

Enhancing the Role of Entrepreneurship in Creating Active Micro Business and SMEs to Meet the Challenges of Vision 2020

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Abstract

The paper briefly discussed the significant concepts of entrepreneurship, micro-preneur, and entrepreneur and linked them with requisite personal traits for effectiveness in their roles. It highlighted the crucial importance of micro, small and medium scale enterprises to the development of all economies this is backed up with data from an empirical study in Nigeria, at the turn of this century. The roles of the entrepreneur who are the engines of the change in the developmental process are then presented. In addition, a framework for entrepreneur development should focus on the functional, behavioural and environmental methods in the training and the development of the entrepreneurs with the aim of achieving the vision 2020. The paper recommends the need for adequate infrastructural development and a sustainable and virile financial sector that will make the fund available to the entrepreneurs.

Introduction

The level and the rate of business activates depend on the number of participants that are involved. The number of participants also depend on the a number of people that are willing to take the risk of participating in business, activities. Those who are willing to take the initiative of starting a business are scarce in most developing countries as the level of income is generally low. The capital requirements to start are not readily available. The infrastructural facilities are underdeveloped and grossly inadequate. The simple economic theory presupposes that the more the number of buyers and sellers in a particular market, the more competitive the market becomes. The importance of entrepreneurship in creating an active business environment cannot be overemphasized. For the developing economies to experience growth and development, a more radical approach must be adopted to encourage the development of entrepreneurship initiative.

The primary objective of this paper is, therefore to explore the role of entrepreneurship in creating active micro business and SMEs. The remaining part of this paper is divided into six sections; brief definition of entrepreneur, micro-preneur, entrepreneur and the personal traits; followed by the definitions of micro, small and medium enterprises; while the importance of Micro, Small and Medium Enterprises was discussed, others are roles of entrepreneur as engine of growth and development, framework for the development of entrepreneur, with summary conclusion and recommendation

Entrepreneur, micro-preneur and intrapreneurs and personal traits defined

Entrepreneurship can be described as an individual who accepts the risk of starting and running a business. An entrepreneur can also be described as the one who risks time and money to start and manage a business. Many of the wealthy personality in Nigeria began as small entrepreneurs, and their business has grown so big with their presence in a number of important sectors of the economy and with a sizable number of both Nigerians and foreigners being gainfully employed in their business enterprises. In this group are late M.K.O. Abiola,

Okoya Thomas, Dangote, Mike Adenuga, to mention just a few. Whiles some entrepreneurs have the vision of growing their business into a conglomerate, others may prefer to remain small so as to continue to enjoy the close and intimate relationship with their customers. Those entrepreneurs who are willing to accept the risk of starting and managing the type of business that remains small, which allow them to do the kind of work they want to do, and offers them a balanced lifestyle are called micro-preneur (Nichel *et al.* 2002). Most businesses in these categories all under professional services providers such as lawyers, consultants, accountants, fashion designers etc. The other set of people who do not run the business of their own but work within a large organization but are at the same time creative and innovative, use the existing resources of the organization to generate additional profits for the organization are generally regarded as intrapreneurs (Nichels *et al.*, 2002).

Choosing to become an entrepreneur is one of the easiest ways of becoming wealthy even though it is usually a probability, and it involves risks. In other to be a successful entrepreneur; there is the need for self-assessment. Van Voorhis (1980) suggested twenty-five critical questions on a five-point scale that can be used to test the overall philosophy of life and the typical behaviour pattern of a would-be entrepreneur. The personality and character traits have separated those who are likely to be successful entrepreneurs from those who may not be. It, therefore, becomes necessary for an individual to identify his/her character traits, where it seems contrary, it implies such a person may be happier working for others than starting his/her own business. The following are the list of entrepreneurial attributes one must look for in one-self before one can be a successful entrepreneur (Haukebo, 2000, Georgia, 2000).

- Self-directed- must be focused, no family/religion sentiment, self-disciplined even though you are your own boss note that you bear both the profit and the loss as an entrepreneur.
- Self-nurturing- believe in your idea when no one does, note that vision is personal; you need to keep your vision alive.
- Action-oriented- great business ideas must be backed with the appropriate action. There must be a business desire to actualize and bring to the realm of reality, the vision and the dreams of the entrepreneur.
- Highly energetic- It is your business, and you must be emotionally, mentally and physically able to work long and hard. Infect most self-employed work more hours than paid employment. An entrepreneur must be ready to put extra efforts beyond what the paid employees will put in.
- Tolerant of uncertainty- successful entrepreneur take only calculated risks (if they can help it) still they must be able to take some risks.
- Entrepreneurship is not for the pessimistic and those who always insist on security.

In addition to the attributes highlighted, an entrepreneur needs to take the following precautions:

- Make sure you work for another first. Sometimes ago, one of the writers worked with a small business which went into Timber processing. The feasibility looks robust, but the business failed because of the operational difficulty that was not highlighted in the feasibility study. Practical involvement/or short apprenticeship period would have exposed the potential entrepreneur to the nitty-gritty of the business concern.
- Research your market, but do not take long to act
- Start you business when you have a customer, do other things along at first
- Set specific objectives, but do not set your goals too high
- Plan the implementation of your objectives within specific time frames
- Surround yourself with people who are experienced than you, including an excellent financial expert, board of directors who are interested in your well-being and who will tell the truth even when it hurts
- Do not be afraid to fail; an entrepreneur becomes a failure when he quits trying.

Micro, Small and Medium Enterprises (MSMEs) Defined

A globally acceptable definition may be difficult to come by for the cottage small and medium enterprises as these terms are relative and they differ from industry to industry and also from one country to the other. The level of economic development varies from one country to the other hence, what constitutes a small business enterprise in a developed country may be medium or even large in a developing country. A definition within the national boundaries may, therefore, be proposed even though different institutions/ agencies may also differ. The current most widely accepted in Nigeria was the one proposed during the 13th Council meeting of the National Council on Industry held in July 2001 the definition that is subject to changes every four years (Udechukwu 2003). The Council defined:

Micro/ Cottage Industry as an industry with a labour size of not more than ten (10) workers, or total cost of not more than #1.5million, including working capital but excluding the cost of land

Small Scale Industry as an industry with labour size of between 11 and 100 or a total cost of not more than #50million, including working capital but excluding the cost of land.

Medium Scale Industry as an industry with a labour size of between 101-300 workers or a total cost of over #50 million but not more than #200 million, excluding working capital but excluding the cost of land

Importance of Micro, Small and Medium Enterprises (MSMEs)

The Micro, Small and Medium Enterprises are the commonest in most countries of the world. According to Nickels; Mchugh & Mchugh (2002), about 74% of business in America are sole proprietorships, while partnership accounted for 77% and corporations 19%. Although their contribution to the Gross Domestic Product (GDP) may be far less than that of the big corporations, they are still required as an engine of growth. Nickel *et al.* (2002) also noted that small businesses create 75% of the new jobs in the US, small businesses account for over 40% of the GDP and about 80% of Americans find their first jobs in small businesses. Similarly, Ogunleye (2000) also pointed out the contributions of small-scale enterprises in India to include 95% of total industrial units, 40% of total industrial output, 80% of employment in the industrial sector, 35% of total exports and 35% of value-added by the manufacturing sector. The Nigeria experience cannot be different from what is obtainable in the United States of America and that of India. Due to the low level of literacy, the majority of the Nigeria population engaged in cottage industries. Salami (2003) noted that the agricultural sector which consists majorly the micro-businesses employs over 60% of the nation's workforce. Most houses are built with small shops around the house; street trading is the order of the day in most major city centres. The number of self-micro-preneurs in Nigeria is well more than those who are either employed by government institutions or large enterprises.

Table 1 Distribution of Establishment by Activity Group and by size (Nigeria)

Activity Group	NE 0-4	NE 5-9	NE 10-19	NE 20-49	NE 50-99	NE 100-199	NE 200-499	NE 500-999	NE 1000+	Total No	%
Agric forestry	5	693	364	276	92	47	25	6	7	1513	2.58
Min.& Quar.	3	60	37	50	16	10	2	1	4	183	0.31
Manufacturing	130	1132	3012	1224	341	202	172	58	51	16542	28.20
Electricity& water	5	73	31	43	20	8	10	1	3	194	0.33
Building & Construction	24	311	144	136	62	33	33	11	7	761	1.30
Wholesale & retail Trade	179	752	1944	541	94	42	12	10	0	10344	17.63
Hotel & Restaurant	46	3301	931	258	52	30	9	6	0	4633	7.90
Land Transport	9	355	208	111	29	21	9	0	0	742	1.26
Other Transports	7	192	108	67	16	14	4	3.	0	411	0.70
Private Prof.Services	1546	3437	1699	893	170	48	23	4	3	7823	13.34
Other Services	854	10512	3061	814	144	77	39	11	7	15519	26.45
Total NO	2508	37808	11539	4411	1036	532	338	111	52	58665	100
%	4.7	64.4	19.6	7.5	1.7	0.91	0.58	0.19	0.14	100.	

Source: Ogunleye G.A. (2000) 'Small and Medium Scale Enterprises as Foundation for Rapid Economic Development in Nigeria' NDIC QUARTERLY Vol 10 NO 4

Key: NE Number of Employees

Table 1 reveals the number of establishments by activity group and by employment size in Nigeria. Looking at the earlier definition proposed by the National Council on Industry, about 69.24% will fall within the micro/cottage industry; 28,76 small scale while only 1.49 will be categorized as medium scale industry. The table clearly revealed that for any meaningful development to take place, the government need favourable policies that will encourage the development of the MSMEs. The total contribution of MSMEs to the employment generation was in excess of 99%.The roles of an entrepreneur cannot be overemphasized as an engine of growth and development, especially in a developing economy like ours. The entire world has become a global village. Business practices are no longer restricted to the domestic operations, constant influences are always coming from other nations, and hence the entrepreneur must rise up to these challenges. The entrepreneurs must rise up to the challenge of:

Setting corporate ethical standards

Corporate ethical behaviour involves both knowing what is rights and wrong and behaving accordingly. Ethic emphasis standards of moral behaviour accepted by society as right or wrong. Organizational ethics begins at the top; hence, entrepreneurs must uphold a high ethical standard since behaving ethically has a positive influence on the success of the business. Although ethical codes vary greatly, they can be broadly classified as compliance-based and integrity-based. Compliance-based ethics codes emphasize preventing unlawful behaviour, by increasing control and by penalizing wrongdoers. While on the other hand, integrity-based ethics codes define the organization's guiding values, create an environment that supports ethically sound behaviour, and stress shared accountability among employees.

Employment Creation

Secondly, the entrepreneur is expected to create employment for the increased population and also to prevent rural-urban drift (Olayiwola 2007). This will also reduce the high rate of criminal activities in the economy and bring about a secured society

Improve the Standard of Living.

Thirdly the entrepreneurs are expected to improve the standard of living of the people through quality products/services as also through a well-motivated workforce employed by the MSMEs. Improving the standard of living must be the responsibility of the entrepreneurs as healthy people will bring about a prosperous economy.

Fourthly entrepreneurs will also bring about an increase in the government revenues in the areas of value-added taxes, company income taxes and income taxes of the employees of these small businesses.

Utilization of local resources

The domestic entrepreneurs are also expected to look more inward by sourcing for the raw material locally and rely more on the employment of domestic experts.

Development of domestic /Indigenous technology

The entrepreneurs are also expected to develop indigenous industrial machinery and equipment, evolve a management approach in consonance with the indigenous culture. Most technologically advanced countries also started from somewhere. ⁴

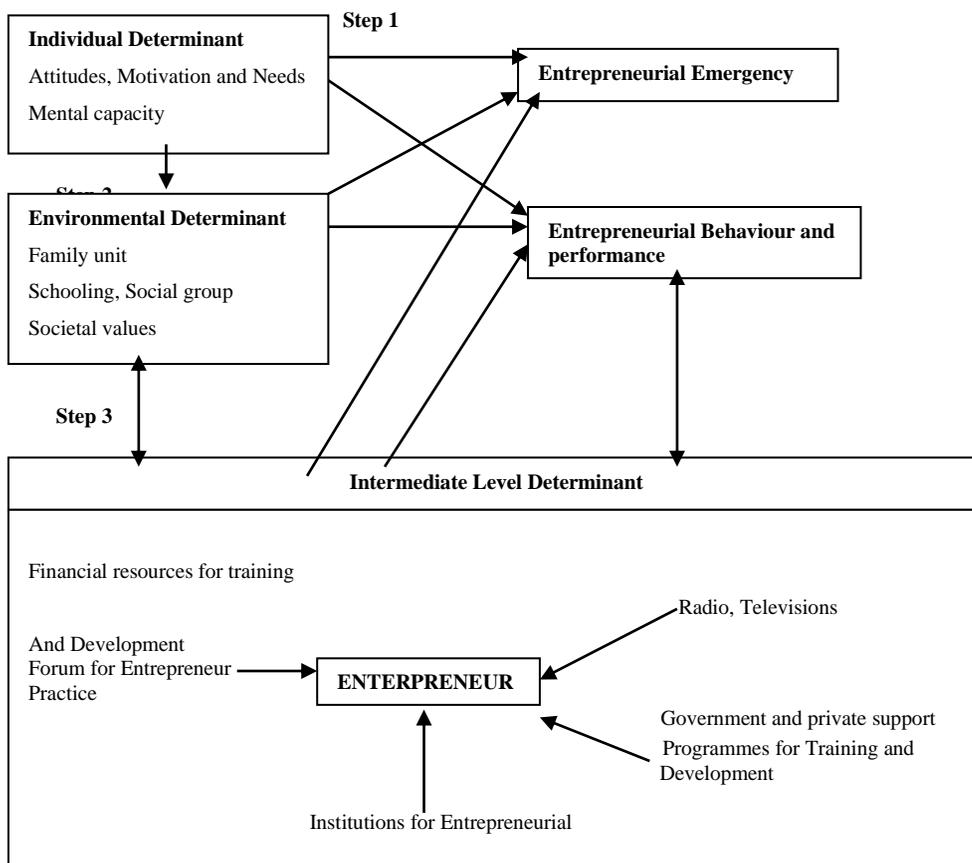
Supplier of raw material for more significant industries

The entrepreneurs should also provide the larger industries with raw materials for the expanded output this will reduce the cost of production to reduce the price level and increase the level of economic welfare

A Framework for the Development of Entrepreneurs

For the entrepreneur to be able to play the roles listed above effectively the entrepreneurs must be adequately developed, we, therefore, propose a framework for the development of the Nigerian entrepreneurs as shown in figure 1 below.

Figure 1 *Model of the Processes and Stages in Entrepreneurship Development*



Source: Ogundele, O.J.K. (2007) *Entrepreneurship Development Corporate Governance and Small Business Management*, Lagos: Molofin Nomine

The framework for the development of entrepreneurship in Nigeria emphasized the personality of the entrepreneur in step 1. It looks at the essential characteristics of an individual such as attitude, mental capacity, physical fitness and also needs and motivation. Variation in the individual personal composition will determine specific areas of business interest individual will be involved.

Step 2 shows the environmental determinant such as the family unit. In the study of Obidi (1995), it was revealed that among the Yoruba's the choice of career/craft depends on the career/craft of the ancestors. Other environmental determinants include schooling, social group, societal values, economic condition, political system, priorities, religious value and lots of other factors.

Step 3 emphasized the intermediate level determinant which includes among others financial resources for training and development, an institution for entrepreneurial training and development, government and private support programmers for training and development, Radio, Television, Newspaper, Books and also a forum for entrepreneur practice.

The Vision 2020 and the Nigerian Entrepreneur

One of the central objectives of the vision 2020 is to establish Nigeria as one of the world's 20 largest industrialized economies by the year 2020. In order to achieve this laudable objective, the administration of President Olusegun Obasanjo established the National Economic Empowerment and Development Strategy (NEEDS). NEEDS was designed to promote growth and reduce poverty through the integrating and involvement of all the various sectors of the economy. NEEDS became operational in 2004 with four primary operational focuses namely: Reforming government and Institutions, growing the private sector, implementing a social charter and value re-orientation of the citizenry

If the objective of NEEDS for growing the private sector will be achieved, there will need to create a conducive environment to incubate, nurture, grow and develop active and innovative entrepreneurs. Ogundele (2007) suggested three frameworks for entrepreneurial development:

Functional Method:- This method is expected to develop the functional skills that are required to efficiently and effectively manage business enterprises. These skills include planning skills, initiating skills, controlling skills, decision-making skills and evaluation skills. Development of relevant technical and professional competencies is also needed.

Behavioural method -This involves appropriate training on the core areas like attitudes, values, beliefs, norms, perception motives, and needs. The activity will lead to the development of entrepreneurial spirit characteristics and personality.

Environmental Method: The environmental factors are beyond the control of an entrepreneur. A conducive environment such as family, educational institutions, a decent and challenging work environment.

Summary Conclusion and Recommendations

The roles expected of the entrepreneurs are enormous. For these roles to be effectively and efficiently carried out the government through its policy must make the environment conducive for the development of the entrepreneurship initiative. The infrastructural facilities are grossly inadequate; hence, most micro-business incurred high cost in running business resulting in unattractive returns or outright loss. The government is therefore expected to provide adequate infrastructural facilities such as constant power supply, right roads, potable water excellent and others.

The high rate of corruption also throws a significant challenge to the seriousness of the development of entrepreneurship. Most foreign partners that would be interested in a business partnership in Nigeria are somewhat discouraged as a result of lack of sincerity on the part of domestic entrepreneurship. The government needs to do more by empowering the anti-graft agencies and speed up the trial of offenders such that justice is done without delay.

The licensing of Micro Finance Banks and the conversion of the community banks to microfinance banks is also an incentive for encouraging the development of entrepreneurship. Since these institutions are private

Initiative, it will be self-sustainable. It will provide greater access to credit facilities although most likely at the high cost of capital

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