CONTEMPORARY CHALLENGES OF ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

Atuoma Ukachi Onwuemeodo

Abstract
This work points out that entrepreneurship development in Nigeria is still very slow despite all the numerous programmes and schemes that have been designed by different governments at different times. The major objective was to identify the problems that militate against sustainable method was used in this study whereby data collected from both primary and secondary sources were analyzed using mean scores and percentages, while the hypothesis were tested with Pearson chi-square. The findings indicate that against the known problems of inadequate capital and lack of trained and skilled management, there are other challenges now that hinder entrepreneurial activities in the economy. Apart from the problem of power supply, the Nigeria business environment is no longer conducive for investment as a result of political crises, kidnapping, looting, economic breakdown, armed robbery, cult activities, arson, violent clashes of militant groups and so on. The study recommended among others that with the introduction of business incubators into system, proper handling of these political and social economic problems and provision of alternative source of power supply, entrepreneurship development has a lot of prospects in Nigeria.

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/or career commitment or provide value for some products or service may or may not be new or unique but must have value infused by the entrepreneur by receiving and locating the necessary skills and resources. It is a key factor in any economic activity. It involved the participation of private investment which will enhance productivity and as well generate employment opportunities.

Entrepreneurship theory according to Hirsch and Peter (2002:10) has its origin from the works of Richard Cantillion and was developed by Max Weber, Joseph Schumpeter and others between 1940 and 1950s. Entrepreneurship is the process of getting into the managing your own business enterprise, hence an entrepreneur is both an owner and employee of small business. Such people are risk takers, creative, innovative, independent, hardworking and possess other qualities that are driving force behind any entrepreneurial activities in the economy. These entrepreneurial significantly affect the economy of an area by building the economic base and providing jobs. Based on its impact on both the overall economy and the employment of people of an area, entrepreneurship development in Nigeria ought to have become the focal point in the nation’s economic development blueprint. This is because entrepreneurship is presently the most effective method for bridging the gap between science and the market place, creating new enterprises, and bringing new produce and services to the market.

By being aware of these benefits Nigerian governments from the post war to the present administration have initiated and encouraged entrepreneurship development in Nigeria by providing the enabling environment especially in terms of financial assistance yet nothing much has been achieved and it is on this basis that the study has been carried out in order to determine what the challenges, constraints or problems that militate against entrepreneurship development in Nigeria and proffer solutions to them.
Research Question
The following research questions were answered in this study.

i. To what extent does availability and accessibility of capital affect entrepreneurship development in Nigeria.

ii. How does lack of competent and management skills of the entrepreneurs affect entrepreneurship development.

iii. To what extent has the socio-economic and political environmental factor affect the development of entrepreneurship practice in the economy.

Hypotheses
As a guide in the collection of data for the study certain hypotheses have been formulated. They are as follows:

Ho: No relationship exists between adequate provision of capital to the entrepreneurs and the success of entrepreneurship development.

Hi: Relationship exists between adequate provision of capital to the entrepreneurs and the success of entrepreneurship development.

Ho: Lack of competent and management skills by the entrepreneurs do not militate against the development of entrepreneurship in Nigeria.

Hi: Lack of competent and management skills by the entrepreneurs militate against the development of entrepreneurship in Nigeria.

Ho: There is no relationship between socio-economic, political and environmental factors and the development of entrepreneurship in Nigeria.

Hi: Relationship exists between socio-economic, political and environmental factors and the development of entrepreneurship in Nigeria.

Conceptual Framework
The evolution of the theory of entrepreneurship parallels to a great extent the development of the term itself. Stokes (1997) in Hirsch, et al (2002) described the origin of terms entrepreneur and entrepreneurship starting from the period when the entrepreneur was regarded as a between taker or go between to the 17th century when the concept was extended to include element of risk and profits. He went further to describe another period in the 1800s when Mitts say separated profits of an entrepreneur from profits to capital.

Schumpeter (1934) in Obele-Agu (2002) sees the entrepreneur as a change agent and an innovator of entrepreneurship. While Hirsch and Peter (2002) defined entrepreneurship as the process of creating something different with values by devoting the necessary time and effort assuming the accompanying financial, psychic and social risks, and receiving and personal satisfaction.

Entrepreneurship Theory in Nigeria
The development of entrepreneurship theory in Nigeria as summed up by Onuoha (1994) is of the opinion that the entire entrepreneurial theory today differs from what it has been in the pioneers, in its orientation and substance. Obele-agu (2002) describes the entrepreneurial function as the bringing together of the factors of production (land, labour and capital) and the provision of continuing management as well as risk bearing.

Efforts aimed at stepping up indigenization of the private sector in Nigeria were made early in 1956 when the federal loans Board was established to carried the lending activities of the British colony department board which was disbanded. From there, both past and present governments have initiated many schemes and programmes aimed at encouraging entrepreneurship development in the country. Onah (2004) summarized the programmes and schemes as follows:

a. The Small-Scale Industries Scheme (SCIS) of 1970s.
b. The Nigeria Bank for Commerce and Industry (NBCL) Loan scheme

c. The special fund for small scale enterprises loan scheme of 1980

d. The National Economic Reconstruction Fund (SMEIS) 2001 to date.

e. Small and Medium Equity Investment Scheme (SMEIS) 2010 to date

f. The Small and Medium Enterprises Development Agency of Nigeria.

In addition there are other agencies which are establish to encourage entrepreneurship development in Nigeria, they include the Bank of Industry (BOI), National Directorate for Employment (NDE), National Agency for Poverty Eradication Programme (NAPEP), National Economic Empowerment Development Strategies ( NEEDS) etc. with all these scheme, much has been achieved.

Challenges of Entrepreneurship Development in Nigeria

Many scholars has written of the challenges of entrepreneurship development like Onuoha (1994), Obeleagu, (2000) and Ile (2002) were all of the opinion that inadequate capitals, incompetent management, lack of technological and infrastructural facilities are the common problems among others. Ndubuisi (2004), from another perspective, was of the opinion that apart from the known problems that have been earlier, other challenges include the following;

1. Arbitrary changes in the administration of law by the government which spreads the element of uncertainty among the entrepreneurs.
2. Lack of insufficient infrastructure and high cost of production.
3. Market imperfections, which deny potential entrepreneurs the resources, they need for organizing new entrepreneurs.
5. Law status of business in the eyes of the public and
6. Restrictive effects of customs and traditions.

Sourcing of Funds by Entrepreneurs

Entrepreneurs are always sourcing for fund from bank, but it is not coming based on lack of good plans and feasibility reports, honesty and transparency. This is a problem to them.

The Entrepreneurial Environment

A nation’s environment has a significant impact on the level of entrepreneurship. Entrepreneurship development needs a conducive environment but this is not so in Nigeria where socio-economic problems, political instability and religious intolerance have been identified as the major challenges of entrepreneurship development, examples are Benue, North East and Abia State. These have gave birth to armed robbery, arson, vandalization, kidnapping, looting, Boko Haram, burning down their shops etc. This action have discouraged many entrepreneurs that survived the mayhem, while those who are aspiring to start a small business in such areas have relocated or completely changed their minds.

Prospects of Entrepreneurship Development

1. The introduction of the economic reforms in Nigeria is a great success on entrepreneurship development because it will enable them to be trained as in the case of entrepreneur development centers.
2. The government has intervened in the problems of finance. According to Pointer (2004) the sum of $32m (N43.836) was approved for Nigeria’s SMEs under the joint pilot programmes for Africa micro/small and medium enterprises. There are many other loans given to entrepreneurs in different capacities, this will enhance entrepreneurship development.
3. The conversion of community banks to micro finance bank is a great achievement on the federal government because credit facilities are given to the poor people and entrepreneurs who need it in their businesses.
Another prospect is the concept of incubator that nurture entrepreneurial activities so as to provide start-ups with necessary services and support until they mature and are ready to enter successfully into the competitive business environment Similar (1987). This is applicable to central and Eastern Europe. According to Petrin (1994), the idea of designing incubators in novel areas is to encourage skilled and professional people in the community to start new companies, create employment, and intensify training programmes to build the vocation skills of its members and foster greater access to capital for start-up firms.

Methodology

The objective of this study and the nature of the data gathered determined the appropriateness of the descriptive method that was adopted for this research. This study therefore worked with both primary and secondary data, which include sets of questionnaires for collection of data from the entrepreneurs and managers/accountant of micro finance banks in Abia State. Purposive sampling method was adopted for collecting data from MFBs bank in Abia State. Fifteen (15) Micro finance banks were selected from the thirty six (36) that have survived the present condition and competitive business climate of the banking sector. The managers and the accountants of these selected banks were administered with (30) copies of the questionnaire, which were duly completed and returned and entrepreneurship a sample of (364) entrepreneurs was drawn from an estimated population of 4018 of small business enterprises found within the locality of the 15 selected microfinance bank in Abia State. The sample was chosen based on a combination of cluster sampling and simple random sampling techniques. With (290) returned copies of questionnaire from the research assistant, the response rate of 80% was deemed impressive and adequate. The data were presented in tabular form and analyses using percentages and mean scores, while the hypotheses were subjected to Pearson chi-square ($X^2$) test.

The secondary sources used both published and unpublished materials from textbooks, journals, dailies, magazines, documents from CBN, NBCB and Ministry of Industries.

In order words the instrument of data collection of the study worked with both primary and secondary data, which include sets of questionnaires for collection of data from the entrepreneurs and managers/accountant of micro finance banks in Abia state.

These instruments were structured to uncover the subject matter. Validation and reliability of instrument, the instrument have been designed to reflect all the factors under consideration in this work. The questionnaire was first distributed to experts to access it adequately and it was critically examined. In other to test the reliability of the instrument test and retest method was used.

Method of data analysis the data were presented in tabular form and analyses using percentages and mean scores, while the hypotheses were subjected to Pearson chi-square ($X^2$) test.

**Decision Rule**

Accept $H_1$, when $X^2 < \text{ than the critical value}$:

Reject $H_2$ when $X^2 > \text{ than the critical value}$:

Where:

$X^2$ stands for calculated chi-square value.

**Results and Discussions**

The findings of the result are analyzed under three heading:

a. Challenges of entrepreneurship development in Nigeria the problem of inadequate capital

b. Lack of competent and skilled management of the business enterprises

c. The effect of turbulent socio-economic political environment on entrepreneurship development.
**Contemporary Challenges Of Entrepreneurship Development In Nigeria**

**Table 1.1**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>No of questionnaires administered</th>
<th>No of questionnaire retrieved</th>
<th>Responses rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager and Accountant</td>
<td>30</td>
<td>30</td>
<td>24%</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>334</td>
<td>290</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>364</td>
<td>320</td>
<td>80%</td>
</tr>
</tbody>
</table>

*Field survey September, 2013.*

**Analysis of Research Question**

**Question 1:** Do you think that non availability and accessibility of capital affect entrepreneurship development in Nigeria. The response rate of questionnaire No. 18 shall be used in answering question No1

**Table 1.2**

<table>
<thead>
<tr>
<th>Respondent option</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>259</td>
<td>89.2%</td>
</tr>
<tr>
<td>No</td>
<td>31</td>
<td>10.8%</td>
</tr>
<tr>
<td>Total</td>
<td>290</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Field survey September, 2013.*

Looking at table 1.2 it revealed that 259 or 89.2% of the respondent are of the view that Non availability and accessibility of capital affect entrepreneurship development while 31 or 10.8% are of the negative view.

**Question 2:** How does lack f competent and management skills of the entreprenuers affect entrepreneurs’ development. The response rate of questionnaire no 15 shall be used in answering No 2

**Table 1.3 Questionnaire Question 2**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very serious problems</td>
<td>290</td>
<td>76%</td>
</tr>
<tr>
<td>Moderate serious problems</td>
<td>30</td>
<td>24%</td>
</tr>
</tbody>
</table>

*Field survey September, 2013.*

This table gives us a positive result. It showed that 290 or 76% of the respondents argued positively that lack of competent and management skills of the entrepreneurs affect entrepreneurship development. While 30 or 24% agreed that affects it moderately.

**Question 3:** To what has the socio-economic and political environmental factor affect the development of entrepreneurship practice in the economy. The response rate of questionnaires No 20 shall be used in answering research question No 3.

**Table 1.4**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greatly affected</td>
<td>289</td>
<td>88.2%</td>
</tr>
<tr>
<td>Not greatly affected</td>
<td>31</td>
<td>11.8%</td>
</tr>
<tr>
<td>Total</td>
<td>320</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Field survey September, 2013.*
Atuoma Ukachi Onwuemeodo

From the table we were able to found out that 289 or 88.2% is in support that environmental factor greatly affect 5090 economic and political development of entrepreneurship in Nigeria while 11.8% is in the negative.

Furthermore the study shows that there are many problems and challenges that have negatively affected entrepreneurial activities in the economy because (89.2%) of the respondents as against (10.8%) (see table 1.4) have been discouraged by one problem or the other. A further ranking of these challenges is shown in table 1.2 note that the value is four (4),

1. Connotes no problem or constraints (from 2.49 or less)  
2. Connotes problem/constraints (from 2.50 to 3.49)  
3. Connotes serious problem/constraint (from 3.50 to 4.49)  
4. Connotes very serious problem/constraint (from 4.50 to 5.50 or above).

It shows that inadequate capital, lack of competent and skilled managers and misapplication of loans for other purposes are very serious challenges or constraints that have worked against entrepreneurship development in Nigeria with mean value of (5.21), (4.98) and 4.94 respectively. These three problems have always been regarded as the major constraints as they have bought about the non-starting or an early collapse of entrepreneurial ventures in the country, other serious problems are inability of entrepreneurs to source for enough funds with mean value of 4.34, infrastructural problems (4.43) and others as shown in table 1.4 earlier. Awolole (2007) has identified the percentage decline of fund made available to SMES (between 1997 and 2001) from 17% to 7% and even compared these with a steady increase in percentage of fund made available to SMES in India and South Africa. The issue of power supply and other infrastructural facilities has become almost perennial in the country. One would have thought that most of these early problems would have abated but table 1.5 clearly shows that all these constraints are still serious setbacks and therefore should not be ignored if the tempo of entrepreneurial activities is expected to pick up in the economy. However there was the need to specifically investigate whether these major challenges are still persisting or not by testing the hypotheses earlier stated.

Table 1.5: Challenges/Constraints that affect Entrepreneurship Development

<table>
<thead>
<tr>
<th>Challenges/Constraints</th>
<th>Means value</th>
<th>Rank value</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Inadequate capital/financial constraints</td>
<td>5.21</td>
<td>Very serious problems</td>
</tr>
<tr>
<td>b. Lack of competent and skilled management</td>
<td>4.98</td>
<td>Very serious problem/constraint</td>
</tr>
<tr>
<td>c. Lack of technological and infrastructural facilities (electricity water, good road etc)</td>
<td>4.43</td>
<td>Serious problem/constraint</td>
</tr>
<tr>
<td>d. Changes in the administration of law by the government which spends uncertainty among entrepreneurs</td>
<td>3.98</td>
<td>Serious problem/constraint</td>
</tr>
<tr>
<td>e. Turbulent and unstable business environment due to socio-economic and political problems</td>
<td>4.47</td>
<td>Serious problem/constraint</td>
</tr>
<tr>
<td>f. Market imperfections which deny potential entrepreneurs the resources they need for organizing new entrepreneurs</td>
<td></td>
<td>Serious problem/constraint</td>
</tr>
<tr>
<td>g. Misapplication of laws for another purpose</td>
<td>4.94</td>
<td>Very serious problem/constraint</td>
</tr>
<tr>
<td>h. Inability of entrepreneurs to source adequate fund</td>
<td>4.34</td>
<td>Serious problem/constraint</td>
</tr>
<tr>
<td>i. High risks involved in new enterprise</td>
<td>3.97</td>
<td>Serious problem/constraint</td>
</tr>
<tr>
<td>j. Low states of business in the eyes of the public</td>
<td>3.36</td>
<td>Problem/constraint</td>
</tr>
</tbody>
</table>
Hypothesis Testing

The first hypothesis which states that relationship exist between adequate provision of capital to the entrepreneurship development in Nigeria was tested (from data in table 1.3) using Pearson chi-square ($x^2$) which measures the degree of association between variables. The result of $x^2$ test shows that $x^2 = 524.797 > x^2 0.05, 6 = 12.592$, there is a significance relationship between adequate provision of capital to the entrepreneurs and the success of entrepreneurship development in Nigeria. In other words, the problem of making adequate capital available to entrepreneurs has remained the major constraint in entrepreneurship development. However the establishment of small and medium industry equity investment scheme (SMIE’s) by CBN and the creation of Bank Of Industry (BOI) by federal government were supposed to have help solve this very serious problem. This is because some of the entrepreneurs that are seeking for financial assistance do not operate within the growth sectors of the economy and others that are found in this sector are not prepared to open up their businesses to other investors; while some banks actually shy away from giving loans to entrepreneurs Balogun, (2004).

Table 1.6: Inadequate Capital as Major Challenge of Entrepreneurship Development

<table>
<thead>
<tr>
<th>Options</th>
<th>Micro finance banks managers and accountant</th>
<th>Entrepreneurs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>15 (50)</td>
<td>220 (75.8)</td>
<td>235</td>
</tr>
<tr>
<td>Agree</td>
<td>10 (33.3)</td>
<td>56 (19.3)</td>
<td>66</td>
</tr>
<tr>
<td>Disagree</td>
<td>3 (10)</td>
<td>10 (3.5)</td>
<td>13</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2 (6.7)</td>
<td>5. (1.4)</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>290</td>
<td>320</td>
</tr>
</tbody>
</table>

Source: Field Survey September, 2013.

Table 1.7: Lack of Competent and Skilled Management as a Major Problem of Entrepreneurship Development

<table>
<thead>
<tr>
<th>Options</th>
<th>Micro Finance Banks</th>
<th>Entrepreneurs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>19 (16.3)</td>
<td>170 (57.6)</td>
<td>189</td>
</tr>
<tr>
<td>Agree</td>
<td>5 (16.7)</td>
<td>55 (19.0)</td>
<td>60</td>
</tr>
<tr>
<td>Disagree</td>
<td>4 (16.7)</td>
<td>41 (141)</td>
<td>45</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2 (6.7)</td>
<td>24 (8.3)</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>290</td>
<td>320</td>
</tr>
</tbody>
</table>

Source: field survey September, 2013.

Hypothesis Testing

The second hypothesis states that the problems of entrepreneurship development in Nigeria are largely due to lack of competent and management skills of the entrepreneurs and this was also tested with Pearson Chi-square ($x^2$) (see table 1.4). The result of the $x^2$ test shows that $x^2 = 21.850 > x^2 0.05, 4 = 22.592$. This clearly shows that apart from adequate sourcing of capital, lack of competent and management skills of the entrepreneurs is still a very serious handicap in entrepreneurship development in Nigeria. This is in agreement with Onah (2004) that apart from other known problems like lack of inability to source adequate capital, most of the Nigerian entrepreneurs are not competent because they lack management and technical skills, because some of them want to be called managing directors or they misapply the loan from banks to taking expensive chieftaincy titles and other projects. This might lead to
inability to manage available resources wisely, wrong investment decision and inability to formulate good business policies and strategies.

The third research question deals on how the environment influences entrepreneurial activities in the country and the responses to the question on this issue is in 1.5.

### Table 1.8: Environmental Influence on Entrepreneurship Development

<table>
<thead>
<tr>
<th>Options</th>
<th>Micro Finance Banks</th>
<th>Entrepreneurs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>15 (50)</td>
<td>169 (58.3)</td>
<td>189</td>
</tr>
<tr>
<td>Agree</td>
<td>8 (26.7)</td>
<td>50 (17.2)</td>
<td>58</td>
</tr>
<tr>
<td>Disagree</td>
<td>4 (13.3)</td>
<td>45 (15.5)</td>
<td>49</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3 (10.0)</td>
<td>26 (9)</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>290</td>
<td>320</td>
</tr>
</tbody>
</table>

*Source: Field Survey September, 2013.*

This table shows that both the managers/Accountants of Banks and Entrepreneurs are positive that turbulent socio-economic and political uncertainties negatively affect their business activities as shown by the response of 76.7% and 75.5% (Strongly Agree and Agree) by the managers / Accountants and entrepreneurs respectively when the efforts of the entrepreneurs are destroyed in one wave of violent uproar in a region in Nigeria, the freedom required by them to establish and please customers as Kimbro (1995) earlier stated will never be attained.

### Hypothesis Testing

Hypothesis three states that relationship exists between political, economic and socio-cultural environmental factors and entrepreneurship development in Nigeria was further subjected to statistical test (using data from table 1.5) using Pearson chi-square ($x^2$), the $x^2$ test shows that $x^2 = 1797 > x^2_{0.05, 4} = 12.592$. This shows that the environment of any nation significantly impact on the level of entrepreneurial activities.

An environment that experiences continuous eruption of violence, vandalization of property, killing, constant armed robbery, kidnapping, arson, violent protest, looting can never be conducive for entrepreneurship growth as in the case of Nigeria.

In summary, the study has shown that entrepreneurship development in Nigeria is faced with many problems, but recent developments in the country have increased these challenges. In other words, apart from the major issues of adequate capital management skills and competence and others, which include political, economic and social cultural problems, these have posed more problems in entrepreneurship development in Nigeria.

### Conclusion

This study has revealed that development of entrepreneurs and entrepreneurship is important and can be stimulated through a set of supporting institution and through deliberate innovation. However there are lot of challenges but there are also prospects especially when resources in form of capital and human resources are made available in a conducive environment.

In conclusion, the challenges of entrepreneurship development in Nigeria includes sourcing of capital, expertise in management of the business, poor investment decision, lack of training and conducive environment. Despite the above, the efforts being made by the present Nigerian government indicate that there is brighter future for Nigerian entrepreneurs.
**Recommendations**

It has been identified that entrepreneurship is a prime mover in development of Nations unfortunately much has not been done to ameliorate the challenges. On this note the study therefore recommends the following:

1. The need to revitalize the institutions supporting development of entrepreneurship to enable quick access to entrepreneurs.
2. A stable national environment should be created with good foundation policies for macroeconomic stability.
3. Training and development is important, especially in the entrepreneurship development centers in Nigeria.
4. There should be sound national economic policy, laws and regulations that will guide the policy.
5. Business incubators should be established as they play very crucial role in initiating entrepreneurial activities.

**References**


