

CHAPTER ONE

1.1 BACKGROUND OF THE STUDY

Perception of African entrepreneurship among scholars and researchers seem to differ considerably. At one extreme is the view that, for one reason or the other, technical entrepreneurial talent that involves the establishment and management of manufacturing industries for productive activities in the real sector of the economy, is lacking in Africa. According to a World Bank study carried out by Nil-, -Henrik March in 1995, the poor growth performance of most sub-Saharan countries and, in particular, the slow rate of industrialization could be taken to support such a dismal perception. Supporters of this view may point to the fact that the kind of economic policies that have been followed in many African countries in the two to three decades after political Independence have not always been conducive to private enterprise. This position is consistent with a third view by Adjepong-Asem (1989) that the African entrepreneur is alive and well, but that he or she, rather than undertaking manufacturing businesses, has been diverted to non-productive, rent-seeking activities which researchers have referred to as commercial entrepreneurship. In spite of this critical gap in Africa's development process, researchers and scholars around the world have long identified the role of entrepreneurs and entrepreneurship in the economic development of nations. For instance, Dozie (2005) argues that this vital factor of production formed the bedrock of the classical thesis of Joseph Schumpeter (1934) who established that no nation would break the barriers of development without a critical mass of entrepreneurs. This assertion, which formed the basis of Schumpeterian model economic growth, has helped many developed and even developing nations accelerate their pace of development by focusing on appropriate incentives to support entrepreneurial activity (Dozie, 2005). It is the entrepreneurs who generate the critical momentum an economy requires for economic growth by breaking new grounds in human endeavour as a result of the vital characteristics or attributes they possess. Unfortunately, after more than four decades of import substitution strategy, structural adjustment programme, commercialization and privatization of ailing state-owned enterprises, general economic decline, the manufacturing sector's contribution to the Gross Domestic Product (GDP) in Nigeria is still very small. It is plagued by productivity and low-quality output. This is compounded by the consequent increase in competition from imports, which has resulted in downsizing or outright closure of many manufacturing industries.

Therefore, the extent to which the restructuring of the private sector as engine of growth of the economy will succeed is dependent on the fostering and development of technical entrepreneurship among the indigenous population. In addition, theoretical and empirical investigations have emphasized the crucial role that technological innovation and technical entrepreneurship play in fostering economic development. These investigations are now seen as crucial and are also recognized as important components of technological policy and economic planning.

1.2 STATEMENT OF THE PROBLEM

The present emphasis by government and stakeholders on indigenous technical innovation and entrepreneurship stems from the failure of past attempts through the import substitution strategy to stimulate development by borrowing or transferring advanced and sometimes inappropriate and sustainable technologies from developed countries. This position was further reinforced by Adjebeng-Asem (1989) where it was argued that governments in most developing economies such as Nigeria were criticized for paying inadequate attention to the need for accelerated economic growth and for not harnessing the abilities of their own citizens for technological innovations and entrepreneurship.

Critics also conclude that these developing countries depend on exogenous technologies that are inappropriate for their environment (ibid, 1989). This has been responsible for Nigeria's exports which have largely been based on raw materials and semi-manufactured goods with the petroleum sector as the most important. Less than 5% of these exports are on the average attached to knowledge intensive goods and services Adjebeng-Asem (1989) Akeredolu-Ale (1975). The problems became acute in the 1980's and early 1990's, when Nigeria experienced stagnating industrial output and decreasing crude oil prices while industrialization through the production of indigenous technological development became central topics in the industrial policy debates.

As a result of this, United Nations Development Programme UNDP, (1992) and United Nations Industrial Development Organization UNIDO, (1994) argued that if Nigeria is to join the league of industrialized economies, industrial activities have to converge and focus more on knowledge-based production particularly in the small scale manufacturing and processing industries. This view was partially enunciated in the various development national budgets, rolling plans and in the current reform programmes elaborated in the National Economic Empowerment and Development (NEEDS) Federal Government of Nigeria, (2004). The central theme of the policy has been that small-scale industries should spearhead the nation's drive towards economic recovery. Studies have shown that small industries in many countries provide the mechanism for promoting indigenous entrepreneurship, enhancing greater opportunities per unit of capital invested, and aiding the development of local technology Sule (1986), Nils-Henrik and March (1995). In Nigeria, small-scale businesses represent about 90% of the industrial sector in terms of the number of enterprises (Ajayi, 2002). Similarly, they have also contributed significantly to economic development through employment, job creation and sustainable livelihood Nigerian Investment Promotion Commission (2003). In spite of their significance, and contribution of small industries to the national economy, many problems and constraints still exist in promoting their development and growth.

Another obstacle to the modernization of small industries are the persistence of a low level of technology, the shortage and inadequate entrepreneurial skills of operators and the absence of an effective management techniques. Their low product quality makes it difficult for them to compete in technologically driven, knowledge based and export oriented globalized economy. There is therefore the need to tap the considerable R&D efforts that take place at universities, polytechnics, mono-technics and other public and private sector research institutions through

increased commercialization or technology transfer of research results. However, this can only be achieved through a deliberate intervention strategy of developing a core of characteristics among the small industry operators to enhance production efficiency, quality and output. The failure of past efforts by small industry operators and the little intervention by government necessitate the need to assess why indigenous technical innovations, management practices and other key success factors in business are often not translated into feasible business ventures despite the fact that the country has the technological need. These issues according to researchers such as Akeredolu-Ale (1975), Afonja (1986) and Adjebeng-Asem (1989) imply a link between technical innovation, nascent entrepreneurship and a much broader level of technological development. The present study focused mainly on a narrow aspect of the link of nascent entrepreneurial characteristics and its effect on the development and growth of small-scale manufacturing industries. Against this background, the study assessed the impact of technical entrepreneurial characteristics on the performance of small scale manufacturing industries in Nigeria.

1.3 AIMS AND OBJECTIVES OF THE STUDY

The main objective of this study is to assess the impacts of entrepreneurship development on Nigerian Economy and also to appraise the degree of entrepreneurship development. Contribution increasing the standard of living in the Nigerian economy. The specific objectives therefore are:

- To evaluate critically the technical characteristics on the performance of manufacturing industries in Nigeria.
- To emphasize the crucial role that technological innovation and technical entrepreneurship play in fostering economic development, and;
- To examine the role of the small scale on the Nigeria's economy.

1.4 STATEMENT OF RESEARCH QUESTIONS

The following questions are pertinent to this study:

- i. Is there any future for entrepreneurship in Nigeria?
- ii. Does entrepreneurship contribute to the economic development?
- iii. To what extent/purpose do government reforms on small scale enterprises contribute to the development of entrepreneur investment?
- v. Has the development of the manufacturing sector led significantly to the promotion of economic growth and development?
- v. What are the likely problems encountered by the manufacturing industry and their prospects in this era of financial system reforms?

1.5 SIGNIFICANCE OF THE STUDY

In the literature on entrepreneurship, there is a broad consensus among policy makers, researchers and practitioners that a fundamental cause of difficulties experienced by many developing countries such as Nigeria is lack of technical entrepreneurship. This is manifested in the low rate at which small scale manufacturing industries are created and at the high rate of mortality in the sub-sector Ajakaye (1999).

It is particularly evident in Nigeria where there are many barriers militating against the

development and growth of the real sector that is the bedrock of any economy. Such barriers inhibit entrepreneurial progress in the country despite a number of strengths and opportunities that encourage the prevalence of "creative imitators" rather than "innovators" with low level of entrepreneurial talent Umoh (2001).

Adegbite and Van - Hattum (2002) suggest that the main prerequisite for such progress in Nigeria is the development of an institutional framework and enterprise culture capable of creating the optimum condition for technical entrepreneurship. Unfortunately, a number of models perceived to be relevant in international context have not been effective in Nigeria due to lack of a holistic, equitable approach to industrial development and socio-economic transformation. This has necessitated the need for this study to critically examine how technical entrepreneurial characteristics affect the start-up of small scale industries and their subsequent performance.

In the last century, many writers have identified entrepreneurship with the function of uncertainty and risk bearing and, others with the coordination of productive resources, the introduction of innovation and the provision of technical know-how Hoselitz (1952) cited in Burnet, (2000). The necessity of entrepreneurship for production was also recognized by Alfred Marshall in 1890 when he asserted in his treatise of Principles of Economics that there are four factors of production i.e. land, labour, capital and organization. Entrepreneurship, both technical and commercial, is the driving element behind organization. He further argued that the skills associated particularly with technical entrepreneurship are rare and limited in supply and that the ability of entrepreneurs are so great and so numerous that very few people can exhibit them all in a very high degree. Another research carried out by Penrose (1959) posit that entrepreneurship, particularly technical entrepreneurship involves identifying opportunities within the economic system, filling market deficiencies through input-completing activities including the process of identifying, developing and bringing a vision to life. This vision may be an innovative idea, an opportunity or a better way of doing something. The end result of this process is the creation of a new venture, the expansion of an existing one carried out under conditions of risks and considerable uncertainty Meyer (1976).

Therefore, in recognition of the considerable risks and uncertainty associated with entrepreneurship, Afonja (1999) made a clear distinction between technical entrepreneurship and commercial entrepreneurship. The former involves product manufacture or the provision of technical services while the latter involves trading, buying and selling or provision of non-technical services. The prerequisites for success and risk factors involved significantly for the two types of entrepreneurship. Therefore, the focus of this study is on the effect of technical entrepreneurial characteristics on the performance of small industry manufacturing operators in the food, textiles, and wood processing and fabricated metal products all of which are generally important in the industrialization of a developing economy such as Nigeria.

1.6 STATEMENT OF HYPOTHESIS

For the purpose of this study, the following hypotheses are formulated to be tested:

Hypothesis1

Ho: Entrepreneurship development does not contribute significantly to the development of Nigeria economy.

Hi: Entrepreneurship development contributes significantly to the development of Nigeria economy.

Hypothesis 2

Ho: Entrepreneurship development does not contribute to the performance of small-scale manufacturing industries in Nigeria.

H₁: Entrepreneurship development contributes significantly to the performance of small-scale manufacturing industries in Nigeria.

1.7 METHODOLOGY

The method employed both primary and secondary sources of data collection techniques in finding the impacts of entrepreneurship development on Nigerian Economy. The primary source involves simple chi-square. While the secondary source will make use of questionnaires, tables, charts etc.

1.8 SCOPE OF THE STUDY

The scope of this study, viewing it from the perspective angle of an entrepreneur emphasis will be laid on the rule, problems militating against their performance in the Nigeria Economy

1.9 LIMITATION OF THE STUDY

This project may suffer some limitations which include financial, time, geographical and communication problem, as well as inability of some people who are not ready to respond or entertain any questions. This project will be limited to impact of entrepreneurship development in the context of Nigerian economy.

1.10 DEFINITION OF TERMS

- i. **Entrepreneurship:** This is defined as self-employment of any sort where the entrepreneur is the bearer of uncertainty and risk.
- ii. **Financial Intermediaries:** This refers to as the function of channeling funds between those who wish to lend and those who wish to borrow.
- iii. **Investment Planning:** This is the process of evaluating proposed investment in specific fixed assets and the benefits to be obtained from their acquisition
- iv. **Entrepreneur:** This is defined as one who organizes, manages and assumes the risks of a business enterprise.
- v. **Investment Decisions:** This refers to as investment criteria or investment techniques.

1.11 PLAN OF THE STUDY

The fundamental purpose of this study is to show that within the context of Nigeria developmental effort, entrepreneurship development has aided investment and economic development to a greater extent, than generally recognized.

In chapter one, small scale industries will be made reference point of study. In the course of the study, the researcher will take a look at the conceptual role of entrepreneurship development in the economic development of Nigerian Economy. Also characteristics of an entrepreneur, their developmental roles, prospects and problems,

militating against performance were discussed in detail.

Chapter two, this will be the Literature Review of relevant research work.

Chapter three deals with the Structural Analysis (Composition).

Chapter four will be presentation and analysis of data.

While chapter five contains the summary of the research work, recommendations and conclusions.

THE IMPACT OF ENTREPRENEURSHIP IN THE ECONOMIC DEVELOPMENT OF THE NIGERIA ECONOMY

The complete project material is available and ready for download. All what you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will be sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: info@allprojectmaterials.com.

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: info@allprojectmaterials.com or call/whatsapp: +234 70 6329 8784

Regards!!!