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## **ENTREPRENEURSHIP DEVELOPMENT: THE ROLE OF NIGERIAN HIGHER INSTITUTIONS IN PRODUCING ENTREPRENEURS.**

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### **ABSTRACT**

Entrepreneurship has been identified with economic development, and acknowledged as a creator of new employment, generator of new incomes, technology, benefits, as well as producers of goods and services to meet the needs of the society, and as such as an important source of economic growth. The objective of this paper is to find out how entrepreneurship can be developed in the country, especially the role of Nigerian higher institution in the development of entrepreneurship by producing entrepreneurship oriented graduates. The findings indicated that Nigerian higher institution can become organizations or institutions that produce entrepreneurs, only if the institutions could be transformed into entrepreneurial universities. Based on the findings, recommendations were made on how entrepreneurship can be developed in Nigeria.

**Keywords: Entrepreneurship, Development, Role, Transformation, and Institution**

### **INTRODUCTION**

#### **Background of the study**

Entrepreneurship is universally recognized as a critical resource in the economic development process of a country. Besides, it is the dynamic process of creating incremental wealth by individuals or group through the use of resources at hand. In view of this fact, development of entrepreneurship receives serious attention among the policy makers, planners and development economists as a strategy of economic growth (Economy policy paper, 2005).

In economics an entrepreneur is therefore an economic leader who possesses the ability to recognize opportunities for successful introduction of new commodities, new techniques and new sources of supply and to assemble the necessary plant and equipment, management, labour force and organize them into a running concern. According to Jhingan (2007), the function of the entrepreneur is to undertake risks and uncertainty. It includes the coordination of productive resources, and the introduction of innovations. In whatever sense, entrepreneur may be viewed as the kingpin of any business enterprise, because without them the wheels of industry cannot move in the economy. A typical entrepreneur is expected to have:

- i. A sharp mind to find opportunities and take chances
- ii. An extraordinary sense of luck and make impressions on people.

He is, therefore, not only self employed, but also generates employment and income for others (Muhammed, 2006). In this regard, Kiyoko (2001) by way of graphical illustration represents the method or way through which individual earn income in what he referred to as Cash Flow Quadrant as shown in figure 1 below.

**Figure 1: Cash Flow Quadrant**

1	2
<b>E</b>	<b>B</b>
<b>S</b>	<b>I</b>
3	4

Where:

E = Employee, B = Business owners, I = Investors and S = Self-employed

An employee in quadrant one, earn income from being employed and work for others. He always looks for better offer with higher wages, believing that a new job and a better pay will always solve their problems. In quadrant three, a self employed earn income working for him or herself. People in this category include highly educated professionals who have spent years in school, such as the doctors, lawyers, dentists among others. There could also be some professionals who are not formally educated but have acquired some skills through apprenticeship. In this category are the carpenters, bricklayers and many others. In this quadrant are the like of estate agents, owners of retail store, restaurants, consultants, artists among others. To this class of people, independence and liberty to do things the way they choose and be appreciated as an expert in their field is far more important than money.

The business owners in quadrant two earn income through their money. They are almost opposite to a self employed in quadrant three in the sense that a typical business owner like to delegate work to others. They believe the only way to achieve financial security and happiness is to do their wish or to develop a new product which is not available else where.

The major difference between self employed and business owner quadrant is that a typical self employed has a work which requires his presence and hard work to be successful, while a typical business owner in quadrant two has a system and employ competent people to run the system, and to be successful, ownership or system control and ability to lead people are required.

In the context of this paper, the class of people in quadrant two (business owners) and the class of people in quadrant three, (the self employed) constitute entrepreneurship quadrants. Each method of earning an income requires different way of thinking, different technical skill, different educational background and different type of personality. The choice of quadrant is not dependent on what one learns in school but depends on one's personality, value, weakness and strength.

Most of the skill needed to succeed in these quadrants are not being taught at school, which explain the reason why people like Bill Gates, the founder of Microsoft, Thomas Edison, the founder of General Electric; Henry Ford, the founder of Ford Motor Co; Ted Turner of CNN; and Michael Dell, the founder of Dell Computer, who did not acquire higher degree could become successful businessmen (Kiyosaki, 2001).

Given the foregoing, this paper proposes to critically examine and/or analyse:

- i. Some of the factors that hinder entrepreneurship development,
- ii. The role of Nigerian higher institutions in entrepreneurship development, as well as producing entrepreneurs.
- iii. Some of the factors that encourage entrepreneurship programme in higher institutions

Given these objectives, the challenge of this paper is focused on what affects the development of entrepreneurship in Nigeria, and subsequently the role of Nigeria higher institutions in producing entrepreneurs! To this end, the paper is organized into four sections. Following this introduction is section II, which focuses on factors that hinder entrepreneurship development in Nigeria. Section III focuses on factors that encourages entrepreneurship program in higher institutions. Section IV presents the method of teaching entrepreneurship in higher institutions. Section V summarizes the findings and gives some policy recommendations.

## **FACTORS THAT HINDER ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA**

Few of the notable factors which impact on entrepreneurship, particularly in a developing country, among others are:

### **CORRUPTION**

Economically, corruption embraces elements of: Fraud, bribery, forgery, embezzlement and extortion (Ayodele, 2010). One of the implications of corruption is ineffective allocation of resources. For instance, rent-seeking behaviour, in which firms or individual takes action through bribery to preserve positive profits, consumes resources. Lobbying, for instance, are not costless. Lobbyist's wages, expenses of the regulatory bureaucracy, and the like must be paid. Indeed positive profits may be completely consumed through rent-seeking behaviour that produces nothing of social value (Case and Fair, 2007).

The impact of bribery including rent-seeking behaviour is increase in cost of production or cost of goods sold, which in turn tends to reduce the profit margin or even lead to losses. When a firm is breaking even or earning exactly a normal rate of return, new investors are not attracted. Though the current ones may not run away either, but they may not be expanding their investment. In other hand, when business suffers losses, investors are not going to be attracted, while the existing investors may be looking for an exit. This tends to impede entrepreneurship development.

Corruption has been persistent in most economic sectors in many African countries, especially Nigeria and it tends to negatively affect entrepreneurship development needed for

economic growth and development. According to the Transparency International report from 2002 to 2009, the corruption perception index, which relates to the perception of the degree of corruption as seen by business people and county analysts, and ranges between ten (10) for highly clean countries, and zero (0) for highly corrupt countries, Nigeria was rated the second most corrupt nation in the world as at 2002 with an index of 1.6, which dropped to 1.4 in 2003 when it maintained its position as the second most corrupt nation in the world. In 2009, its index attained 2.5 and ranked 130 out of 180 countries surveyed, as shown in table 2.1 below.

**Table 2.1: Worldwide Corruption Index and Ranking of Nigeria, 2002-2009**

YEAR	INDEX (x/ 10)	RANK	NO. OF COUNTRIES
2002	1.6	101	102
2003	1.4	132	133
2004	1.6	144	145
2005	1.9	152	158
2006	2.2	142	163
2007	2.2	147	179
2008	2.7	121	180
2009	2.5	113	180

**Source: Transparency International**

### **INADEQUATE INFRASTRUCTURES**

Infrastructures are social capital that may take the form of public works like power supply, highways, bridges, mass transit systems, communication network, water system and the like, that could be used by public and private firms and individuals, to produce or facilitate the production of their goods and services. According to Case and Fair (2007), recent economic research has shown that a country's infrastructure plays a very significant role in helping private firms produce their product efficiently.

Lack of infrastructures like means of transport, cheap and regular power supply, availability of sufficient raw materials, trained labour and money market, all of which add to the risk and uncertainty of new entrepreneurship (Jhingan, 2007). For instance, erratic electricity and fuel supply has been a major factor for the excessive high domestic production cost, which pushed down industrial utilization capacity in Nigeria. Consequently, many Nigerian entrepreneurs were forced to seek a more conducive investment climate in neighbouring country.

Another consequence of inadequate infrastructure is low productivity, which is one of the factors responsible for the low competitiveness of Nigerian products in the global market. Competitiveness is a comparative concept of the ability of a firm or country to produce and sell goods and/or services that meet the demand of the international market, and at the same time able to create a sustainable prosperity for its citizens (World Economic Forum, 2007).

According to the World Economic Forum Global competitiveness report for 2010, Nigeria has a score of 3.65 out of 10, and rated 99<sup>th</sup> in the world as against the 94<sup>th</sup> position in the previous year, as shown in table 2.3 below.

**Table 2.2: Global Competitiveness Report, 2009-2010**

World Top 10			African Top 10				
Rank	Country	Score	Country	Rank in Africa	Score	World Rank 2009/10	World Rank 2008/09
1	Switzerland	5.60	Tunisia	1	4.50	40	36
2	USA	5.59	South Africa	2	4.34	45	45
3	Singapore	5.55	Mauritius	3	4.22	57	57
4	Sweden	5.51	Botswana	4	4.08	66	56
5	Denmark	5.46	Egypt	5	4.04	70	81
6	Finland	5.43	Morocco	6	4.03	73	73
7	Germany	5.37	Namibia	7	4.03	74	80
8	Japan	5.37	Gambia, The	8	3.96	81	87
9	Canada	5.33	Algeria	9	3.95	84	89
10	Netherlands	5.32	Libya	10	3.90	88	91
			<b>.. Nigeria</b>	<b>13</b>	<b>3.65</b>	<b>99</b>	<b>94</b>

Source: World Economic Forum, 2010

### INVESTMENT RISK ASSESSMENT

Nigeria's political and institutional shortcoming has constituted critical risk factors that worsen the investment climate in Nigeria, thereby hindering entrepreneurship development. The banking crisis has stemmed from governance inadequacy whereas heavy administrative procedures impede the decision process concerning strategic investment (Coface, 2008).

According to coface in its business climate rating assessment aimed at measuring the quality of the governance in a given country and more specifically the financial transparency of companies and the efficiency of the court system for settling debt issues, Nigeria is rated D, which indicate a country speculated to have high risk profile and very bad payment record as shown in table 2.3 below.

Similarly, survey on country credit risk carried out by the Organisation for Economic Cooperation and Development (OECD) suing eight (8) levels of country risk categories ranging from zero (0) for countries with no risk, to seven (7) for countries with associated with high risk as shown in table 2.4 below, Nigeria falls into the seventh category along with Cameroon and Niger.

**Table 2.3: Coface Credit Rating Report, 2008**

COUNTRY	GRADE	COUNTRY	GRADE
Canada	A1	Cameroon	B
Australia	A1	Egypt	B
USA	A1	Indonesia	B
Chile	A2	Turkey	B
Korea	A2	Ukraine	C
Thailand	A3	Congo	C
China	A3	Argentina	C
Mexico	A3	Iran	D
India	A3	Venezuela	D
Tunisia	A4	RCI	D
Algeria	A4	<b>Nigeria</b>	<b>D</b>

**Source: Coface**

Where

A1 – Steady economic and political situation

A2 – Weak default probability

A3 – Adverse circumstances may lead to worsening payment record

A4 – Patchy payment record could be worsened by adverse economic/political development.

B – Unsteady economic and political environment

C – Bad payment record

D – High risk profile and very bad payment record.

**Table 2.4: OECD Country Credit Risk Categories, 2008**

0	1	2	3	4	5	6	7
Greece	Czech Republic	Chile China	Israel Algeria Morocco			Albania	Bolivia Haiti Cambodia
Belgium Canada France	Hong Kong	Hungary Poland	South Africa	Brazil Peru Panama	Philippines Indonesia	Pakistan	<b>Cameroon</b> <b>Niger</b> <b>Nigeria</b>
USA UK		Trinidad & Tobago	Thailand Russia Romania	Vietnam			Argentina
		Kuwait Mexico Malaysia	Bulgaria			Guatemala	Gabon RCI

**Source: OECD, 2008**

The global perception of Nigeria as an investment and credit risk country, discourages potential foreign investors from involving in a long term projects in Nigeria, and makes it

difficult for the local entrepreneurs have access to foreign loans needed investment. All these factors tend to hinder entrepreneurship development in the country

### **FACTORS THAT ENCOURAGE ENTREPRENEURSHIP PROGRAMME IN HIGHER INSTITUTIONS**

According to Yuyun (2003), some of the factors that encourage entrepreneurship in any higher institution include:

1. Paradigm changes in higher institutions
2. Factors related to changes of perception about entrepreneurship itself.

A paradigm change of the higher institutions is motivated by the fact and challenges in the society itself. Higher institutions paradigm has experienced significant changes. That is, from higher institution paradigm as a higher learning institute, to paradigm of higher institution as a research university and then as an entrepreneurial university. These paradigm changes are associated with economic development.

Entrepreneurial university is emerging because of the perception that entrepreneurship is a process that can be learnt and taught. Some characteristics of entrepreneurship like creativity, innovative, and the ability to identify and exploit opportunities, and other entrepreneurial qualities which were previously seen as inborn and inherited by birth, are now being taught, hence entrepreneurship can be achieved through dent of hard work and not only just by birth.

Entrepreneurial education opens the way for someone who has entrepreneurship trait but never becomes an entrepreneur because he lacks the knowledge and there is no institution to guide him on how to become an entrepreneur. In this regard, entrepreneur can be classified into four categories namely: (a). Routine entrepreneur, (b). Arbitrageurs entrepreneur, (c). Evolutional entrepreneur, and (d). Innovative entrepreneur.

The routine entrepreneurs are those who produce the same products using the traditional processes similar to those existing in the market. Routine entrepreneur are common in every economy. However, arbitrageur entrepreneurs are those who exploit market niches, while evolutionary entrepreneur always improve its capability from one stage to another. Innovative entrepreneurs continue to work on new ideas with either new products or processes. The innovative entrepreneurs are referred to as educated entrepreneurs expected to be produced by the higher institutions (Yuyun, 2007).

### **NIGERIAN HIGHER INSTITUTIONS AS PRODUCERS OF MANPOWER**

Higher institution is a place where intellectuals gather and produce competent graduates, and provide scientific development through researches to meet the goal of education. The goal of education in Nigeria is manpower development aimed at national growth. The training at the tertiary levels is expected to be specialized in nature, leading to high-level qualifications. It has a role in the transmission and transformation of knowledge and in helping to achieve the economic and social objective of a nation. Therefore it has an

important role to play through its graduates who normally provide leadership roles in education as researchers, teachers, bankers, medical practitioners and managers. Nigeria's formal workforces are prepared in the universities, polytechnics, college of education, technical colleges and other tertiary institutions (Olagbemi, 2009).

Yearly, in Nigeria, thousands of educated unemployed graduates join the labour force. According to the National University Commission, as quoted by the National Bureau of Statistics, the turn out of degree holders between 2001-2005 is shown in table 3 below:

**Table 3: Graduate Turn Out of Bachelor's Degree, Post-graduate Diploma, Master's Degree and Ph.D Combined for 2001-2005**

Degree/Year	2001	2002	2003	2004	2005
Bachelor	47,791	58,305	70,361	50,419	26,042
Masters	10,820	15,151	14,056	12,492	8,385
Ph.D	690	721	752	794	428
P.G. D	10,089	6,767	5,410	5,595	4,651
Total	69,390	80,944	90,574	69,300	39,506

**Sources: National Bureau of Statistics**

The traditional universities where these graduates are trained can not be an organisation that produces innovative entrepreneur, if they could only produce certificated individuals, who join the group of unemployed. After leaving the university, what is demanded is not just the degree or the First Class. In the real world outside academic, something more than degree is demanded. Factors like Courage, bravery, skills, competence and perseverance, rather than academic degrees alone will go a long way to determine one's future. According to Yunus (2003), the most important step to end poverty is to create employment and income opportunity for the poor. The orthodox economists recognized only wage-employment, but self-employment is the quickest and easiest way to create employment for the people and bring the sledge hammer on poverty.

### **HIGHER INSTITUTIONS AS PRODUCERS OF ENTREPRENEURS**

For higher institutions to become organisations that produce entrepreneur, the institution must first become an entrepreneurial university. According to Ropke (1999), entrepreneurial university can be of three types:

- i. The university itself, as an organisation, becomes entrepreneurial
- ii. Members of the university community, that is, the lecturers, students and staff become entrepreneurs.
- iii. Interaction between the university and its environment.

Transformation of higher institutions into an entrepreneurial university can be done in many ways. Few of such ways include:

- i. Providing discussion and entrepreneurship seminars to attract academics, especially the students to choose entrepreneurship as a career.



- ii. Establish group of lecturers from different field, who have interest in entrepreneurship, to study further on entrepreneurship and motivate them to obtain higher academic degrees like masters and doctorate in entrepreneurship.
- iii. Encourage the establishment of entrepreneurship club among students with intention of socializing entrepreneurship among students.
- iv. Encouraging lecturers to become part time entrepreneurs.
- v. Encourage researches with commercial value.

### **METHOD OF TEACHING ENTREPRENEURSHIP IN HIGHER INSTITUTIONS**

Major entrepreneurial qualities include self confidence, originalities, people oriented, task oriented, future oriented and risk oriented. A good mix of these qualities can be found in a person, who may be developed as an entrepreneur through concerted efforts. Some of these qualities are in born or inherited by birth, but some can be acquired through training and education.

Entrepreneur qualities of man can be improved, or new skill can be developed through special type of training and education among the potential persons in a society. The entrepreneurship education course content must include that which helps the students to be aware of economic opportunities, business environment, identification of project, preparation of business plan, improving motivation for achievement, technique of enterprises management, self-development techniques, improving precision skill etc. Other objectives are concerned with building self-confidence, opportunity sense sensitivity and analytical skill (Economic Policy Paper, 2006).

One of the basic characteristics of entrepreneur is creativity and innovation, and the ability to exploit opportunity and solve problems which are based on creativity, hence a good understanding of developing creativity is the basis of all entrepreneurship studies.

In educational institutions, a major effect in collating the spirit of entrepreneurship in young people in Nigeria is the introduction of entrepreneurship development programme into the curriculum of educational institutions in the country (Kolawole and Aderotimi, 2009).

According to the Economic policy paper on entrepreneurship development through educational reform, the contents of the entrepreneurship development course should include, among other concepts, entrepreneurship as career plan, entrepreneurship theory, entrepreneurial motivation, business environment, the role of entrepreneurs in economic development, project ideas generation, selection of project, preparation of business plan, project management, social responsibility of the entrepreneurs in developed and newly industrialized countries.

## **CONCLUSION AND RECOMMENDATION**

### **CONCLUSION**

It has been established in many countries that entrepreneurship is one of the very important ingredients factors in development. There can not be development without entrepreneur.

Entrepreneurs have been acknowledged as the creator of new employment, new incomes, technology, benefits, producers of goods and services needed by the people, tax payer and as a source of economic growth.

However, lack of adequate infrastructure, low competitiveness and high level of corruption has been impeding entrepreneurship development in the county

Higher institutions has the potentials to produce new entrepreneurs, however they must first become entrepreneurial university, that is, institution which function is not limited to education and research, but also apply the product of education and research into development of the business world.

### **RECOMMENDATION**

For Nigerian higher institutions to become producers of entrepreneur, and enhance their transformation into entrepreneurial universities, the following measures are recommended:

1. People's perception that entrepreneurial qualities can only be acquired through birth need to be corrected, there is need to create awareness about the possibility of developing entrepreneurial qualities through education and training.
2. Every university should be encouraged to have a separate department for entrepreneurial study, where a degree in entrepreneurship could be obtained.
3. The curriculum on entrepreneurship should be developed by an expert committee.
4. There should be a special program through the financial institution inform of low interest credit facilities for graduates to start up in their area of interest.
5. Provision of infrastructure, especially those related to power supply, telecommunication system, transportation, distribution channels and other services that smoothen trading. Since erratic electricity and fuel supply has been a major factor hindering industrial development, the government should investment more on research and development to find alternative source for electricity supply.
6. There should be a change in people's mind-set that some careers are superior to others, since each of these professions contributes to the development of the economy.

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