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The Role of Higher Institutions in Promoting Entrepreneurship and Small Business in Developing Nations: The Nigerian Experience

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Abstract

In a quest to promoting the development of entrepreneurship and small businesses in Nigeria, government in 2006 approved the total commitment of higher institutions in providing entrepreneurship education to Nigerian students by making entrepreneurship a compulsory course for all students irrespective of their disciplines. This paper examined the role of higher institutions in promoting entrepreneurship and small business in Nigeria. A critical review of entrepreneurship education in Nigeria reveals that the programme has helped in instilling and reviving entrepreneurial spirits in the minds of Nigerians, thereby encouraging and providing individuals with career options, self-sustenance, and self-reliance. This paper has also highlighted the challenges and concerns that threaten the effectiveness of entrepreneurship education in Nigeria. The paper recommends that entrepreneurship education should be introduced at the primary and secondary levels of the Nigerian educational sector as this will further boost the urge and drive for entrepreneurial practice and career option.

INTRODUCTION:

Entrepreneurship and small businesses play significant roles in the economic development of nations, including that of the Nigerian economy. Realising the fundamental roles played by entrepreneurship and small businesses in a developing nation like Nigeria, the Federal Government of Nigeria in 2006 set up entrepreneurship studies and made it compulsory for students of higher institutions irrespective of area of specialization and in most universities, entrepreneurship studies have been adopted as a compulsory general studies course for students. Galloway and Brown (2002) are of the opinion that the fast growth of entrepreneurship education is evidence that those who attended entrepreneurship courses have a higher attitude to venture into new businesses than those who attended other courses.

For Hansemark (1998), formal entrepreneurial education has been found to affect the attitudes of university towards entrepreneurship as a career option.

According to Nyonkuru (2005), a report by the European Commission in 2004 regards education as an important means to create a more entrepreneurial mindset among young people and asserts that promoting entrepreneurial skills and attitudes provides benefits to society even beyond their application to new business ventures. The objective of this paper therefore is to further explore the role of higher institutions in promoting entrepreneurship and small business in a developing economy with special attention to the Nigerian experience.

ENTREPRENEURSHIP VERSUS SMALL BUSINESS

Available literature shows that though some people use the word ‘‘entrepreneurship’’ and ‘‘small business’’ interchangeably, there are clear differences between the two concepts.

Definition Concept of Entrepreneurship:

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich, Peters and Shepherd, 2009). Essien (2006) sees entrepreneurship as the totality of self-asserting attributes that enable a person to identify latent business opportunities together with the capacity to organize needed resources with which to profitably take advantage of such opportunities in the face of calculated risks and uncertainty. Entrepreneurship is concerned with drive to venture into a business with the readiness to unforeseen risks and also make reasonable profit as a reward of such action. Furthermore, entrepreneurship is the willingness and ability of an individual to seek out investment opportunities, establish and run an enterprise successfully. Consequently, an entrepreneur can be defined as a founder of a new business venture (Onuoha, 2008). An entrepreneur is someone who is creative, innovative and also able to take risk for the purpose of generating profit.

Entrepreneurial Characteristics

Available literature suggests that entrepreneurs share some common features. In support of this opinion, Ntekop and Umoren (2010) agree that those who possess the entrepreneurial mindset also possess certain recognizable characteristics even though these same characteristics may also be found in some managers, or some successful career-minded individuals. These characteristics according to McClelland (1961) are:

- desire for responsibility;
- preference for moderate risk;
- confidence in their ability to succeed
- desire for immediate feedback

- high level of energy;
- future orientation;
- skill at organizing, and
- value of achievement over money

It is necessary to note that the characteristics listed above are general tendencies derived from studies, observations and analyse of successful entrepreneurs over time and across cultures. It is not at all suggested that all of the characteristics will be found in every successful entrepreneur. It is also necessary to note that the relative dominance of the listed characteristics will vary in accordance with each individual personality, emotions, type of business, and operating environment among other factors.

Definition of small Business:

Several authors have acknowledged the difficulty experienced in defining a small business. In some cases where deliberate attempts have been made to define a small business, it is usually merged with the medium ones to have the generally acceptable name ‘‘Small and Medium Scale Business (SMES). Storey (1994) equally believes that there is no generally acceptable definition of small and medium scale enterprises. Udofot (2003) holds similar opinion on the dynamic and non-uniformity nature of the definition of SMEs. Meanwhile, it is generally believed that the parameters used in defining businesses are; asset base, number of employees, sales volume, financial strength, number of locations, relative size, turnover on investment, etc. According to Bayene (2002), the United States’ Small Business Administration (SBA) defines ‘‘small business’’ as any business with less than 500 employees. Meanwhile, the Federal Government of Nigeria’s Industrial Policy of 1989 defines a small scale industry as one in which the total capital outlay does not exceed two million Naira (N2m) excluding the cost of land.

In 1992, the European Economic Community (EEC) now the European Union (EU) made a bold attempt to define small and medium enterprises, probably for the purpose of the European Union. It was the first definition to find application beyond national frontiers. The definitions or classification were to be applied by member countries of the European Union, for the purpose of industrial policies. The 1992 EU classification of SMEs were as follows:

- micro enterprises-firms with 0-9 employees
- small enterprises-firms with 10-99 employees
- medium enterprises-firms with 100-499 employees.

The classification of the National Council of Industry (NCI), has the same format with that of the European Union (EU).

Historical Perspective of Entrepreneurial Education in Nigeria

The reality of entrepreneurship education as a course in business schools started in the early 1970s. The University of Southern California started the first Master of Business Administration (MBA) concentrating on entrepreneurship in 1977. This was followed by the first undergraduate course concentrating on entrepreneurship 1972. Meanwhile, the actual emergence of entrepreneurship education was in the 1980. At the early 1980, there were over 300 universities offering courses in entrepreneurship and small business (Kuratko, 2005).

Entrepreneurship education in Nigeria became necessary due to the challenges of globalization and trade liberalization experienced in the 1980s, which led to the creation of the Structural Adjustment Programme (SAP) that brought about a considerable reduction in public sector job placements. This subsequently led to graduate unemployment, underemployment, poverty, and consequently, youth restiveness and insecurity of lives and properties. (Ibe, 2011). In a bid to reduce the drive for public sector jobs by graduates, the Nigerian government through presidency directed all Nigerian Higher Education Institutions to include Entrepreneurship Education (EED) as a compulsory course for all students with effect from the 2007/2008 academic session. Subsequently, both the Nigerian Universities Commission (NUC) and National Board for Technical Education (NBTE), regulatory bodies for both Universities and Polytechnics/Monotechnics respectively enforced in the implementation of government's directive with regards to the inclusion of entrepreneurship studies in higher institutions' curriculum as compulsory courses. Presently, entrepreneurship studies have been successfully introduced to every department of the Nigerian higher institutions. Interestingly, the creation of entrepreneurship centres in higher institutions of learning in Nigeria has further enhanced the achievement of entrepreneurship education goals in the country since these centres are saddled with the responsibilities of coordinating the entire process and designing programmes that could help in promoting entrepreneurship education in Nigeria. The entrepreneurship courses avail students the opportunity of gaining both theoretical/conceptual knowledge of the course as well as the practical aspect of it which students are required to spend few weeks gaining practical knowledge in entrepreneurship businesses around their school environments.

The Practice of Entrepreneurship Education in Higher Institutions of Learning

Kuratko (2005) opines that entrepreneurship is a learning process that encompasses risk taking, tenacity and opportunity seeking. This implies that entrepreneurial knowledge could be acquired through learning – Entrepreneurship Education. Entrepreneurship education motivates students to make their career decision to become self-employers. Teachers, academics, and professionals have moved away from the belief that entrepreneurs and managers are born, not made (Kuratko, 2005). Confirming that entrepreneurship is a discipline that could be learned, Drucker (1985) argues that entrepreneurship is an academic discipline and academic disciplines can be learned.

There is a clear strong relationship between education levels and entrepreneurial activity which lead to the failure or success of business ventures. As a result of this, entrepreneurship education should be encouraged as far back as the primary school level as learners; self-

confidence about their ability to start a business later in life is to a large degree built on such education (Nicholaides, 2011).

Similarly, Niyonkuru (2005) in Brijlal, (2008) argues that entrepreneurship can be taught and that education can enhance entrepreneurial skills, competencies and attitudes. Opinions of authors so far reviewed indicate that entrepreneurship education is not mirage in the process of inculcating entrepreneurial knowledge in people through learning.

Promoting Entrepreneurship and Small Business in a Developing Economy – The Role of Higher Institutions

Nigeria is a nation with such peculiar features such as unemployment, high poverty rate, unfavourable per capita income, etc. In the process of addressing these issues, government relies so much on higher institutions of learning in the country to instil entrepreneurial drive in students through entrepreneurship education. With this, government believes that Nigerian graduates will be better equipped to create job opportunities after school and not relying on government for jobs as well as helping to contribute to the economic development of the nation. Thus, entrepreneurship education is expected to play a leading role in developing and producing more entrepreneurially inclined students in Nigeria.

Wilson et al (2007) in Al-Mahdi (2011) are of the opinion that entrepreneurship education plays major role in influencing students' preference to become entrepreneurs through raising their attitude, perceived behavioural control and intentions towards entrepreneurship and small business. Universities and other higher institutions in this regard have been urged to promote entrepreneurial spirit among students through a series of education programmes and courses in entrepreneurship.

Bukula (2009) acknowledges that the important role of universities and other higher institutions in fostering entrepreneurship and a vibrant and growing small business sector is now recognised worldwide in offering entrepreneurship education programmes, undertaking outreach initiatives to provide training, mentoring and other kinds of support to small businesses, and conducting small business-related research. The role of higher education is clearly to meet the socio-economic needs of the country whilst safeguarding social justice and democratic values (Morgan, 1997). They also serve as knowledge producers and agents of knowledge exchange in society (Etzkowitz, et al, 2000). For Nicolaidis (2011), Higher Education Institutions are regarded as the custodians of knowledge in society and play a very significant role in the economic development of entrepreneurship and small businesses viz-a-viz the economic development of a nation.

In summary, higher institutions help in promoting entrepreneurship and small businesses in Nigeria in the following ways.

- (a) changing the attitudes of students toward being self-reliant and self-employer.
- (b) providing needed skills and knowledge required for enterprise growth.
- (c) providing consultancy services to start up entrepreneurs and small business owners

- (d) creating awareness of entrepreneurship as a career option; and
- (e) Providing adequate knowledge on proper management of businesses.

Challenges and Prospects of Promoting Entrepreneurship and Small Business by Higher Institutions in Nigeria

As mentioned earlier, although the demand for entrepreneurship education is on the rise world-wide, the effectiveness of such programs is still questioned (Auieh and Cehade, 2011). For Katz (2003), one of the challenges faced by higher institutions in this regard is that although the entrepreneurship programmes and departments being embedded in universities and other academic entities are partially legitimate, they still lack maturity. Thus, the challenge lies in transforming these programmes into leading and pioneering ones. Kuratko (2005) argues that the challenge facing entrepreneurship education is related to entrepreneurship research. Katz (2003) adds that the most challenging and limiting factor of entrepreneurship education development is the shortage in faculty and Ph.D. Programmes. Another major challenge to entrepreneurship education development is that of direct relationship between technology and entrepreneurship.

Adequate funding is one of determinant factors of every successful programme implementation. Though government is presently doing its best in providing funds to higher institutions for the development of entrepreneurship education, much still needs to be done to encourage the success of these programmes in higher institutions. Again, entrepreneurship education thrives on research development. As such, building research centres will ultimately encourage the achievement of entrepreneurship education goals. Nigeria stands a chance of transforming its current state of the economy to a vibrant one if the challenges of entrepreneurship education in Nigeria higher institutions are addressed.

Recommendations

After an exhaustive research on the role of higher institutions in promoting entrepreneurship and small business in Nigeria, the following recommendations have been put forth.

1. Most students in higher institutions are adult who must have taken decisions on their future career before adulthood. Introducing entrepreneurship and small business at secondary levels of education will further help in encouraging people to embrace and develop entrepreneurial drives.
2. Adequate funding of entrepreneurship programmes is required for a successful implementation of entrepreneurship programmes. As such, entrepreneurship centres established in higher institutions should be properly funded while such funds should also be judiciously used by those concerned.
3. Training-the-Trainers Forum should be organized constantly to assist lecturers who handle entrepreneurship courses. Such trainings could be within or outside the

country. Both lecturers and students can benefit from international trainings which will afford them the opportunity of driving home the application techniques of other successful nations. Again, entrepreneurship training should not only focus on the theoretical aspect of it but much emphasis should be made on the practical aspect of it.

4. Finally, this paper recommends that government and private sector individuals should provide more assistance to graduates who after acquiring entrepreneurial skills and knowledge want to venture into productive businesses. With this, Nigeria will be blessed with more entrepreneurs and successful business owners.

CONCLUSION

Entrepreneurship and small business contribute to the economic growth of nations. Higher institutions play very significant roles in inculcating entrepreneurial spirits in Nigerian graduates through effective implementation of entrepreneurship programmes and courses. In conclusion, this paper strongly supports the calls for the introduction of entrepreneurship education at the primary and secondary levels of the Nigerian schools.

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