

The Problems and Prospects of Entrepreneurship Activities and Business Management Practices in Nigeria

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Abstract

This research work examined the problems and prospects of entrepreneurship activities and business management practices in Nigeria. The relevance of entrepreneurship and business management practices to the development of any nation cannot be over-emphasized. Data for this study was basically an evaluative approach. Results from this study revealed that poor transportation system, inaccessible open market, inadequate capital, unstable political structure, poor response of financial institutions and shortage of infrastructure were the major problems to the development of entrepreneurship and business management in the study area. This study therefore recommends that sustainable development practices of entrepreneurship and business management should be considered as the main part of the total package for entrepreneurship development and business management in the study area.

Keywords: Business management, Development, Entrepreneurship, Problems and Prospects.

1.1 Introduction and Background to the Study

Business is regarded as a line of work in a particular trade or organization. Adeusi and Kolapo (2006) noted that a business is “a want satisfying entity”. This start descriptive of business means, that a business whatever its size exists to provide satisfaction. Adeusi and Kolapo in (2006) further stressed, that the small laundry operator with assets consisting of a bucket, a packet of detergent and a brush is satisfying a need, namely dry cleaning of clothes. The industrial giant like the UAC. The UAC with its numerous subsidiaries also exists to satisfy the needs of the consumers of its numerous products. In essence, whether a business is small, medium or large, it will only be able to exist in both the long and short run, if it can satisfy human needs.

Business management is a term used to describe the techniques and expertise of efficient organizations, planning, direction and control of the operations of a business (Redmond, 2008). He further observed that in the theory of business management, an organization has two principal aspects. One relates to the establishment of so-called lines of responsibility, drawn usually in the form of an organization chart that designates the executives of the business, from the chairman to the foreperson or department head, and specifies the functions for which they are responsible. The other principal aspect relates to the development of a staff of qualified executives.

Awe (2010) described an entrepreneur as innovating individual, who perceives needs, conceives goods or services to satisfy the needs, and organizes the factors of production. The role he performs is called the entrepreneurial function and the process is called entrepreneurship.

Entrepreneurship is the activity of venturing into new enterprises. As distinct from management, entrepreneurship is the creation of new enterprises to meet new challenges and opportunities presented by a given situation. It is a process of bearing a non-insurable risk as to achieve business objectives (Awe, 2006).

Thus, entrepreneur perceives the commercial potency of an idea mobilizes the needed resources and provides the force to detonate the commercial exploitation of the business idea, the business idea then turns into a commercial venture; which adds economic value and has profit as its main objective. Consultants have had to prepare feasibility reports on a number of occasions. It might be for a start-up business or for the expansion of an existing one. As countries develop industries become more complex. This is a direct outcome of technological improvements that increase alternatives in production methods. Information flows more freely and even more easily than ever. A newly introduced product will face fierce competition not too long after its production. A lot needs to be done therefore, at take-off to avoid the unpleasant harassment that will follow, if such competition were not envisaged in the initial plan.

Entrepreneurial activities have been found all over the world to be capable of making positive impacts on the economy of a nation and the quality of life of the people (ACs and Storey, 2004). They further noted that, studies have established its positive relationship with stimulation of economic growth; and empowerment of the disadvantaged segment of the population, which include women and the poor, and also examines, the major problems of entrepreneurship and thus proposing some plausible.

The present comatose state of the Nigeria economy is a sad reminder that the country’s tremendous potentials for growth and poverty reduction are far from being fully exploited (World Bank, 1996:1). With little or no new non-oil local and foreign investment taking place in the last couple of years, the outlook for Gross Domestic Product (GDP) growth remains bleak. Much of the socio-economic infrastructure built up during the oil boom years have deteriorated. Public delivery of essential services including electricity and telecommunication is grossly

deteriorating (Ogunleye and Simon-Oke, 2004).

1.2 General and Specific Objectives of the Study.

The general objective of this study is to harness sustainable entrepreneurial and business management practices in the study area.

The specific objectives of the study are to:

- i. examine the problems of entrepreneurship and business management practices in the study area.
- ii. identify the causes of failed entrepreneurship and business management practices in the study area.
- iii. recommend possible remedial measures to the problems identified, as well as suggestions to improve entrepreneurship activities and business management practices in the area.

1.3 The Study Area

Nigeria is located in western part of Africa on the Gulf of Guinea and has a total area of 923,768km² (356,669miles), making it the world's 32nd largest country (after Tanzania). It is comparable in size to Venezuela, and is about twice the size of California. It shares a 4,047 kilometres (2,515miles) border with Benin Republic. The highest point in Nigeria is Chappal Waddi at 2,419m (7,936ft). It extends from approximately latitude 4°N to 14°N of the Equator and Longitude 3°E to 15°E of the Greenwich Meridian (Filani, 1995). The main rivers are the Niger and Benue, which converge and empty into the Atlantic Ocean through the Niger Delta.

Nigeria officially called the Federal Republic of Nigeria, is a Federal constitutional republic comprising thirty-six (36) states, and its Federal Capital Territory, Abuja. Nigeria is located in West Africa and shares land borders with the Republic of Benin in the West, Chad and Cameroon in the east, and Niger in the north.

The name Nigeria was taken from the Niger River running through the country. This name was coined by Flora Shaw, the wife of Baren Lugard, British colonial Administration in the late 19th century. Nigeria is the most populous country in Africa, the eight most populous countries in the world, and the most populous country in the Africa, which the majority of the population is black. It is listed among the "first twenty" economies, and is a member of the Commonwealth of Nations. The economy of Nigeria is one of the fastest growing in the world, with the International Monetary Fund (IMF) projecting a growth of 9% in 2008 and 8.3% in 2009. It is the second largest economy in Africa, and is a regional power, that is also the hegemony in West Africa (Ogunleye and Jegede, 2010).

1.4 Conceptual Framework and Literature Review

The Concept of Total Quality Management (TQM) is applicable to the study. Total Quality Management is total in three senses, namely the process, the job, and the person. First, it covers every process involved in arriving at the final product, namely the planning, designing, maintenance, accounting, marketing, manufacturing/creating in the job place. Secondly, total quality is total in the sense that, it covers every job, as opposed to only those involved in making the product. Business men and women, as well as entrepreneurs for example, constitute a major link in the services chain as they are to ensure quality services delivery in business activities. Third, total quality recognizes that each person is responsible for the quality of business management strategies and entrepreneurship development practices.

Total quality also radically alters the nature and basic operating philosophy of business management practices. The specialized separated system developed early in the twentieth century is replaced by a system of mutual feedback and close interaction of different sectors of the nation's economy. Empowering all entrepreneurs and business managers on how to apply process control and improvement. Performance techniques make them party to their own destiny and enable them to achieve their fullest potentials.

Meredith (1992) sees entrepreneurs as people who have the ability to see and evaluate business opportunities to gather the necessary resources to take advantage of them and to initiate appropriate action to ensure success.

Hisrich and Peters (2002) see entrepreneur as a person who searches for change, who responds to the change and who exploits the change as an opportunity. They, thus see the entrepreneurs as someone, who is proactive, unassuming and ready to move at the slightest opportunity, who pursues the opportunity and brings together all factors of production to make profits.

Clark (1999) described business management as the control and supervision of a company's business asset and operations; the group of people who control and administer a company's business activities as distinct from the workforce.

Adeusi and Kolapo (2006) noted that management is said to do with the control and having decision in a business organization. Hence, effective business management they said is the desire of producing an intended result in the process of control and decision making in any business operation.

1.5 Research Methodology

This work is basically an evaluative study as the subject under review is a contemporary issue. Descriptive analytical approach method of data collection was adopted. Data and literature for this work were obtained from

the analysis of the views, comments and opinions in books, articles in journals, magazines and newspapers, internet materials, as well as speeches and addresses in seminars, conferences and workshops. It is essentially a library research. Quantitative method was therefore employed in the analysis and presentation of the information collected.

1.6 Results and Discussion

On the problems of entrepreneurship and business management practices in Nigeria. Some of the major problems discovered are:

i. Shortage of Infrastructure.

Shortage of infrastructure is basically one of the major challenges in developing countries in the world, but more so in Nigeria. Thirty percent (30%) of our not being competitive is based on infrastructure. Power, just power, public supply and power, interestingly not enough, there has been a study, which the world bank has carried-out in the last 10 years or so. If the country is able to remove power as a bottleneck, Nigeria will gain at least 30% competitiveness in production.

ii. Unstable Political System

The various crisis rocking the various Governments at the three-tiers of government causes certainty and increased the risk associated with investments. For example, the problem of Boko-Haram insurgency, Mayhem and destruction of lives and property is equally linked as an obstacle to entrepreneurship development and business management in Nigeria.

iii. Transportation System

The transportation system in Nigeria is quite poor. Majority of the roads are full of pot-holes, the railway system is not functioning anymore, the waterway is undeveloped, while the air transport system is in crisis. It is therefore expensive moving both raw materials as well as finished products from one place to another.

iv. Poor Government Policy

Though the government of Nigeria is fully aware of the importance of entrepreneurial development, yet we do not have a national policy on entrepreneurship. It is expected that the government will formulate and enforce a policy aimed at promoting balanced regional development of various areas through promotion of entrepreneurship.

v. Poor Response of Financial Institutions

Entrepreneurs are not able to offer collateral security for the grant of loans. Banks are not prepared to play with the public money and hence they impose various conditions for the grant of loans, these entrepreneurs who fail to comply with the conditions are not able to get loan and hence, the dream of setting-up their own enterprise is shattered. Helpful attitude of lending institutions will go a long way in stimulating entrepreneurial climate.

vi. Inaccessible Open Market

Majority of our people don't have access to markets. For instance, if you want to have access to the United States market, you must know of the regulations, what it takes and all other features of open market, until we are able to create that very well and let people understand it, and produce large quantity of goods for the teeming population of Nigerians and meet the needs of the market, then will not be able to move forward.

On the prospects of entrepreneurship and proper business management activities in Nigeria. Some of the prospects identified are:

i. Employment Generation.

Entrepreneurship and proper business management practices and activities brings about employment creation, since this will result to sitting an industry, a firm, company or an organization in an area, people will definitely be needed to work there.

ii. Increased Productivity through Innovation

This improves and increases the level of productivity, as a result of the diffusion of innovation from a given environment to another.

iii. It encourages and sustains economic dynamism that enables an economy to adjust successfully in a rapidly changing global economy.

iv. It increases private sector participation in the manufacturing sector.

v. It facilitates the transfer/adaptation of technology.

vi. The developed economies of the world are evidences of the roles entrepreneurship and proper business management practices play in economic development.

vii. Stimulates growth in those sectors, which supplies it with inputs.

viii. Re-invigorates large scale enterprises within the cited areas.

ix. Enables individuals to use their potentials and energies to create wealthy independence and status for themselves in the society.

x. Ensures increased resource utilization.

1.7 Recommendations

The following suggestions are made for the best practices in offering support services to entrepreneurs and business management in Nigeria.

- i. Sustainable development practices of entrepreneurship and business management should be considered as the main part of the total package for entrepreneurship development and business management in the study area.
- ii. Entrepreneurs should be encouraged to bring-up bankable business proposals for both equity and loan funding irrespective of their areas of operation.
- iii. The Government of Nigeria should develop a national policy and strategy for the development of entrepreneurship activities, with clear-cut plans and implementation systems and procedures.
- iv. Government should promote, encourage and facilitate Non-governmental Organizations (NGOs) to play effective role in the field of assistance to entrepreneurs. The activities and programmes should be directed and coordinated and such should fall within national policy objectives and framework to achieve maximum benefits of the best business management practices within the study area.
- v. Although, associations of entrepreneurs exist in Nigeria, there is need to pool their efforts and create a database to articulate and deploy the dynamics of social capital. This is a form of public good for business management, building partnership, sharing risks and resources, pooling knowledge facilitating access to information technology and skills.
- vi. On business management; routine non-essential tasks should be delegated or done away with if possible. Routine key tasks should be organized as standard procedures and systems. Non-routine key tasks will have to be carefully scheduled as they arise, according to their urgency and importance.
- vii. There is need for adequate planning and control strategies for effective business management in every organization.
- viii. Schedules should be drawn, and regularly checked for 'slippage' priorities will indicate, which areas of business interest should be urgently addressed and temporarily set aside trivial issues.
- ix. There is need for the identification of objectives and key tasks, which are most relevant and profit oriented in every establishment; what the business manager must do, from what he could do and from what he would like to do, since urgency is not always the same as importance.
- x. Time management is also very essential in business management, since the best manager is the manager of time.

1.8 Conclusion

Sustainable entrepreneurship development and proper business management practices have been discovered to provide employment opportunities and reduce unemployment, reduce rural-urban imbalance and help dispersed industrial growth across the country; when combined with effective business management practices will help alleviate poverty, spread wealth and reduce unemployment in the country and therefore should not be ignored or negatively tampered with.

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