

INTRODUCTION

1.1 Background to the Study

Small and micro scale enterprises constitute indispensable ingredients in the development of any economy. Small and medium scale enterprises (SMEs) have been recognized as main sustenance of the national development because of their capacity in enhancing the economy output and enhancing human welfare (Akingunola 2011). Muritala Awolaja and Bako (2012), posited that there is the greater likelihood that SMEs will utilise labour-intensive technologies thereby reducing unemployment particularly in developing countries and thus have an immediate impact on employment generation. The role of small and medium scale enterprises in the economic and social development of the country is well established. The sector is a nursery of entrepreneurship, often driven by individual creativity and innovation (Ariyo, 2008; Ayozie and Latinwo, 2010).

MSMEs have contributed greatly to Nigerians development by the provision of employment, marketing of goods and services and the growth and development of the rural areas. It has also brought about the growth of indigenous entrepreneurship in Nigeria and is the real engines of growth. According to Awe J. (2012) on E-business Nigeria Small business move faster, are more flexible, more innovative and more daring. Unlike the government official or large corporation executive, small business entrepreneurs focus on wealth creation and driving change rather than fighting bureaucracy Micro, Small and medium-sized enterprises (MSMEs) are non-subsidiary, independent firms which employ less than a given number of employees. This number varies across countries. The European Union places the upper limit designating an MSME as 250 employees. The National Council of Industries defines Micro, Small and Medium Enterprises (MSMEs) as business enterprises whose total costs excluding land is not more than two hundred million naira (N200,000,000.00) only.

Entrepreneurship is becoming a household name in the economy of Nigeria. This is due to the fact that the so-called white collar jobs that people are clamouring for are no longer there. Even the much touted sectors (banks and manufacturing companies) known to be the longest employers of labour are on the down turn following the consolidation crises and fraudulent practices of the high and mighty in the banking sector. The companies of course are folding up as a result of erratic power supply, insecurity and persistent increase in interest rate which has led to high cost of production and undermines their profit making potentials. This has resulted in massive unemployment which is detrimental to the economic development in the country.

The advantages of SMEs to any country are definitely obvious. These include contribution to the economy in terms of: output of goods and services increment; generation of jobs at moderately low cost of capital, particularly in the rapid growing service sector; offer a medium for lessening disparities in income; develop a collection of skilled and semi-skilled workforce as a foundation for imminent industrial expansion (Iromaka 2006). Others: include enhancing forward and backward linkages between economically, socially and geographically different segments of the economy; offer opportunities for enhancing and adapting suitable foreign and indigenous technical methods; provide an outstanding breeding ground for entrepreneurial and managerial ability, the significant shortage of which is frequently an immense restriction to economic growth and development.

The contribution of SMEs to economic development is such that a country can only ignore to its own peril. In

conclusion, emphasis must therefore be focused on micro and small business enterprises in developing nations like Nigeria. They aim at rapidly achieving self-sustaining growth and by extension, self-reliant development. This study therefore examined the role of entrepreneurship development in using micro and small business as a case study.

1.2 Statement of the Problem

Small and medium enterprises form an important part of the economy and they play an important role in the growth of both the developed and developing economies. The contribution of Small and micro business enterprises towards national income and creation of employment is numerous. Despite these advantages which SMEs offer and the potential which SMEs have, there are many barriers and risks which SMEs face in today's market which has caused them not to completely contribute to national development, such problems include: lack of fund, political instability, inadequate of managerial expertise, poor record keeping, deteriorated infrastructural facilities etc. Thus the study seeks to investigate the effects of small and micro business enterprises on national development.

1.3 Research Questions

The following are some of the questions which this study intends to answer:

- i) what are the things that can cause the failure in small and micro scale enterprises?
- ii) what are the current legislations guiding the development of micro and small enterprises in Nigeria?
- iii) what are the contributions of micro and small enterprises towards the development of the Nigerian economy?

1.4 Objectives of the Study

The main objective of this study is to to investigate small and medium enterprises and national development.

The specific objectives are:

- i) to survey the things that can cause the failure in small and micro scale enterprises
- ii) to evaluate the current legislations guiding the development of micro and small enterprises in Nigeria
- iii) to investigate the contributions of micro and small enterprises towards the development of the Nigerian economy

1.5 Research Hypothesis

The research hypotheses to be tested include:

- i) there is no correlation between small and micro business enterprises and employment opportunities
- ii) there is a significant relationship between small and micro business enterprises and economic growth
- iii) there is a significant relationship between small and micro business enterprises and cheap cost of goods and services

1.6 Significance of the Study

This study was designed to investigate the role of entrepreneurship on economic growth using small and micro business enterprises. The study shall give an insight on how job opportunities can be created and how poverty rate can be drastically reduced in the country. The research work will further provide useful information for policy makers for further development of SMEs through Microfinance activities with the view

to enhancing both institutional and policy frame work in the sector. The major value-added of this research work will be the proffering of suggestions that will help policy makers in formulating policies that will help improve the growth of entrepreneurial skills among the citizens of Nigeria.

1.7 Scope of the Study

This study covered some entrepreneurs who are selling spare parts at Ladipo street, Mushin area of Lagos state.

1.8 Limitation of the study

The researcher was constrained with the busy attitudes of the respondents but was still able to gather the intended data required for successful completion of the project. However, the above limitation notwithstanding, the researcher is optimistic that the present study will be adequate to serve the purpose for which it is intended.

1.9 Definitions of Terms

The following terms were used in the course of this study:

Economic development: This is the increase in the inflation-adjusted market value of the goods and services produced by an *economy* over time

Entrepreneurship: The capacity and willingness to develop organize and manage a business venture along with any of its risks in order to make a profit.

Enterprises: This refers to an organization that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders.

ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA (A CASE STUDY OF MICRO AND SMALL ENTERPRISES)

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