

Entrepreneurship and Job Creation in Nigeria

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ABSTRACT

Given the poverty and rising unemployment level in Nigeria with its attendant consequences and the reality that government cannot provide the needed job for the growing population, it became imperative for people to become entrepreneurs and create the needed jobs to stimulate growth and development. This paper examined entrepreneurship development in Nigeria, pre-colonial, colonial and post colonial. Highlighting some government effort and policies supporting entrepreneurship and job creation. Descriptive statistical analysis was used to compare data on number of entrepreneurs and employment between 2013 and 2010 and the percentage change in each component. The result shows that as entrepreneurs increase so do employment rate. There are certain factors that also serve as impediment to the growth of entrepreneurship such as political instability and insurgency. Hence sustainability of these growths depends on the macro-economic policies and political stability of the country.

INTRODUCTION

The prosperity and progress of a nation depends on the quality of its people. If they are enterprising, ambitious and courageous enough to bear the risk, the community/society will develop quickly. Such people are identified as entrepreneurs and their character reflects entrepreneurship. Entrepreneurship is no monopoly of any religion or community, Business Timus (1995) entrepreneurial potential can be found and developed anywhere irrespective of age, qualification, experience or socio-economic background, only efforts are required in the right direction. Entrepreneurship may not be regarded as a sufficient condition for growth activity but is surely a necessary condition. (Destipande 1984) hence it must be given top priority in the national programmes of a country. It is widely acknowledged in entrepreneurship literature that entrepreneurship is about people who realize new opportunities. Entrepreneurs are persistent, passionate, adaptable and able to take risks. As a result entrepreneurship can occur in a range of environments. However, at the core of entrepreneurship lies the creation of new business ventures by individuals or teams Timmons, (1999).

Entrepreneurial activity drives economic growth and job creation (Baumol,1996; Mair & Marti, 2009; Schumpeter, 1934). Over the past few decades, national and sub-national government worldwide have increasingly focused on engaging more people in the market activities with an assumption that markets play a crucial role in attaining sustained increases in living standards (Mair & Marti; Van Stel & Storey, 2002). A growing degree of uncertainty in the world economy-evidenced by rising unemployment levels, stalled rate of job creation, and muted economic recovery – has renewed the focus on entrepreneurial activity as a means to generate economic growth. Consequently, policymakers are paying considerable attention to the specific role of start-ups and high investment in research and development (R&D) as possible job creation strategies Acs & Armington,2006; Fritsch, 2004; Schramm, 2009; Van Stel & Storey).

For ease of exposition, the paper is divided into four parts. In section two following this introduction, is a conceptual issues and review of literature. While section three took a cursory look at entrepreneurship and job creation in Nigeria. Summary, recommendation and conclusion is examine in section four.

CONCEPTUALIZATION AND REVIEW OF LITERATURE

The concept of entrepreneurship as an organized knowledge came into being about hundred years ago. Though the economists from Adam Smith to Marshall were talking about it but without assigning the name of entrepreneurship. They used the terms as employer, the master, the merchant and the undertaker for carrying out different entrepreneurial activities now comprising of entrepreneurship. It was cantillon, who first brought out the term entrepreneur (Murthy 1989) and entrepreneurship was recognized in economic literature.

Considerable attention has focused on the definition of the term “entrepreneur”. Schumpeter(1959) considered the entrepreneur as an innovator. He writes that Entrepreneurship is the “carrying out of new combination we call enterprise”; the individuals whose function is to carry them out we call entrepreneurs. The new combination focuses on five aspects (Schumpeter 1934): The introduction of new goals, new methods of production, opening up of new markets, new sources of supply of raw material and new industrial organizations. Say (1964) uses the term entrepreneur to refer to someone who creates and then, perhaps, operates a new business firm, whether or not there is anything innovative in those acts. Baumol (1993) sees the “Schumpeter” type as an innovating entrepreneur and the “Say” type as the firm-organizing entrepreneur. People who get ideas for creating a new business, bring that business into existence and then carry on the work of the enterprise, are entrepreneurs (Jena 1989). Precisely, an entrepreneur is one who undertakes to organize, manage, and assume the risks of a business. Even a small business unit is an entrepreneur and his activities are the entrepreneurship.

Entrepreneurship is a human activity which plays a major role in economic development its history is as old as human history it indicates to the spirit of enterprise. Such a spirit transform the man “from a nomad to a cattle rearer, to a settled agriculturist, to a trader and an industrialist” (Murthy 1989).

An entrepreneur is a person while entrepreneurship is the process of its actual working. Entrepreneurship is also consistently equated with the establishment and management of small business enterprises. In United States, the entrepreneur is often defined as one who starts his own, new and small business. (Drucker 1985).

Modern literature on economic development classifies the entrepreneurship in four broad categories. The innovating, the imitating, The Fabian and The drone entrepreneurship (Williamson and Bultrick 1969). Innovating and imitating entrepreneurship is generally available in developed countries and very rare and limited in developing countries. Developing countries have in them the Fabian and Drone types of entrepreneurship.

The reason of the backwardness of the developing countries lies in the fact that they are deficient in innovating and imitating entrepreneurs whereas they are found in abundance in developed countries. Entrepreneurship has been a major factor in the economic growth of the west, the USSR and of Japan in Asia and it was undoubtedly of innovating and imitating type which made the process of development smooth and fast there. This bring to mine an area of interest that has captured the imagination of scholars regarding the phenomenon of entrepreneurship is the big question, “Are entrepreneurs born or made”. Many people believe that entrepreneurs possess innatic, genetic talents. However, experts generally agree that most entrepreneurs were not born, rather, it is the environment, traning family tradition etc which help in the development of successful entrepreneurs (Jha,(1989). P’

The role played by entrepreneurship in the development of western countries has made the people of developing countries very much conscious of its importance in the programme of rapid economic development. People have begun to realize that for achieving the goal of development it is necessary to increase both the quantitative and qualitative entrepreneurship in the country. The qualitative entrepreneurship implies the stress on innovating and the quantitative implies the stress on imitating

entrepreneurship. Both of them contribute stimulus for development. It is also known that even though a country has resources - labour, technology, capital and raw material etc, but these remain under-explored in the absence of the active and enthusiastic entrepreneurs, who have the ability to organize the various factors of productions.

Innovating entrepreneurs are rarely found in developing countries. In the past these countries have depended, largely on developed countries for their manufacturing requirements. But now they are planning to develop as early as possible for which they require modern kinds of innovating and imitating entrepreneurs. Fabian entrepreneurs do not want to take huge risk, they do not believe in making big changes, unless, of course, it becomes inevitable for their existence. Drone entrepreneurs go on using their own traditional techniques, even at a loss.

ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

According to Inegbenebor (2006), in the past entrepreneur in Africa were men and women of modest education and little management skills. Nevertheless, through hard work, they surmounted hurdles placed on their path by colonial regimes and their collaborators in foreign owned banks. They escaped from being mere buying agents, representatives of manufacturers in Europe and distributors to foreign companies. They he opined further competed successfully with Lebanese and Indian firms. Today young men and women are more educated, more familiar with modern technology and many have acquired respectable managerial experience. With democracy firmly in place and with a stable polity the economy is set for vibrant entrepreneurship.

Adah et al (2014), classified entrepreneurship in Nigeria into two stages. The early stage and modern stage. They argue that entrepreneurship in the early stage started when people produced more products than they needed; as such they had to exchange those surpluses. For instance, if a blacksmith produced more hoes than he needed, he exchanges the surplus he had with what he needed...By this way producers came to realize that they can concentrate in their areas of production to produce more and then exchange with what they needed. Nigerian entrepreneur according to them is a self-made man who might be said to have strong will to succeed. Early entrepreneurship by their assessment is characterized with production or manufacturing in which case the producer most often started with a small capital, most of it from his own savings.

In the modern stage according to Adah, Apochi and Ekeh (2014), modern entrepreneurship in Nigeria started with the coming of the colonial masters, who brought in their wears and made Nigerians middle men. Most modern entrepreneurs were engaged in retail trade or sole proprietorship. One of the major factors of entrepreneurship development in Nigeria is the value system brought about by formal education.

According to Osalor (2008), people of the Igbo community in Nigeria are considered one of the oldest entrepreneurs in history, their expertise stretching back to times before modern currency and trade models had developed elsewhere on the planet. In the more recent past, Nigerians adapted their natural talents to evolve traditional businesses and crafts that have sustained most of the country's rural and urban poor for the better part of the last half country.

It is not as if Nigeria's hope of economic superiority rest on individual optimum and enterprise alone. Adah, Apochi and Ekeh(2014). Right after the reinstatement of democracy in 1999, the primary focus of Obasanjo's policies centered on accelerated development through entrepreneurial education (which he made mandatory for college students of all disciplines) and the creation of condition favourable to a new business regime built on innovation and adaptability. This period ushered in economic reforms and a renewed focus on entrepreneurs' development as the only viable means of sustained growth. Nigerian

leaders initiated a massive programme of disinvestment and financial deregulation aimed at boosting business development across the micro, small and medium enterprise (MSME) space.

According to Kpelai (2009), it is on record that as at January 2005, Corporate Affairs Commission of Nigeria (CAC) had registered 1,332,327 business names, cooperate trustee were 18,672 and 607,521 incorporated companies (CAC, 2005).

According to National MSME survey report (2013), the growing importance of MSMEs In the economic growth and development of the nation, particularly as it relates to the role the sub-sector plays in employment generation is undeniable. Small and medium scale enterprises constitute essential ingredients in the lubrication development of any economy. In Nigeria, the story makes no remarkable difference as small and medium scale enterprises dominate the economy. Nigeria faces challenges of inclusive growth, poverty, unemployment and more importantly underemployment. Most of the poor and underemployed Nigerians, in order to better their lots, have resorted to the establishment of their own businesses. Consequently, entrepreneurship and the setting up of micro businesses is fast becoming a household name in Nigeria. This is as a result of the fact that the so called “white collar” jobs that people clamour for are no longer there in sufficient quantities to match the demand for them. Even those already with jobs are setting up other micro businesses to complement their incomes.

The above therefore necessitates the need for improved, timely information on the sub-sector for development and implementation of engaging policies and interventions to support the Nigerian entrepreneurial spirit.

Nigeria’s population of over 160 million people with over 65% of that figure being below the age of 35 makes a change of policy imperative. No country with the abundant potentials and size in land and population can afford to maintain a status as a rentier economy on a single commodity, oil. Therefore one of the few alternatives open to policy makers was to look inward and seek to develop the national economy through the MSME sector. Many efforts are going on concurrently within the last twelve years to boost this sector. Starting from creation of SMEDAN, Implementation of NEDAP (National Enterprise Development programme).(You win), the youth Enterprise with innovation in Nigeria and other funding access of Central Bank of Nigeria and other development banks.

NUMBERS SMALL AND MEDIUM ENTERPRISES BY STATE 2010 AND 2013

Source. National MSME survey Report, NBS 2013

State	2010			2013			Change	%Change
	Small	Medium	Total	Small	Medium	Total		
Abia	526	7	534	1,769	40	1,809	1,275	2.55
Adamawa	235	11	245				-245	-0.49
Akwa-ibom	275	39	315	898	195	1,092	777	1.56
Anambra		81	737	1,620	117	1,737	1,000	2
Bauchi	497	49	545	2,039	27	2,066	1,520	3.05
Bayelsa	134	-	134	354	72	426	292	0.59
Benue	357	16	374	1,146	22	1,167	794	1.59
Borno	131	37	168				-168	-0.34
Cross River	318	47	365	1,126	168	1,294	928	1.86
Delta	576	33	608	1,444	-	1,444	836	1.67
Ebonyi	232	12	244	1,206	4	1,210	966	1.93
Edo	899	29	929	1,879	118	1,997	1,068	2.14
EKITI	280	5	285	903	126	1,030	745	1.49
Enugu	402	30	432	812	99	911	479	0.96
Gombe	225	31	255	1,043	65	1,108	852	1.71
Imo	534	40	574	1,259	135	1,394	819	1.71
Jigawa	217	14	231	1,022	75	1,097	866	1.73
Kaduna	1,137	145	1,282	2,712	170	2,882	1,600	3.2
Kano	1,740	69	1,808	7,790	496	8,286	6,478	12.98
Katsina	464	70	535	1,256	99	1,355	820	1.64
Kebbi	221	11	232	898	91	989	756	1.52
Kogi	328	11	340	827	17	844	506	1.01
Kwara	415	28	443	164	62	226	-217	-0.43
Lagos	4,146	389	4,535	11,044	619	11,663	7,128	14.28
Nasarawa	387	32	418	1,098	22	1,120	702	1.41
Niger	433	46	478	1,258	100	1,357	879	1.76
Ogun	506	40	546	1,690	104	1,794	1,248	2.5
Ondo	596	18	614	1,805	194	1,999	1,385	2.77
Osun	100	-	100	2,247	25	2,273	2,172	4.35
Oyo	1,300	94	1,394	7,468	519	7,987	6,593	13.21
Plateau	613	49	663	2,070	110	2,180	1,517	3.04
Rivers	662	60	723	2,981	41	3,022	2,299	4.61
Sokoto	562	19	581	631	210	841	259	0.52
Taraba	242	5	247	891	69	960	713	1.43
Yobe	150	5	155				-155	-0.31
Zamfara	341	-	341	577	16	593	252	0.51
Fct	427	80	507	2,244	446	2,690	2,183	4.37
Total	21,264	1,654	22,918	68,168	4,670	72,839	49,921	100

DATA ANALYSIS

From table 1.1 Lagos State had the highest number of increase in Enterprises between 2010 and 2013 from 4,535 to 11,663 showing an increase of 7128 with a percentage change of 157.18 percent. This is

followed by Oyo State with 1, 394 enterprises in 2010 increased to 7,987 in 2013 with an increase of 6,593, while the least state with increase in enterprise is Zamfara State with 341 enterprises in 2010 increased to 593 in 2013 with a difference of 252 and percentage change of 73.90

Apart from the insurgent prone states of Adamawa, Borno, and Yobe state that the survey was not conducted in 2013; Kwara state experienced a decrease in enterprise from 443 in 2010 to 226 in 2013 which shows a decrease by 217. Enterprises or -48.98 percent. FCT witnessed increase in enterprise from 507 in 2010 to 2690 in 2013 signifying an increase of 2,183 with relative 430.57 percent increase. Summarily, therefore, it can be seen that small and medium enterprises grew from 22,918 in 2010 to 72,839 in 2013, an increase of 49,921 which implies a 100 percent increase.

TOTAL EMPLOYMENT GENERATED BY SMALL AND MEDIUM ENTERPRISES IN NIGERIA BY STATE, 2010 AND 2013.

State	2010				2013			
	Male	Female	Total	%	Male	Female	Total	%
Abia	17,575	5,412	22,987	2.15	28,851	11,062	39,913	2.10
Adamawa	6,045	5,265	11,310	1.06				
Akwa-ibom	6,839	16,181	23,0i9	2.16	11,226	33,069	44,259	2.33
Anambra	12,530	4,786	17,316	1.62	20,570	9,781	30,351	1.59
Bauchi	16,118	14,984	31,102	2.92	26,460	30,624	57,083	3.00
Bayelsa	2,711	5,299	8,010	0.75	4,451	10,829	15,279	0.80
Benue	13,987	228	14,215	1.33	22,961	466	23,427	1.23
Borno	8,000	11,000	19,000	1.78				
Cross River	7,405	15,155	22,560	2.11	12,156	30,973	43,129	2.27
Delta	12,800	5,325	18,125	1.70	21,013	10,884	31,897	1.68
Ebonyi	14,756	2,936	17,692	1.66	24,223	6,000	30,223	1.59
Edo	22,107	5,811	27,918	2.62	36,291	11,877	48,168	2.53
Ekiti	7,270	12,990	20,260	1.90	11,935	26,548	38,483	2.02
Enugu	7,729	7,634	15,363	1.44	12,687	15,603	28,290	1.49
Gombe	9,401	4,102	13,503	1.27	15,433	8,384	23,817	1.25
Imo	9,091	12,876	21,967	2.07	14,924	26,315	41,239	2.17
Jigawa	10,952	4,558	15,510	1.45	17,979	9,315	27,294	1.43
Kaduna	18,667	30,850	49,517	4.64	30,645	83,487	114,132	5.99
Kano	28,594	14,357	42,952	4.03	46,941	29,343	76,284	4.01
Katsina	14,257	5,868	20,125	1.89	23,404	11,993	35,397	1.86
Kebbi	10,655	1,481	12,137	1.14	17,492	3,027	20,520	1.08
Kogi	7,027	4,615	11,642	1.09	11,536	9,432	20,968	1.10
Kwara	958	5,185	6,142	0.58	1,572	10,596	12,168	0.64
Lagos	80,084	80,315	160,399	15.04	161,017	176,406	337,423	17.72
Nasarawa	11,708	9,856	21,564	2.02	19,219	20,144	39,363	2.07
Niger	10,696	684	11,380	1.07	17,559	1,397	18,956	1.00
Ogun	16,280	4,672	20,952	1.96	26,725	9,548	36,273	1.91
Ondo	16,752	9,856	26,608	2.49	27,500	20,144	47,644	2.50
Osun	23,793	8,090	31,883	2.99	39,059	16,534	55,593	2.92
Oyo	89,668	29,114	118,781	11.13	147,200	59,501	206,701	10.86
Plateau	20,623	19,485	40,108	3.76	33,855	39,822	73,677	3.87
Rivers	28,055	21,365	49,420	4.63	46,055	43,665	89,720	4.71

Sokoto	6,555	9,856	16,412	1.54	10,761	20,144	30,905	1.62
Taraba	9,131	1,709	10,841	1.02	14,990	3,493	18,483	0.97
Yobe	10,000	16,000	16,000	1.50				
Zamfara	28,365	2,051	30,416	2.85	46,565	4,192	50,757	2.67
Fct	18,667	20,962	39,630	3.71	30,645	65,323	95,967	5.04
Total	635,851	430,915	1,066,766	100.00	1,033,900	869,920	1,903,820	100.00

Source: National MSME survey Report, NBS 2013.

From table 1.2.; 430,915 females were employed in 2010 compared to 869,920 females in 2013 signifying an increase of 439,005 females employed in small and medium enterprises. 1, 033,900 males were employed in 2013 as compared to 635,851 males in 2010. On the whole 1,903,820 persons were employed in the small and medium establishment in 2013 while 1.066,766 were employed in 2010 signifying an increase of 837,054 persons.

SUMMARY, CONCLUSION AND RECOMMENDATION

We, therefore conclude that as the number of small and medium enterprise increase, so do employment rate also increases. However, sustainability of these growth depends on the macro-economic policies and political stability of the country.

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