii) Change Perspective*:* Audretsch (1995 and 2007) argues that entrepreneurship is about changeand the change process, just as entrepreneurs are agents of change. This view is supported by theOrganization for Economic Co-Operation and Development (OECD), that stated, "Entrepreneurs are agents of change and growth in a market economy and they can act to accelerate the generation, dissemination and application of innovative ideas.Entrepreneurs not only seek out and identify potentially profitable economic opportunities but are also willing to take risks to see if their hunches are right" (OECD, 2000).

Inclusive Entrepreneurship

Inclusive entrepreneurship is about a set of attitudes, competences and skills which allow people to turn their dreams into concrete projects or "enterprises" and then see these through to fruition.

It is about more than starting an individual business. Inclusive entrepreneurship can be applied to self-employment, starting or growing micro or small enterprises and to social enterprise using business-based approaches driven by a social mission. Indeed the personal qualities required for entrepreneurship are essential for success in the knowledge economy – whether this be in the private or public sectors

.What is Small Business?

There has been increased emphasis on growing small and medium scale enterprises or business as a dependable approach to alleviating poverty, employment generation, industrialisation and general economic development. (Ariyo 2000; Olaitan 2006).The definition of small business depends on the criteria for determining what is ‘’small’’ and what is ‘’business’’. The most common criterion to measure what is small and what is large is the number of employees. (Hatten, 2006).
A business is generally considered small if it is independently owned, operated and financed; has fewer than 100 employees and has relatively little impact on its industry. (Hatten 2006). Generally, small businesses are financed by the owners and their personal funding resources, resources are secured locally, and sales are distributed locally, businesses are also considered small if they are small relative to others in the same industry. (Sodeno, 1985). In Nigeria, the importance of small business enterprises cannot be overemphasized. With their wide-range value adding activities and their employment creating activity, they are the engine for Nigeria’s eventual growth and development. Obitayo (2008) stated that globally, the small business enterprises are noted for their immense contributions to the development process as an engine of economic growth. They are promoted as a critical segment of the manufacturing subsector, effective strategy for tackling unemployment, diversifying output and achieving trade and balance of payment, given their nature and characteristics with respect to quick adaptation of technologies, manageable number of workers and reduced capital intensiveness. Nnanna (2003) acknowledged that, small and medium scale enterprises are considered generally as the bedrock of the industrial development of any country. Apart from the numerous goods and services produced by small businesses, they provide veritable means of large scale employment, as they are usually labour intensive. They employ the majority of all non-governmental workers in the country. According to Onah (2004), who speculated that small businesses are crucial for

economic growth, poverty alleviation, wealth creation and the promotion of pluralistic societies. Hence they are of maximum importance in the Nigerian economy and thus their growth and development must be sought at all costs. According to Marks (2007)Growth is a key goal and objective for emerging companies and management must carefully determine the best way to combine the core competencies within a firm's functional departments to provide the firm with the best opportunity for achieving and sustaining a competitive advantage in its chosen environment.

Entrepreneurship and Small Business as a Process

Entrepreneurship and Small Business Development are both processes, entrepreneurship involves that start-up process and small business development and management focuses on running the business over a long period of time. The process of a small business is in three phases, growth, maturity and harvest. Entrepreneurial orientation has been found to be a key determinant of small business growth, (Thurik and Wennekers 2004), argue that attitudes rather than sector or location determine growth and success in small businesses.

Economics of Development

The Economics of Development refers to the problems of the economic development of underdeveloped countries. Though the study of economic development has attracted the attention of economists' right from Adam Smith down to Marx and Keynes, yet they were mainly interested in the problems which were essentially static in nature and largely related to a Western European framework of social and cultural institutions. It is, however, in the forties of the 20th century and especially after the Second World War that economists started devoting their attention towards analysing the problems of underdeveloped countries and formulating theories and models of development and growth. Their interest in the economics of development has been further stimulated by the wave of political resurgence that swept the Asian and African nations as they threw off the colonial yoke after the Second World War. The desire on the part of new leaders in these countries to promote rapid economic development coupled with the realisation on the part of the developed nations that 'poverty anywhere is a threat to prosperity everywhere', has aroused further interest in the subject. But the interest of the wealthy nations in removing widespread poverty of the underdeveloped countries has not been aroused by any humanitarian motive. The most cogent reason for aiding the underdeveloped countries had been the cold war between Russia and the West before the collapse of the Soviet Union, each trying to enlist the support and loyalty of underdeveloped countries by promoting larger aid than the other. Economic development has also an export value for both the aid-giving and aid-receiving countries. In order to avoid secular stagnation, rich countries need an ever-increasing rate of development which must be accompanied by an outlet for the use of their growing capital stock. Poor countries need an accelerating rate of development to increase their export potential for avoiding deficit in balance of payments. However, a study of the Poverty of Nations and the methods of removing poverty cannot be based on the experience of the rich nations, for 'in the advanced countries there has been a tendency to take economic development for granted – as something that takes care of itself and to concentrate on the short-term oscillations of the economy'. Therefore, Myrdal says that the underdeveloped countries should not accept our inherited economic theory uncritically but remould it to fit their own problems and interests.

Economic Development and Economic Growth

Generally speaking, economic development refers to the problems of underdeveloped countries and economic growth to those of developed countries. Maddison makes the distinction between the two terms in this sense when he writes: "The raising of income levels is generally called economic development". But this view does not specify the underlying forces which raise the income levels in the two types of economies. Hicks points out in this connection that the problems of underdeveloped countries are concerned with the development of unused resources, even though their uses are well-known, while those of advanced countries are related to growth, most of their resources being already known and developed to a considerable extent. In fact, the terms 'development' and 'growth' have nothing to do with the type of economy. The distinction between the two relates to the nature and causes of change.

Schumpeter makes the distinction clearer when he defined development as a discontinuous and spontaneous change in the stationary state which forever alters and displaces the equilibrium state previously existing; while growth is a gradual and steady change in the long run which comes about by a gradual increase in the rate of savings and population. This view of Schumpeter has been widely accepted and elaborated by the majority of economists. According to Kindleberger, "Economic growth means more output, while economic development implies both more output and changes in the technical and institutional arrangement by which it is produced and distributed. Growth may well involve not only more output derived from greater amounts of inputs but also greater efficiency i.e. an increase in output per unit of input. Development goes beyond this to imply changes in the composition of output and in the allocation of inputs by sectors. Friedmann defines growth as an expansion of the system in one or more dimensions without a change in its structure, and development as an innovative process leading to the structural transformation of social system.Thus economic growth is related to a quantitative sustained increase in the country's per capita output or income accompanied by expansion in its labour force, consumption, capital and volume of trade. On the other hand, economic development is a wider concept than economic growth. "It is taken to mean growth plus change". It is related to qualitative changes in the economic wants, goods, incentives, institutions, productivity and knowledge or the "upward movement of the entire social system", according to Myrdal. It describes the underlying determinants of growth such as technological and structural changes. In fact, economic development embraces both growth and decline. An economy can grow but it may not develop because poverty, unemployment and inequalities may continue to persist due to the absence of technological and structural changes. But it is difficult to imagine development without economic growth in the absence of an increase in output per capita, particularly when population is growing rapidly. Despite these apparent differences, some economists use these terms as synonyms. Arthur Lewis in his The Theory of Economic Growth writes that "most often we shall refer only to growth but occasionally for the sake of variety, to progress or to development. These terms will also be used synonyms throughout this text.Nigeria is characterised with persistent underperformance as manifested in the wide divergence between targets and actual achievements in economic indicators among which are:

- Low and sluggish GDP growth, well below what is needed to reverse the poverty trend
- Stagnation of non-oil exports and undue reliance on oil
- High import dependency
- Persistent pressure on the external sector and massive cumulative depreciation of the Naira exchange rate
- Entrenched inflation
- Poor state of infrastructural facilities and public utilities
- Unduly low level of savings, exacerbated by a lower level of investment – a phenomenon characterized as low savings – lower investment trap.
- Low level of capacity utilization and steady retreat from manufacturing (a process called de-industrialisation
- Massive external debt overhang
- High level of unemployment
- Increasing poverty low levels of per capita income.

Why has Nigeria consistently underperformed? The reasons for Nigeria's poor performance in terms of rapid growth and development indices are, perhaps, well known. Nevertheless, it may be useful to highlight them here for the purpose of recapitulation. They include:

- Inappropriate policies
- Policy inconsistency and instability
- Policy infidelity
- Fiscal indiscipline
- Inadequate policy coordination
- Pervasive distortions and leakages in the system
- Poor monitoring and lack of diligent implementation
- Lack of a credible system of rewards and sanctions
- Inadequate attention to human capital development
- Lack of political will

- Socio-political instability
- High cost of doing business and multiple taxes and levies
- A flawed incentive regime- inadequate, inappropriately-targeted and Inefficiently administered incentives
- Absence of a long-range vision and perspective plan for the country and consequent resort to ad hoc and emergency measures

It may, perhaps, be instructive to elaborate on some of the above constraining factors, as follows

These insights, which may be called the key success factors, are highlighted as follows:

- Getting macroeconomic policies and fundamentals right – pragmatic orthodoxy in macro-economic management.
- Market oriented policies and business friendly environment;
- Rapid and sustained accumulation of human and physical capital;
- Sustainable high rates of domestic savings and investment;
- Efficient allocation of resources;
- Rapid factor productivity growth;
- Good corporate governance;
- Rapid output and productivity growth in agriculture.

Entrepreneurship has been seen to contribute significantly to the economy through: job creation, innovation stimulation, economic growth, productivity, creation of new technologies and creating market for products (Enikanselu and Oyende, 2009). According to Schumpeter (2001) capital and output growth in an economy depends significantly on the entrepreneur. The quality of performance of the entrepreneur determines whether capital would grow rapidly or slowly and whether the growth involves innovation where new products and production techniques are developed. The difference in economic growth rate of countries of the world is largely due to the quality of entrepreneurs in the countries. Production factors of land, labour and capital are said to be dormant or indolent without the entrepreneur who organise them for production ventures. The entrepreneur is therefore an important agent of growth of innovations and technical progress. The development and utilization his technical and commercial skills create growth potentials in Micro, Small and Medium scale enterprises.

Factors Vitiating the Growth of Entrepreneurship

Given these three types of entrepreneurs, what are the factors that impede the development of entrepreneurship in underdeveloped countries. Entrepreneurship is inhibited by the social system which denies opportunities for creative faculties. ‘’The force of custom, the rigidity of status and the distrust of new ideas and of the exercise of intellectual curiosity, combine to create an atmosphere inimical to experiment and innovation’’. In LDCs, traditional attitudes discourage the full utilisation of human resources. People are ranked not according to their capacity to do particular jobs but by sex, caste, clan and kinship. Individualistic spirit is absent. People prefer traditional trades and professions rather than ventures in new trades. As pointed out by Hagen, villagers and elite alike revere the same economic roles and spurn trade and business, and there is a feeling of repugnance toward work that soils one’s hands, in such economies. Thus, ‘’the value system minimises the importance of economic incentives, material rewards, independence and rational calculation. It inhibits the development and acceptance of new ideas and objectives..in short, the cultural value system within many poor countries is not favourable to economic achievement. In such economies, extreme inequalities in the distribution of income and wealth also stand in the way of the growth of entrepreneurship. Hardly three to five per cent of the people are at the top of the income pyramid who save. They are mostly traders and landlords who do not like to undertake risks in new business ventures but invest in unproductive channels, such as gold, jewellery, precious stones, idle inventories, luxurious real estates, speculation, etc. The thin supply of entrepreneurs in LDCs is also attributed to the lack of infrastructural facilities which add to the risk and uncertainty of new entrepreneurship.

Such countries lack in properly developed means of transport and communications, cheap and regular power supply, availability of sufficient raw materials, trained labour, well-developed capital and money markets among others. Entrepreneurship is also hindered by technological backwardness in LDCs. This reduces output per man and the products are also of substandard quality. Such countries do not possess the necessary technical know-how and capital to evolve their own techniques which may be output increasing and labour absorbing. Mostly they have to depend upon imported capital intensive techniques which do not fit in their factor endowments. Besides, as revealed by Hoselitz, a number of economic, social and administrative resistances force people in such economies to give preference to out-moded techniques over output increasing techniques. So far as the Schumpeterian process of innovation is concerned, Professor HanryWallich opines that ‘’one can hardly say that in less developed countries ‘innovation’ is its most characteristic feature. The process is better described perhaps as one of assimilation. No one would deny, of course, that to perhaps as one of assimilation. No one would deny, of course, that to organise a new industry in a less developed country is an art of entrepreneurial initiative. But it is evidentially very different from the original process of innovation,'' thus the entrepreneur plays a secondary role in LDCs due to various economic, social and administrative obstacles noted above.

4. Summary, Discussion and Recommendations

It will be right to say that entrepreneurship and small business are drivers of economic development in line with entrepreneurial performance construct (Van Vuuren and Neiman 1999). According to them, entrepreneurial performance is based on the two pillars of true entrepreneurship, namely, the starting of a business/utilization of an opportunity, and growth of the business idea. Based on the aforementioned theoretical framework, this study is of the opinion that the encouragement of entrepreneurship by government (Onyima, 2011) would result in improved promotion of Small and medium enterprises for the economic development of the country. 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. 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. (Eshiobo 2010).

In light of the study, the application of energy and passion towards the creation of an enterprise; the willingness to take calculative tasks, team work, the creation skill to marshal needed resources, fundamental skill of building solid business plan, and the vision to recognise opportunity where others see chaos, contradiction, and confusion (Arenius and Minniti, 2004; Kuratko and Hodgetts, 2004) can be summarised as a building block for economic development. With the result of the study we can that entrepreneurship is a management and leadership style that involves pursuing opportunities without regard to resources currently controlled which agrees with the findings of (Stanford tech).

Recommendations

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 method and making people more interested in present and future than the past. To this effect the following are recommended for placement in government policies for implementation.

i. The government to provide incentives for entrepreneurial culture through incubation centers and provide seed money for start-ups.

ii. A conscious effort by governmental agencies to reduce bureaucratic bottle-neck or burden on small businesses.

iii. 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.

iv. Entrepreneurs should explore areas in agriculture and others where increasing returns/comparative advantage is high and not saturated areas of production.

v. Assistance to entrepreneurs in product quality by institutions like the Standard Organisation of Nigeria (SON) and the Raw Material Development Council of Nigeria should be encouraged.

vi. Promotion of Micro, Small and Medium scale Enterprises should be intensified and entrepreneurship development activities incorporated in Nigeria's industrial blue print by Government.

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