

EXPLORING BUSINESS EDUCATION FOR SMALL AND MEDIUM SCALE ENTERPRISES: ADOPTING INDUSTRIAL DEVELOPMENT APPROACH

Okoro S. O. (Mr.) Abstract

For decades Nigerian economy was characterized by growing dominance of the public sector, over-reliance on a single commodity (oil) for export, and the pursuit of a highly import-dependent, and import-substitution industrial strategy. While these policy thrusts were justified at their inception, experience has shown that growth and development based on expansionary public sector and import-substitution industrialization is neither efficient nor sustainable. Therefore, this paper recommends an industrial development strategy that is based on the development of small and medium scale enterprises. Entrepreneurial activities in small and medium scale enterprises are considered as the most viable option to the nation's industrial strategy for now. In helping this matter we had considered a qualitative and functional business education for entrepreneurial development in order to settle our problems of unemployment, poverty, hunger and diseases thereby, attaining self-reliance and self-esteem that enhance people's freedom and choice. We also recommend an enlarged scope of entrepreneurial studies in the subject of interest for vocational and professional business education.

Introduction

In a bid to achieve economic development many development strategies have been canvassed and sometimes put in place on the basis of certain known economic theories, issues and problems: frequently discussed include; capital scarcity, transfer of technology, structural economic reform, population policy and control, deregulation and privatization, technical manpower importation and . import substitution industrialization strategy.

The macroeconomic model that relied on an inward-looking and import-substitution strategy of urban industrial development was adopted in Nigeria at post independence and prior 1986. This industrial development option of self-reliance and economic nationalism modelled along Prebisch-singer hypothesis was emphasized in all the nation development plans, including the industrial policy and strategy, of 1988. The principle mechanism of the import substitution strategy is the erection of protective tariffs or quotas behind which import substitution industries are permitted to operate This accounts for the use of controls and public sector dominance in the macroeconomic management policy of 1970s and 1980s.

F.O.S (1996:30), noted that this model of industrial development did not yield a sustainable growth of the industrial sector as the industrial projects initiated and put in place were bogus and of "white elephant" type, depending as it were, for effective implementation on the importation of major inputs such as machinery and other capital equipment and spare parts as well as industrial raw materials. Little, scitovsky, and scott, (1970); and schnitz (1984), noted that most observers agree that import-substitution strategy of industrialization in the Less Developed Countries (LDCs) has been largely unsuccessful.

This provides the justification for an inward looking and private sector driven economic arrangement that places emphasis on private sector small-holding production structures in place of large and complex import-substitution industrial project. The later structures drain foreign exchange, and has le& labour absorption capacity, and also benefit just a minority— n Neontonial dependence model of industrialization.

For this reason this paper intends to look at the repositioning of the nation educational enterprise for a more goal oriented development activities. In particular, this paper is meant to consider the restructuring of business education for creating an entrepreneurial class for small scale business ownership and management instead of the sophisticated and massive industrial structures with weak industrial base.

The Concept of Development

One of the major problems in the current concern about what has been achieved from more than four decades of planning in Nigeria derives from the ambiguity surrounding the meaning of the word 'development'. In the literature, the primary role of economic forces in bringing about development of a society has often been taken as axiomatic, so that development and economic development have come to be regarded as synonymous. Little wonder then why developed nations of the world¹ are sometimes referred to as economically advanced, nations industrially developed countries, or technologically advanced countries. Even the last term 'technology' does not seem to have departed from situations within the economic environment. Technology is fuelled by forces within the competitive economic environment and therefore not far from being an economic phenomenon.

Todaro and Smiths, (2003), in strict economic terms, defined development as the capacity of a nation's economy (whose initial economic condition has been more or less static for a long time) to generate and sustain an annual increase in its Gross National Product (GNP) at rates of perhaps 5 to 7% or more. A common alternative economic index of development has been the use of real rate of growth of income per capita or per capita GNP to take into account the ability of a nation to overcome poverty trap.

This was the concept of development prior to 1970's. Later and after this period, economic development came to be redefined in terms of the reduction of poverty, inequality and unemployment within the context of a growing economy.

Seer (1969:3) conceived development as not only involving economic growth but also conditions in which people in a country have adequate food, and jobs and the income inequality among them is greatly reduced. As he puts it:

The questions to ask about a country's development are these: What has been happening to unemployment? What has been happening to poverty? and What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing Worse, especially if all three have, it would be strange local! the result 'development' even if per capita income is doubled. (P3)^W

[Brinkman (1995); and Gandhi, (1996), shared this view about the concept of development. Seer in (1972), reviewing this concept of development added a new element; self-reliance, to unemployment, poverty and inequality. Me therefore, asserts that the crucial target from now on would be:

Ownership as well as output in the leading economic sectors: Consumption patterns that economizes on foreign exchange (including imports such as cereals and **oil**): institutional capacity **for** research and negotiation; and cultural goals of the country, (P 35).

The essence, of pursuing development strategies is to improve the quality of human life and it is taken that these issues touch directly on the quality of human lives that ought to be improved. This is why the World Bank (1991) in its World Bank Development report to this line of broader perspective when it asserts thus:

The challenge of development is to improve the quality of life.

Especially in the world's poor countries, a better quality of life generally calls for higher income - but it involves much more. It encompasses as end in themselves better education, higher standards of health, and nutrition, less poverty, a cleaner environment, more equality of opportunities, greater individual freedom, and a richer cultural life. (P 4).

This, therefore, means that development is a multi-dimensional process involving economic growth, modernization, distributive justice and socio-economic transformation.

Sen, (1985 &1999), however, argued that the capacity to function is what really matters for status as a poor or non-poor person. He equally debunked the idea of defining development from economic growth perspective but rather argued that development has to be more concerned with enhancing the lives we live and the freedom we enjoy. In effect Sen (1999:75), argues that, poverty cannot be properly measured by income or even by utility as conventionally understood. What matters is not the things a person has or the feeling these provide but what a person is or can be, and . does or can do. Sen's definition, helps to explain why development Economists have placed so much emphasis on health and education and have referred to countries with high levels of income but poor health and education standard as cases of growth without development.

It is within this context of Sen's definition of development, that is, the aspect that concerns education and the improvement of human capacity to function that concerns us. Along this line, this paper seeks to reposition Business Education for small and medium scale entrepreneurial activities. This involves greater functionality and capacity building in human resources for innovative and risks taking spirit. Our overall line of thought in this regard is the provision of qualitative business education through enlarged scope entrepreneurial education (improved human capacity to function) for job creation, income generation, poverty reduction and distributive justice. We hope to achieve these through small and medium scale enterprises given our poverty level and the failure of the past import substitution strategy using complex and sophisticated large-scale business enterprises.

Nigeria in the Context of Development

The World Bank (2002), classified the world economies of 208 countries, with a population of at least 30,000 people, in terms of their development status. This is measured by the Gross National income per capita, as low income countries (LIC), lower middle income countries (LMC), upper middle income countries (UMC), and high income Organization for Economic Co-operation Development (OECD) and others. Countries classified as low, lower-middle and upper-middle income countries are generally regarded as underdeveloped, or at best developing countries. Low-income countries are defined as having a per capita Gross National income, in Year 2000, of \$755 or less, low middle income countries between \$756 and \$2995 and upper-middle income between \$2996 and \$9265. high income countries of OECD and others have per capita income of \$9266 or above.

Nigeria and all other African countries including those in Asiti (excluding the four Asian Tigers), Pacific, Middle East and Latin America are classified as developing countries. In particular, Nigeria's Gross National income per capita is well under \$755 and so, very much underdeveloped.

Other geographic, social and economic indicators of the underdeveloped status of Nigeria are shown in the table].

Table I

INDICES MEASURED		NIGERIA	U.S OR U.K.
I	Population	127 million (2002)	282 (UK) 2002, 286(2001) U.S
2	Population (Annual growth rate)	2. 8% (1990-2000)	0.6% (U.S) 2001
3	G.N.I, per capita	U.S. \$260(2000)	34,260 (U.S) 2000, 24,500 (2000) U.K.
4	G.N.I. per capita (PPP)	U.S. \$790 (2000)	24,260 (U.S) 2000, - 23,550 (2000) U.K
5' 6	GDP per capita (Average Annual growth)	-0.4% (1990-2000)	K A.
	Agriculture share of GDP	39% (2000)	2% (U.S) 1996, 2% (U.K) 1996
7	Share of industry in GDP	25% (1 996)	29% (U.S.) 1996, 37 (U.K) 1996
8	Export as share of GDP	48. 7% (2000)	7.9% (U.S.) 2000, ; 10.2% (U.K) 2000
9	Life expectancy at birth	47(1999)	75 (U.S) 2000
10	Under age 5 mortality (per 1000 live births)	151 (1999)	8 (1997) U.S.
11	Child malnutrition (under weight)	39% (1992- 1 997)	N. A.
12	Female share of labour force	36% (1997)	N. A.

13	Illiteracy rate (age 15+)	3 7% (1999)	Under 5 (1995)
14 TT! 1&~	Population of labour force in Agricultural occupation	54% (1 996)	2% (U.S.) 1996, 1% (U.K) 1996
	Population of labour force in industrial occupation	5% (1996)	25%(U.S.) 1996, 24%
	Human development index	0.455 (Low) 1999	0.934 (U.S.) 1999, 0.923 (U.K) 1999

Compiled by the author from sources listed hereunder:

Sources: (1) World bank Development Report 2000, New York; Oxford University Press; Table I

(2) United Nation Development programme, Human Development Report 1996 (New York: Oxford University Press)

(3) Central Intelligent Agency, the World Fact Book (1994), (Washington D.C. Central Intelligence Agency, 1994)

(4) World Bank 1998. World Indicators (Washington D.C. World Bank 1998)

(5) United Nation's Development programme, Human Development Report 2001 (New York: Oxford University Press)

(6) Population Reference Bureau 2001, World Population Data Sheet (Washington D.C.; 2001)

(7) World Bank, 2001, World Indicators (New York: oxford University Press, 2001)

(8) Todaro and Smith (2000) pp.72

The table compares Nigeria with United States of America and United Kingdom in the listed indices. It shows some remarkable differences, and the information contained there in is very revealing, particularly when we look at the rates of population growth, GNI per capita, shares of agriculture and industry in the GDP, life expectancy at birth and the literacy rates.

Looking at the overall development index, the Human Development Index, Nigeria is indeed far from being classified as a developed Nation. Even in Africa, countries like Kenya (HDI = 0.514), Morocco (HDI = 0.596) and South Africa (HDI = 0.902) are doing much better than Nigeria in this index and in other social indicators. Kilick, (1976), once remarked that Development is essentially a process of structural change resulting in radical transformation in the pattern of demand and output, and in physical and institutional framework. It is in respect to this gloomy picture painted in the table and also Kilick (1976), conception of development that we seek to achieve some level of development by creating some institutional structural change. This we believe will help to transform our agricultural based economy to a more industrial activity, through entrepreneurial development. Small-scale businesses would be used to achieve this purpose whereas Business Education would be used-as the instrument of change. '

The pertinent question now, is what is small-scale business? What does it mean to create entrepreneurial capacity and what has this to do with development in Nigeria.

Small-Scale Enterprises: Conceptual Framework

The term small-scale enterprise covers a diverse range of activities. Often there is no single criterion for classifying a business unit as small-scale. The need for desegregations of this heterogeneous group of producers is obvious, but there is little consensus as to the most appropriate criteria for separation into categories. Some have argued for distinction based on the degree to which an enterprise is registered or pays tax (i.e. 'informal' Vs formal' enterprises). Others have **concentrated** on size, often measured in terms of number of workers (eg 'micro' Vs 'macro 'small scale enterprises). It is from this latter perception that we draw our operational definition.

The central bank of Nigeria, defines small scale business enterprises for monetary purposes in terms of their turnover. Specifically, the CBN through its Credit Guidelines regard, any enterprises whose annual turnover is less than N 500,000 as small- scale (Mesha 1986).In the 1991, Credit Guideline !(Monetary policy circular No 25), The CBN stated that, a small scale enterprises for commercial and merchant banks loans is defined as, one whose capital investment does not exceed N5 Million naira (including land and working capital or its turnover is not than W25.0 million naira annually. This upward revision of the turnover may have been accounted for by the rising inflationary pressures in Nigeria.

UNIDO (1969), classifies small-scale enterprises as, those with less than 150 employees on its pay roll. Such enterprises can be classified into two broad categories. The first category includes mainly traditional craftsmen and artisans some of whom may need assistance to modernize their skill, tools and techniques of production. The Second category is the group of small manufacturing enterprises which produce a variety of consumer goods.

In addition, the small -scale industries division of the federal ministry of commerce and industry defines small-scale industries as establishment with capital investment totaling N250, 000

naira and staffed with between 50 and 150 employees.

A business is considered as a small-scale in year, if for that year the following conditions are satisfied.

- ❖ It is a private company having a share capital;
 - ❖ The amount of its turnover for that year is not more than N2 million or such amount as may be fixed by the commission (i.e. Corporate Affairs Commission);
 - ❖ None of its members is an alien;
 - ❖ None of its member is a member of government Cooperation or Agency or its nominee; and
 - ❖ The directors, between them hold not less than 51% of its equity share capital
- For the purpose of implementing Small and Medium Industries Equity Investment Scheme (SMIEIS), the CBN (2003), defined a small and medium industry as any enterprise with a maximum asset base of N200 million, excluding, land and working capital, with the number of staff employed by the enterprise not less than 10 and not more than 300.

For different administrative purposes and financial assistance, institutions like NERFUND, CMD and NBCI gave different definitions of a small-scale enterprise. For the purpose of this paper, small-scale business will be taken as a private indigenous enterprise with an annual turnover of not more than N25.0 million and having on its payroll not more than 150 employees. The justification for this is to accommodate both 'micro' and 'macro' small-scale enterprises. The later is sometimes referred to as medium scale business. Hence, we shall be using these two concepts of businesses enterprises interchangeably.

Small-scale Business and Economic Development

It is widely recognized that small enterprises play a different role in economies at different stages of development (Anderson 1982, Biggs and oppenheimer, 1986).

The importance of small-scale enterprises in the promotion of economic development has always been at the forefront of development strategies. However many developing countries have failed to adopt this strategy owing to their belief that it is a relatively slow process of industrialization which may not be very compatible with their desire to catch-up with the industrialized countries.

Nonetheless, it is generally agreed that a way out of the problem of economic development for many developed countries is to devote vigorous energy to the development of local manufacturing industries. Given the failure of import-substitution strategy of industrialization, with all its attendant problems, the promotion of small/medium scale enterprises should be increasingly adopted as the most viable option for growth and development in the third world countries.

In Nigeria, small and medium scale industries constitute over 70% of all registered companies. Thus, if encouraged, these enterprises could provide opportunity for employment on a large scale, reduce poverty among the people, and ensure a more realistic equitable distribution of income. Masha (1986), discussed the following as the role of small and medium scale enterprises in the promotion of economic growth and development;

- > Job creation for the jobless - it is worthy of note that in sierra loan, small businesses employ 86 percent of the industrial workforce;
- > Equitable distribution of income;
- > Effective mobilization of human and capital resources, which otherwise would have been laying idle;

- Development of middle level managers on horizontal patterns; an element very important in a decentralized and liberalized economy;
- The elimination of unhealthy imbalance in the rate of economic growth between rural and urban areas and thus help towards integrated rural development;
- Rural-urban migration and the associated problems of unplanned urbanization.
- Counteracting seasonal variations in employment in the agricultural sectors by utilizing excess labour that otherwise would be under-employed in agriculture.
- Less dependence on imported investment and raw material inputs helping to increase the local content value of national output, therefore, reducing pressures on the foreign exchange and balance of payment position.

The various roles of the small and medium enterprises in stimulating growth and development point to the facts that these enterprises could assist in economic diversification, stimulation of indigenous entrepreneurship, transformation of the traditional industry, promotion of regional economic activities and co-operation and the multi-nationalization of indigenous enterprises. (Chima and Udonsi (1996).

An alternative approach to examine the relationship between small-scale enterprises and economic development is to focus on the principal driving force leading to growth in employment. Some people find work in small enterprises, in spite of the fact that returns are low and declining in these activities, because nothing better is available to them. For such people, constrained by their skills and abilities, access to other resources, and time, engagement in small enterprises is a kind of survival activities to sustain them until something better comes along. Such employment growth may be thought of as supply-driven; people search for ways of surviving in different economic times. Expansion of employment of this type could be seen as a reflection of the failure of the economy to develop in ways that provide rising level of welfare for the majority of the people (Mead, 1994).

The opposite polar case reflects a situation where employment in small scale enterprises grows as entrepreneurs identify and respond to market opportunities. In this case one might say that the driving force is an increase in demand for labour as entrepreneurs expand their workforce in response to these market opportunities. This pattern of growth might then be characterized as a 'demand-driven' expansion. An important concomitant of such expansion is that incomes earned can be higher and rising for both the entrepreneur and for workers in the enterprise. Expansion of employment of this type clearly can be thought of as a component of successful development (Hagglade and Liedholm 1992). It is within this later concept, the 'demand-driven' growth and expansion of income and employment, that this paper is presented. It is must, however, be recognized that it is not an easy task to dichotomized these two forces in empirical research. The justification for this is that rising and sustainable small and medium scale entrepreneurial activities generate job openings, increase income, alleviate poverty, hunger and diseases, hence, the improvement in the overall economic and social well-being of the people. It is also within this framework that we seek to reposition business education for sustainable growth and development.

Recommended Restructuring for Small and Medium scale Capacity Building

The restructuring of business education should include:

- (I) Studies in Nigerian business environment x-raying opportunities and threats inherent in the system. Training in identifying market gaps is very important. Many business opportunities may be just around in abundance without people noticing them. A budding business person must be able to acquire skills in observing the environment in which he lives.
 - (2) ' Acquiring a mental set of attitude that takes business risk as normal part of life, and resolutely seeking at all times to reducing them to the barest minimum.
 - (3) Enlarging the content and scope of business education in order to expose student to all parts of business life ranging from business ownership through management and finance to maintaining succession, survival and growth.
 - (4) Helping students to develop mental attitudes that de-emphasise education for job seeking to business education for self-employment and job creation. This becomes necessary as the employment market is already saturated in Nigeria. Emphasis should be placed on output production rather than commercial activities through new venture start-ups brought on stream through proper identification of market gaps.
 - (5) Training in business risk management for unavoidable risk, and prevention for avoidable ones, Serious training in record keeping helps in early dictation of risks for prevention. Conditions for risk imply incomplete knowledge as well as incomplete ignorance.
 - (6) Awareness and exposures to the activities of the R & D institutions, both public and private, for product and process innovation and diffusion.
 - (7) Studies in small and medium scale business management as this provides us with the most effective instrument of change from economic poverty to prosperity.
 - (8) - Training in acquiring self-confidence, leadership qualities, foresightedness and originality. The personality of a prospective venture owner and entrepreneur should be accorded top priority in the repositioning agenda of business education.
- When these are successfully done we would have, through entrepreneurial development been achieving the following that will pave way to national economic development.
1. Development of local technology - The use and Development of local technology that will in due course launch this nation into acquiring large market share in the competitive global market.

2. Provision of effective way of stimulating small and medium scale enterprises for a more goal oriented and profitable business.
3. Creation of job opportunities, as research had shown that capacity building in entrepreneurial development for small and medium scale enterprises is capable of generating much more employment than the big and complex firms.
4. Acquisition of expanded capacity for export and a more effective import substitution of strategy for foreign exchange conservation and strengthening the domestic value of the local currency, the naira.
5. Mobilisation of domestic resources for enhanced production. Personal savings, the small and .. medium industries equity investment scheme (SMIEIS) fund, Second tier Security Market, (SSM), the Nigeria Bank for industries and commerce including Nigeria Agricultural Cooperative and Rural Development Bank are important sources of domestic funds.
6. Greater competition and effectively dealing with monopoly structures, thus helping to liberalize Nigerian economic landscape for a more efficient private sector driven economy.

Conclusion

In summary, admittedly, development is truly a hard and slow process but not an impossible one. To hasten its evolution, spontaneous entrepreneurship and innovation in Small and Medium Scale Enterprises must develop among the people who are directly involved. This is why we prefer an inward looking approach to our developmental problem. We had focused on business education for entrepreneurial capacity building which constitute one of the fundamental building blocks of a nations economy. Even though, conceptually and functionally entrepreneurship transcend the operation and management of small scale business, we had treated it as if it is synonymous with small and medium scale business. This inclination was made because of poverty and capital scarcity associated with underdeveloped countries such as Nigeria. The proposed restructuring of business education include among others the development of attitude and skill that de-emphasize looking for jobs. Instead job creation and employment generation was given prominence in the paper. This was considered as a way of dealing with poverty, misery and inaccessibly to at least material requisites of economic well-being.

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