

Confronting the Challenges of Poverty and Unemployment: The Option of Entrepreneurship and Small Scale Business in Nigeria

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Introduction

Poverty has a profound impact on people's physical, social and emotional welfare. In its extreme forms, it can undermine their human dignity and deprive them of the fundamental human right to life¹. Contending with other world's worst problems – terrorism, drug and human trafficking, ethnic conflict, disease and genocide - absolute poverty together with its evil twin, unemployment, have unleashed their ruinous march unabated and unrelenting on unwary countries of the world wrecking in their path untold havoc, bringing in their way excruciating misery and leaving in their wake, sad tales of untold hardship.

Today, between forty and sixty nations, home to close to a billion people, have, as their citizens, people who wallow in abject poverty aided by unemployment. Poverty reduction is a major challenge both for the international community and within most states in the world community. But the world has also not observed the adverse effect of poverty with studied indifference. Even though certain underlying currents of politics have seen a haphazard, uncoordinated assailment of the throes of poverty, yet it is a safe assumption deducible from history to conclude that initiatives have been taken both at global, regional, national and individual levels to banish or at worst assuage the strangulating hold of poverty on mankind.

For example, at the international level, the United Nations has mobilised all the world's governments behind the Millennium Development Goals which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, by the target date of 2015. Most countries have also adopted legislation that regulates a broad range of areas relevant to poverty reduction such as social security, housing, health care and education². The economic challenge posed by unemployment also, has been huge. In today's global world, recognition is extended only to those states which are distinguished by their economic competitiveness as well as their ability to keep their citizens in gainful employment³.

In the case of Nigeria, having a clear notion of the economic, social and political challenges posed by poverty and unemployment has resulted in aiding the country to consider the options open to it and to establish the framework for its achievement, thereby situating in the right perspective, the policy formulation to tackle the problems. Essentially, this will oblige the government to adopt a pragmatic, rather than a doctrinaire solution to the country's monumental problems⁴.

The aim of this paper is to bring in one piece the research results of both isolated and communal efforts taken by actors and advocates of the banishment of poverty – as an index of social policy and enthronement of human development - in the nations of the world and the underlying and influencing political motives that have informed such actions. Specifically, the paper intends to articulate what the Nigerian nation has been able to do - as a member of and within the world community - in certain areas of her sphere of influence in confronting the malaises of poverty and unemployment and balance this against any fresh insight that may be suggested.

In the final analysis, this paper proposes to be a reference text for further studies on the Nigerian effort by making a tentative if not definitive statement on the twin option of development of entrepreneurship and support for cottage industries in Nigeria as adopted panacea by the nation for confronting the twin problem of poverty and unemployment.

Keywords: Poverty. Unemployment. Entrepreneurship. Small-scale business.

¹. Sandra Liebenberg, *Poverty Reduction*; The New Oxford Companion to Law, 2008, Oxford University Press, Inc., New York, p.921.

². Ibid at p.921

³. According to the World Bank in its May 2013 Nigerian Economic Report, it was observed that “the number of Nigerians living in poverty was increasing too rapidly... that Nigeria's annual GDP growth rate of 6 to 8 per cent, as impressive as it looks is not capable nor sufficient to reduce poverty in the country.” Ahmed Tunde Popoola, “Entrepreneurship and self-reliance building” reported in the Guardian Newspaper, Tuesday, March 4, 2014 p. 72.

⁴. For example, while 28.1 % or about 17.7 million Nigerians were in poverty earning less than about One Hundred and Sixty Eight naira, (equivalent of about \$1.00 U.S.) a day in 1980, this has moved to 67 % or 112 million people as at 2012. This position is not helped by the postulation that Nigeria is one the highest crude oil exporter in the world, deriving about 98 % of the total income from same. The oil receipts has not translated into improved standard of living for majority of its citizens.

Conceptual consideration

Poverty

Ironically, the definition of poverty does not suffer a dearth of expression. If the word poverty, conveys the idea of paucity, the definitions offered of the word by several reference materials have been paradoxically, plenteous. Familiar knowledge has suggested that having a clear notion of what one is trying to do has always been of importance in the formulation of policies. Prescribing clear notions of one's aims have always been the purpose that definitions seek to achieve and the trend is not different in this study also.

An online resource¹, has defined poverty as:

'A state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and wellbeing that is considered acceptable in society. Poverty status in the United States is assigned to people that do not meet a certain threshold level set by the Department of Health and Human Services.'²

The Business Dictionary, in its own definition, regards poverty as:

'Condition where people's basic needs for food, clothing and shelter are not being met. Poverty is generally of two types: (1) Absolute poverty is synonymous with destitution and occurs when people cannot obtain adequate resources (measured in terms of calories or nutrition) to support a minimum level of physical health. Absolute poverty means about the same everywhere, and can be eradicated as demonstrated by some countries. (2) Relative poverty occurs when people do not enjoy a certain minimum level of living standards a determined by a government (and enjoyed by the bulk of the population) that vary from country to country, sometimes within the same country. Relative poverty occurs everywhere, is said to be increasing and may never be eradicated.'³

In yet another online resource, poverty is defined in three sense as follows:

1. The state or condition of having little or no money, goods, or means of support; condition of being poor;
2. Deficiency of necessary or desirable ingredients qualities, etc.: e.g. 'poverty of the soil', and;
3. As scantiness; insufficiency, e.g., 'their efforts to stamp out disease were hampered by a poverty of medical supplies.'⁴

Lastly, we turn now to the Encyclopaedia Britannica online for a definition of poverty taken from the sociological point of view. In the treatise, poverty is defined as:

"The state of one who lacks a usual or socially acceptable amount of money or material possession. Poverty is said to exist when people lack the means to satisfy their basic needs. In this context, the identification of poor people first requires a determination of what constitutes basic need. These may be defined as narrowly as 'those necessary for survival' or as broadly as 'those reflecting the prevailing standard of living in the community.' The first criterion would cover only those people near the borderline of starvation or death from exposure. The second would extend to people whose nutrition, housing and clothing, though adequate to preserve life, do not measure up to those of the population as a whole.'⁵

The problem of definition is further compounded by the non-economic connotations that the word poverty has acquired. Poverty has been associated for example, with poor health, low level of education or skills, an inability or an unwillingness to work, high rates of disruptive or disorderly behaviour, and improvidence.

While these attributes have often been found to exist with poverty, their inclusion in a definition of poverty would tend to obscure the relation between them and the inability to provide for one's basic needs. Whatever definition one uses, authorities and laypersons alike commonly assure that the effects of poverty are harmful to both individuals and society.

Unemployment

Listed as one of the keywords of this article, the word unemployment is defined by one reference source as:

"Total number of able men and women of working age seeking paid work. Unemployment statistics vary according to how unemployment is defined and who is deemed to be part of the workforce. Traditional methods for collecting unemployment data are based, typically on sampling or the number of unemployment benefits requests. International labour Organisation computes unemployment on the

¹. Investopedia (www.investopedia.com/terms/p/poverty.asp), [Accessed on 12 July 2014].

². Investopedia explains 'poverty'. Poverty rates in the U.S., the percentage of the U.S. population with poverty status, are calculated by the U.S. Bureau of Census, and precludes institutionalised people, people living in military quarters, those living in college dormitories and individuals under the age of 15. Poverty rates are an important statistics to follow as a global investor, as a high poverty rate is often indicative of larger scale issues within a country in question. www.investopedia.com/terms/p/poverty.asp, [Accessed on 12 July 2014].

³. www.businessdictionary.com/definition/poverty.html [Accessed on 12 July, 2014].

⁴. www.dictionnaire.reference.com/browse/poverty [Accessed on 12 July, 2014].

⁵. www.britannica.com/EBchecked/topic/473136/poverty [Accessed on 12 July, 2014].

basis of number of people who have looked for employment in the last four weeks and are available to start work within two weeks, plus those who are waiting to start working in a job already obtained.”¹

There is the need to measure unemployment. Obtaining realistic statistics and the proper interpretation of data so obtained will yield a useful aid to policy decisions on the labour market. Due to the difficulties presented by lack of consensus in the classification of those to be regarded as unemployed, defining unemployment has not been a straightforward matter².

Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as measure of the health of the economy. The most frequently cited measure of unemployment is the unemployment rate. This is the number of unemployed persons divided by the number of people in the labour force³.

The definition of unemployment is internationally agreed⁴ and recommended by the International Labour Organisation⁵ (ILO) – an agency of the United Nations. Unemployed people are people without a job, want a job, have actively sought work in the last 4 weeks and are available to start work in the next two weeks, or people who are out of work, have found a job and are waiting to start in the next two weeks⁶.

To facilitate a proper comparison between unemployment rates in the various European countries, Eurostat – the statistical bureau of the EU – publishes harmonised figures on a monthly basis. Eurostat uses a definition which deviates from the definition used in the Netherlands. The definition of employed and unemployed labour force used by Eurostat is based on directives drawn up by the International Labour Organisation (ILO). The Dutch definition uses a minimum of 12 hours a week to define labour force. According to the ILO concept, the employed labour force is larger than according to national definition. The unemployed labour force, on the other hand, is smaller⁷.

In general, anybody who carries out at least one hour’s paid work in a week, or who is temporarily

¹.www.businessdictionary.com/definition/unemployment.html [Accessed on 12 July, 2014].

². To most people, unemployment is a very simple concept – anybody who does not have a job. However, it is not always as direct as this would suggest. For example, are all of the following people employed: 1. someone over 65 (years) who claims pension? 2. Someone who is long-term sick and cannot work? 3. Someone who works three hours a week on a Sunday and is seeking a full time job? These are difficult issues which require a commonly accepted definition of unemployment. www.unemploymentandtheclaimantcount_tcm77-327614-1.pdf [Accessed on 12 July, 2014].

³. www.investopedia.com/terms/u/unemployment.asp [Accessed on 12 July, 2014]. Many different variations of the unemployment rate exist with different definitions concerning who is an “unemployed person” and who is in the “labour force”. For example, the U.S. Bureau of Labour Statistics commonly cites the “U-3” unemployment rate as the official unemployment rate but this definition of unemployment does not include unemployed workers who have become discouraged by tough labour market and are no longer looking for work. The Various schools of economic thought differ on their explanation of the cause of unemployment. Keynesian economics proposes that there is a “natural rate” of unemployment because the skills of labourers and the positions available for are slightly out of sync even under the best economic conditions. Neoclassical economics postulates that the labour market is efficient if left alone, but that various interventions such as the minimum wage laws and unionisation, put supply and demand out of balance.

⁴. Regional institutions and national governments’ departments and agencies, have found the ILO definition useful and have adopted it. Such institutions are; The Office for National Statistics, The Statistical Office of the European Union, the Organisation for Economic Co-operation and Development (OECD) and other countries.

⁵. The International Labour Organisation (www.ilo.org) promotes social justice and human and labour rights. Established in 1919, it became the first specialised agency of the United Nations in 1946. On its fiftieth anniversary, in 1969, the ILO was awarded the Nobel Peace Prize. The ILO formulates international policies and programmes to help improve working conditions; creates international labour standards to serve as guidelines for national authorities in putting these policies into action; carries out an extensive programme of technical cooperation to help governments in making these policies effective; and engages in training, education and research to help advance these efforts. The ILO is unique among world organisations in that workers’ and employers’ representatives have an equal voice with those of government in formulating its policies. – United Nations, *Basic Fact about the United Nations* 2011, p. 42.

⁶. The International Labour Organisation (ILO) measure of unemployment assesses the number of jobless people who want to work, are available to work and are actively seeking employment. It is used internationally so comparisons can be made between countries. It also enables consistent comparisons over time. The ILO measure is calculated using data from surveys of a country’s labour force; it can therefore be subject to sampling differences between one country and another. It differs from the claimant count employment measure, which only includes people claiming unemployment-related welfare benefits. The ILO measure gives a higher figure than the claimant count measure as it includes those who are classified as available for work but may not qualify for jobless benefits. Similarly, second earners within a household may be reluctant to claim jobless benefits but would be classified as unemployed under the ILO measure as they are available for work. www.glossary.reuters.com/index/php?title=ILO_measure_of_unemployment [Accessed on 18 July, 2014].

⁷. The main difference between the ILO definition and the Dutch definition is the amount of weekly working hours. According to the ILO definition, the labour force comprises all people who work at least one hour a week (employed labour force) or seek a job for at least one hour a week and are available for the labour market (unemployed labour force).

www.cbs.nl/en-GB/menu/methoden/toelichtingen/alfabet/i/international+definition+of+unemployment [Accessed on 18 July, 2014].

away from a job (e.g. on holiday) is in employment. Also counted as in employment are people on government-supported training schemes and people who do unpaid work for their family' business.

Those who are out of work but do not meet the criteria of unemployment are regarded as economically inactive¹. Under ILO guidelines, anybody who is without work, available for work and seeking work is unemployed².

Entrepreneurship

Its Definition and Essence

The word 'entrepreneur' was originally an old French word meaning 'to undertake', adopted into the English language by economists in the eighteenth century to mean a general risk taker in business. Later, the phrase became synonymous with a risk taker who founds and manages a business³.

It must be appreciated that there is no exact definition of 'entrepreneur'. The meaning of the word manifests in various disciplines such as economics, psychology and sociology; and the writings of scholars. For instance, in the view of an Economist, an 'entrepreneur' is one who harnesses resources; labour, capital and other assets into combinations that enhances their value beyond what they were before or one who introduces changes, innovations and new order.

To a Psychologist, an 'entrepreneur' is a person driven by certain forces to attain a goal, to experiment, to accomplish and or perhaps to escape the authority of others. Psychological studies reveal that the psychological propensities for male and female entrepreneurs are more similar than different. A growing body of work shows that entrepreneurial behaviour is dependent on social and economic factors. For example, countries with healthy and diversified labour markets or stronger safety nets show a favourable ratio of opportunity-driven rather than necessity-driven women entrepreneurs⁴.

The characteristic and personality traits of, and influences on, the entrepreneur have come to differing conclusions. Most, however, agree on certain consistent entrepreneurial traits and environmental influences.

These characteristics qualities of entrepreneurs include, among others, that the entrepreneur is concerned with opportunity recognition and exploitation, the capabilities of innovating, introducing new technologies, increasing efficiency and productivity, or generating new products or services. In his book on *Steve Jobs*⁵, author Walter Isaacson described his subject as:

"A creative entrepreneur whose ferocious drive revolutionised six industries: personal computers, animated movies, music, phones, tablet computations and digital publishing. At a time when America is seeking to ways to sustain its innovative edge, and when societies around the world are trying to build digital- age economies, Jobs stand as the ultimate icon of inventiveness and applied imagination. He knew that the best way to create value in the twenty-first century was to connect creativity with technology. He built a company where leaps of the imagination were combined with remarkable feats of engineering."⁶

Indeed, entrepreneurs are basically people who organise and operate businesses. They are commonly recognised as business men because they take the financial risk of running businesses. Entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of resources currently controlled⁷. As

¹. Through ILO guidelines, all people aged 16 and over can be classified into three states: in employment; unemployed; or economically inactive. www.detini.gov.uk/unemployment_measures.pdf [Accessed on 18 July, 2014].

². The UK applies this as anybody who is not in employment by the above definition, has actively sought work in the last 4 weeks and is available to start work in the next 2 weeks, or has found a job and is waiting to start in the next 2 weeks, is considered to be unemployed. Those who are not in employment and are not unemployed by these definitions are considered to be economically inactive. There are a number of reasons why someone who is not in work may not be actively seeking work. For example, many students in full-time education would not seek work, neither will some sick or disabled, or those who have retired, or those who are looking after family or home, and many other reasons. www.unemploymentandtheclaimantcount_tcm77-327614-1.pdf [Accessed on 12 July, 2014].

³. Alan Dignam, *Entrepreneurialism and company law*; The New Oxford Companion to Law, 2008, Oxford University Press, Inc., New York, p 383.

⁴. Timmons Jeffrey, *New Ventures Creation, Entrepreneurship in the 21st Century*, Irwin McGraw-Hill, 1999, pp.27-30.

⁵. In July 1968, Life Magazine published a shocking cover showing a pair of starving children in Biafra. Jobs took it to Sunday school and confronted the church's pastor. "If I raise my finger, will God know which one I'm going to raise even before I do it? The pastor answered, 'Yes, God knows everything'. Jobs then pulled out the Life cover and asked, "Well, does God know about this and what's going to happen to those children?" "Steve, I know you don't understand, but yes, God know about that". Jobs announced that he didn't want to have anything to do with worshipping such a God, and he never went back to church. www.toughquestionsanswered.org/2014/07/23/steve-jobs-and-the-problem-of-evil/. [Accessed on 24 July 2014]. [jpratt1011@aol.com via google.com].

⁶. www.amazon.com/gp/product/1451648537/ref= [Accessed on 24 July 2014].

⁷. Alan Dignam, *op cit.* p. 383. Most entrepreneurs need a bank loan to found their business and banks require entrepreneurs to secure loans with their personal assets. As a result, most entrepreneurs do end up risking their personal assets to found the

highly creative individuals with huge capacity for imagining new solutions by finding opportunities for profit or reward, entrepreneurs are catalysts for positive economic change. In the process of doing business the entrepreneur face challenges that often are incidental to risk taking.

Small scale business Its Meaning and Essence

The role of small and medium enterprises – otherwise referred to simply as SMEs – has been emphasised from time to time, and inexorably linked with the overall plan objectives of the economic growth of any nation¹.

Essentially, there is no consensus on the definition of SMEs due to difference in general economic development and the prevailing social conditions within individual countries. Thus, various indices such as number of employees, invested capital, asset employed, sales volume, production capability and combination of these are some parameters used by various countries to classify a business under the SME sector.

Small business can be defined as a business which is independently owned and operated with close control over operations and decisions held by the owners. Here, business financing is personally guaranteed by the owners.

The small-scale business sector has the distinct advantage of low investment with high potential for employment generation. Furthermore, it brings out dispersal of industries in rural and semi-urban areas with definite advantage of equitable distribution of national income.

The Small and Medium Enterprises – SMEs – is a veritable platform for the battle against unemployment in Nigeria. It speaks to the need to look beyond ‘white-collar jobs’ and instructs the youth on how to become entrepreneurs.

Poverty and Unemployment as ‘Citizens’ of the World – Global Implications

Poverty and unemployment pose a collective problem of the nations of the world. It is gratuitous to assert that the twin malaise of poverty and unemployment and their resultant effect of hunger is a problem in Third World Countries only. The reality however is that the problem of hunger is felt more in the Third than in First and Second World countries² thereby bringing to the fore and with a very telling manner, the socio-economic and political dichotomy between the countries of the North divides.

In the countries of the ‘south’, millions of people still live in dire poverty as a result of their inability to connect to the unprecedented stock of global wealth and knowledge. The major obstacle to the realisation of the aspirations of this untold millions of people to become active participants in a world that is both prosperous and secure, is largely their respective dysfunctional states³. These people would consider themselves lucky if their earning power grew from one to two dollars a day. Four dollars a day – the cost of a cappuccino⁴ in the wealthy part of the world – would indeed be considered major progress. Yet these people are poor not because they lack capacity or capability or because the natural or cultural conditions of their countries are less conducive to economic growth.⁵ At the root of this poverty is a double failure: that of national public policy – or politics – and that of international aid policy. Country leaders time and again have rejected stewardship of the public good in favour of zero-sum political games and accumulation of personal and family wealth. States simply fail both to perform the basic function that would allow their citizens a life of dignity and opportunity and to fulfil the obligations of statehood internationally. These failures increase intra-country tensions and risks to international

business.

¹. Ibid. p. 383. Indeed small-scale businesses which are also referred to as small entrepreneurial companies have been historically established as the precursors of the first industrial revolution in the UK before company law existed.

². “In the developed world today, we can travel on airlines, purchase goods from supermarkets, and send instantaneous communications from around the globe without thinking twice. Consider life about sixty years ago. In 1945, the world had just suffered the most devastating war in history, global political and economic systems lay in ruins, and political leaders in the United States were terrified by the prospect of mass starvation in Europe. Everyday activities were difficult. But for many people today, these types of problems are still daily realities. In half the countries of the world, citizens remain impoverished, starving, and excluded from any means whereby they can improve their situation. Traveling by plane, moving freely through public spaces to buy groceries and communicating with anyone other than close neighbours are simply not activities that factor into daily life”. – Ashraf Ghani and Clare Lockhart; *Fixing Failed States: A Framework for Rebuilding a Fractured World*, Oxford University Press, 2008, p. 53.

³. Ashraf Ghani and Clare Lockhart; *Fixing Failed States: A Framework for Rebuilding a Fractured World*, Oxford University Press, 2008, pp65-66.

⁴. Cappuccino is a kind of beverage drink which is popular in the countries of the wealthy part of the world and usually dispensed in a 75CL quantity measure.

⁵. Ibid. at p. 66. Most of these countries have astonishing amounts of actual or potential wealth, but it is blocked from being put to constructive use. In contrast to the parts of the world that operate by means of organised flows, many developing countries function within a space of disorganised blockages, where dysfunctional state, market, and civil society organisations and institutions combine in a way that excludes citizens from opportunities.

peace and stability, which may result in the outbreak of and frequent reversion to conflict¹.

For these people – citizens of these countries of the ‘south’ - the untapped flows of water in Nepal and Sudan are both a literal expression and a metaphor of the failure of countries to translate their latent assets into active flows of resources and connections that could save the lives of tens of millions and transform those of hundreds of millions².

Poverty and unemployment bring in their wake, hunger, homelessness, destitution and deprivation in a world where the poor are taken for granted and treated like parasites. The grinding poverty witnessed at the global level had resulted in various efforts – only matched by the motley crowd of advocates of suggested solutions - marshalled at the eradication of hunger.

Individuals³, organisations and governments had at various times in the past taken a stance in the eradication of poverty and hunger. These attempts have also been located in the many stages of development of the society and state transformation spanning the twentieth and twenty- first centuries⁴.

However, much earlier than the twentieth century, the Rev. Thomas Matthus had proclaimed in the 1800s that the population explosion will make it impossible to feed all humanity in the future. Many scientists, like the English clergyman have concurred with him. In “The Population Bomb” Scientist Paul Ehrlich suggests that the battle to feed the world is in fact already lost. Writing in the 1960s, Ehrlich proclaimed that in the 1970s the world will undergo famines in which thousands of people will starve to death no matter the preventative

¹. Ibid. at p. 66. While alleviating some of the symptoms of suffering, the international aid system has failed to address the root causes and unwittingly contributes to the perpetuation of the problem. Instead of becoming (except in rare cases) a catalyst for a country’s journey to stability and prosperity, the aid system has variously assumed the position of bystander, colluder, fashion setter, provider of substitute services, or dictator of policies.

². Ashraf Ghani and Clare Lockhart; op. cit. p.65 “Mount Everest for a long time was the symbol of the unreachable. Yet after Edmund Hillary and Tenzing Norgay’s ascent, it became a symbol of the human capability to set and reach a goal. For the people living in Everest’s shadow, another objective is still unmet, however: harnessing Nepal’s flows result in floods that continue to devastate the lives of tens of millions of people in the plains of Bangladesh and India. The technical solutions are within reach, and, indeed, plans to implement them have been on the table for years; what has been missing are the necessary consensus and resolve among Nepal’s leaders, neighbours and supporters to translate the idea into reality. Similarly, millions of people depend on the flow of the Nile for their livelihoods, but the level of the water in the river has been dropping. South Sudan has the potential to change the flow of the Nile significantly if it finds a way to capture and channel rainfall.

³. One of such individual was the late Congressman Mickey Leland (D-TX), a crusader for an end to hunger, homelessness and deprivation.... Leland’s efforts to help the poor was anything but easy. When he spent the winter of 1987 with Washington, D.C.’s homeless in order to dramatise their plight, his detractors called his actions a publicity stunt. But the Congressman had long committed himself to the underprivileged and continued his crusade. Because nobody could deny the righteousness of his crusade, he obtained a \$800 million allocation to combat starvation in Africa following the sub-Saharan famine in 1985. When Leland’s plane crashed in Ethiopia in August while *en route* to the Fugnido refugee camp occupied by Sudanese refugees; he was coordinating food and relief efforts for the 57, 000 survivors of Sudan’s civil war who stay in the Fugnido camp. These people are some of the nearly two million refugee – victims of the civil war in the Sudan. The Sudan, a country about the size of the United States, east of the Mississippi has been at war with itself virtually since independence from the British in 1955. Civil war between the Islamic – Arabic North, and the Christian – African religionist South lasted from 1955 to 1972. After a short reprieve, Civil war broke out again when in 1983, then President Nimir imposed Islamic law on the entire country. Since then millions of people have died. Experts on the area agree that unless a massive supply of food and other vital supplies reach the camps before the heavy rains of June – August began, another quarter of a million people will die...this year just like 1988. It was this fatalistic deadline that Congressman Leland was trying to beat when he met his own death. The “We are The World” video gave the impression that famine in Ethiopia was the major cause of starvation in the sub-Saharan region when in fact the real killer was lack of mobility and access to the farms. Civil unrest in Ethiopia, the Sudan, Angola, Mozambique, Chad and other countries are primarily responsible for the desolate economic climate under which it is easy for people to starve to death. – Toks Pearse, Ph.D. *The Politics of Hunger: The Leland Initiative Operation PUSH Magazine*, Fall 1989, p. 31

⁴. Ashraf Ghani and Clare Lockhart; op. cit. p.40 “To take what might be a more surprising (yet no less impressive) example of state transformation, let us consider the southern states of the United States. These states are of course, units of a federal system. However, as late as the 1960s, this region was far behind the rest of the nation in economic progress, development, and even the legitimacy of its institutions. A great deal of the problem lay in its history: slavery, defeat in the Civil War, and an often-misguided process of reconstruction. The South of the 1960s conjures up images of poverty, segregation, and the violation of rights. In Mississippi, for example, the median family income for African Americans during this period was less than \$3, 000 a year. A picture that defined the era was that of police dogs unleashed against an African American man during mass youth protest in Birmingham, Alabama, in 1963. George Wallace, a well-known segregationist, was elected governor of Alabama in 1962; in his inaugural speech he stated, “In the name of the greatest people that have ever trod this earth, I draw the line in the dust and toss the gauntlet before the feet of tyranny, and I say, segregation now, segregation tomorrow, segregation forever.” In 1963, Wallace opposed a federal mandate to allow African Americans to attend schools with whites; that same year he literally stood in the doorway of the all-white University of Alabama to block the attempt of two black students to register”.

measures of the decade earlier¹.

Contemporary scientists Heinz Von Forester, Patricia Mora, and Lawrence Amiot, writing in the journal *Science* announced that “Doomsday would occur on November 13, 2026, by that time, the world would have a population of 50 billion and a population density of 10, 000 per square miles of land surface”. People who have argued that the over-production of people and the under-production of food will cripple the world have been generally dismissed as prophets of doom. Nonetheless, the facts suggest that there is a great validity to their fatalistic prophecy. In the three food-population crisis that the world has experienced, millions of people have indeed died of hunger.²

Global Implications of Hunger

Advocates of population control welcome war and pestilence as methods of reducing over-population. These people conveniently fail to acknowledge the ways in which other people’s problems affect the rest of society.³ In a world with millions of starving people it is a crime to pursue the policy of “ploughing under” in which tons of food stuff are buried as unsalable surpluses, or the policy of land banks which cuts back on the use of farm land.

People like the late Congressman Leland who strive to feed the hungry, believe in being their brother’s keeper not only that because of a good conscience, but also because they know that only if their neighbour is fed will he restrain from attacking them and taking the food from their own mouth.

Those who have studied the politics of hunger are convinced that our world possesses the technology to feed itself. What it lacks at this time is the will and a humane mechanism for establishing an equitable food distribution system.⁴

The most political nature of hunger is its geographical concentration. The world’s hungriest people live in Asia, Africa, South America and the poverty-ridden ghettos of so called “developing nations.” For these people, most of whom are Africans, African-Americans, Arabs and Hispanics, scientific developments have been both a blessing and a curse.⁵

Well-meaning people, often from more affluent societies have helped to cure their diseases, provided them with purer drinking water and supplied them with antibiotics. The same philanthropists have however, failed to provide the poor with accessibility to technologies needed to produce for self-sufficiency. While the philanthropists flounder, the conservationists press for a reduction in population, rather than an increase in food production.⁶

¹. ToksPearse, Ph.D. *The Politics of Hunger: The Leland Initiative Operation* PUSH Magazine, Fall 1989, p. 32

². Ibid. p.32. The Great Depression of the 1930s, the crop failures of the 1960s which led President Lyndon B Johnson to declare his “War on Poverty,” and in the 1980s when Senator Edward Kennedy’s report *Growing Hungry in America* (December 1983), exposed the dilemma of starving in the midst of America’s plenty confirm the trend. And in parts of Africa, Asia and South America, graphic images of malnutrition and starvation have convinced us that death by hunger is more than a notion.

³. Robert McNamara, when he was Secretary of Defense in the Johnson Administration, said that outbreaks of violence in countries were directly related to poverty. Hungry people and countries have nothing to export and often have no resources with which to import. Unfortunately, in the eyes of the rich nations, the poor ultimately become a “burden”. Senator Edward Kennedy’s (D-MA) report “*Going Hungry in America* also lends support to the adage: A hungry man is an angry man.” The Senator’s report found a correlation between hunger, poverty and crimes against society. - ToksPearse, Ph.D. *The Politics of Hunger: The Leland Initiative Operation* PUSH Magazine, Fall 1989, p. 31

⁴. Ibid. p.32.

⁵. Hunger is not just a problem in the Third World Countries. The U.S. Conference of Mayors has reported that the demand for emergency food in 1985 rose an average of 28% in twenty-five cities surveyed. In all but two of those cities there was an increase in the number of families requesting emergency food. Sixteen of the cities surveyed had to turn people away from emergency food-assistance programmes. Officials estimated that 17% of the demand for food went unmet. The Harvard-based Physicians’ Task Force on Hunger in America estimates that 20 million Americans went hungry in 1985. Source: *A Field Guide to the U.S. Economy*. – Toks Pearse, Ph.D. *The Politics of Hunger: The Leland Initiative Operation* PUSH Magazine, Fall 1989, p. 32.

⁶. As the influence of the conservationists grows, more extreme measures are being suggested to keep the world population down. In Hawaii, for example, the legislature has recently called for compulsory sterilisation after a woman has had her second child. They suggested large taxes for large families and tax breaks for families with no children. Some ultra-extremist groups have even advocated homosexuality, and the dosing of the municipal water supply or the atmosphere with a contraceptive as a means of population control. It is the poor and underprivileged who tend to use sex as therapy for depression. They have historically been used as the breeders of the world. It is mostly to this group therefore, that these coercive tactics of annihilation are aimed. - ToksPearse, Ph.D. *The Politics of Hunger: The Leland Initiative Operation* PUSH Magazine, Fall 1989, p. 32

Organisations' Efforts in Assuaging Hunger and Reducing Poverty

Although most people associate the United Nations¹ with the issues of peace and security, the vast majority of the Organisation's resources are in fact devoted to advancing the Charter's pledge to "promote higher standards of living, full employment, and conditions of economic and social progress and development".² United Nations development efforts have profoundly affected the lives and well-being of millions of people throughout the world. Guiding the UN endeavours is the conviction that lasting international peace and security are possible only if the economic and social well-being of people everywhere is assured.

Since the 1990s, the UN has provided a platform for formulating and promoting key developmental objectives on the international agenda through a series of global conferences. It has articulated the need for incorporating issues such as the advancement of women, human rights, sustainable development, environmental protection and good governance into the development paradigm. This global consensus was also expressed through a series of international development decades, the first beginning in 1961.³

At their Millennium Summit in 2000, member states adopted the Millennium Declaration, which contained a set of wide-ranging goals for the future course of the UN. The Declaration was translated into a roadmap that included eight time-bound and measurable goals to be reached by 2015, known as the Millennium Development Goals (MDGs).

The MDGs aim to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and the empowerment of women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development. The international community recommitted itself to those goals during the World Summit in 2005⁴.

Despite advances on many fronts, gross disparities in wealth and well-being continue to characterise the world's economic and social structure. Reducing poverty and redressing inequalities, both within and between countries, remain fundamental goals of the United Nations. The 2010 Summit on the MDGs concluded with the adoption of a global action plan, entitled "Keeping the promise: united to achieve the Millennium Development Goals", to achieve the eight antipoverty goals by their 2015 target date.⁵

Extreme poverty and hunger

Reducing Poverty

In 1990, more than 1.8 billion people lived in extreme poverty on less than \$1.25 a day. By 2005, the proportion had decreased to 1.4 billion, according to *The Millennium Development Goals Report, 2010*, yet progress was uneven. While robust growth in the first half of the decade reduced the number of very poor people in developing regions from 46 per cent to 27 per cent, the global financial and economic crisis, which began in the advanced economies of North America and Western Europe in 2008, sparked abrupt declines in export and commodity prices and reduced trade and investment, slowing growth in developing countries. Despite those setbacks, the overall poverty rate was expected to fall to 15 per cent by 2015, indicating that the MDG target to halve the world's number of poor between 2000 and 2015 could indeed be met. It was estimated that by 2015, around 920 million people – half the number in 2000 – would live under the poverty line, but that the effects of the crisis were likely to linger on well after 2015. The sharpest reductions in poverty continued to be recorded in Eastern Asia. Developing regions such as sub-Saharan Africa, Western Asia and parts of Eastern Europe and Central Asia remained a concern⁶.

The UN system put poverty reduction at the top of the international agenda when it proclaimed 1997-2006 as the International Decade for the Eradication of Poverty. In December 2007, the General Assembly proclaimed 2008-2017 as the Second UN Decade for the Eradication of Poverty, reiterating that eradicating

¹. The term 'United Nations' was coined by the United States President Franklin D. Roosevelt during the Second World War. It first appeared in the Declaration by United Nations of 1 January 1942, which put forth a pledge by 26 nations to fight together against the Axis powers. Headquartered in New York, the United Nations officially came into existence on 24 October 1945 with the ratification of the Charter by China, France, the Soviet Union, the United Kingdom, the United States and a majority other signatories. United Nations, *Basic Facts about the United Nations* 2011, p. 3.

². The Charter of the United Nations (www.un.org/aboutun/charter) is the constitutive instrument of the UN, setting out the rights and obligations of member states, and establishing its principal organs and procedures. An international treaty, the Charter codifies basic tenets of international relations – from the sovereign equality of states to prohibition of the use of force in any manner inconsistent with the purposes of the United Nations.

³. United Nations, *Basic Fact about the United Nations* 2011, p. 127.

⁴. Ibid. p.127

⁵. Ibid. p 154.

⁶. Ibid, pp. 154-155. Since 1990, developing regions have made some progress towards the MDG target to halve the proportion of people suffering from hunger. The share of undernourished populations decreased from 20 per cent in 1990-1992 to 16 per cent in 2005-2007. Progress stalled in the latter part of the decade, as food prices spiked in 2008. The number of undernourished people exceeded 1 billion in 2009, yet fell back to 925 million in 2009. United Nations, *Basic Fact about the United Nations* 2011, p. 155.

poverty was the greatest global challenge facing the world and a core requirement for sustainable development, especially for developing countries.¹ The theme for the UN-system-wide plan of action for the Second Decade is “Full Employment and Decent Work for All”.

Fighting Hunger

Food production has increased at an unprecedented rate since the United Nations was founded in 1945, and during the period 1990-1997, the number of hungry people worldwide fell dramatically, from 959 million to 791 million. However, today that number has risen again, and approximately 1 billion people do not have enough to eat. This is despite the fact that there is enough food in the world today for every man, woman and child to lead a healthy and productive life.²

The World Food Programme (WFP) (www.wfp.org) is the UN front-line agency in the fight against global hunger. In 2010, the WFP food assistance reached more than 100 million people in over 70 countries. With around half of its received donations in cash, the agency is able to purchase three quarters of the food in developing countries. With the aim of reinforcing local economies, the WFP buys more goods and services from developing countries than any other UN agency or programme. The WFP also provides passenger air transport to the entire humanitarian community through the UN Humanitarian Air Service, which flies to more than 200 locations worldwide.

Serving the world hungry since 1962, the WFP’s efforts to combat hunger focus on emergency assistance, relief and rehabilitation, development aid and special operations.³

Nigeria’s Innovative Solutions: The Option of Entrepreneurship and Small-scale Businesses.

Today, given the historical and geographical variability of state functions and the challenge of state building in one of its most difficult context, States must fulfil their citizen’s aspirations for inclusion and development and also carry out a constellation of interrelated functions.⁴

Expressed in other words, the development of modern states and of liberal political economy are measured by the parameters of what constitutes good governance. The World Bank, which defines ‘good’ governance as ‘sound development management’, also currently emphasise the relief of poverty.⁵

Governance is the process whereby public institutions conduct public affairs, manage public resources and guarantee the realisation of human rights. Good governance accomplishes this in a manner essentially free of

¹. A key player in this effort is the United Nations Development Programme (UNDP), which has made poverty alleviation its chief priority. UNDP works to strengthen the capacity of governments and civil society organisations to address the whole range of factors that contribute to poverty. These include increasing food security; generating employment opportunities; increasing people’s access to land, credit, technology, training and markets; improving the availability of shelter and basic services; and enabling people to participate in the political processes that shape their lives. The heart of UNDP’s anti-poverty work lies in empowering the poor. United Nations, *Basic Fact about the United Nations* 2011, p. 158.

². In a world with millions of starving people it is a crime to pursue the policy of “ploughing under” in which tons of food stuff are buried as unsalable surpluses, or the policy of land banks which cuts back on the use of farm land. ToksPearse, Ph.D. *op. cit.* p. 31

³. In emergencies, the WFP is often the first on the scene, delivering food aid to the victims of war, civil conflict, drought, floods, earthquakes, hurricanes, crop failures and natural disasters. When the emergency subsides, the WFP uses food aid to help communities rebuild shattered lives and livelihoods. In 2010, some 60 per cent of the WFP expenditures were for protracted crises. This demonstrates the WFP’s continuing commitment to helping break the cycle of hunger in these countries, with humanitarian assistance not only saving lives, but also serving as critical investment for longer-term food security and development. Food and food-related assistance are among the most effective weapons in the struggle to break the perpetual cycle of hunger and poverty that entraps so many in the developing world. WFP development projects focus on nutrition, especially for mothers and children, through programmes such as school feeding. In 2008, 22.6 million girls and boys were fed under the school feeding programme on all continents. Some 2.7 million girls and 1.6 million boys were also given added take-home rations as an incentive for their families to send them to the classroom and not work on the fields. The WFP also builds in-country capacity and infrastructure to help governments and their people in a number of areas, including disaster mitigation. United Nations, *Basic Fact about the United Nations* 2011, p. 160.

⁴. Ashraf Ghani and Clare Lockhart; *op. cit.* at p. 124.

⁵. Abdul Paliwala, *Governance and the Rule of Law in Developing Countries*; The New Oxford Companion to Law, 2008, Oxford University Press, Inc., New York, p.507. There is an obvious link between good governance, the rule of law, and democracy. While the essence of colonialism is the denial of democracy, its historical claim is that it brought the rule of law (and good governance) to the colonised. A current claim is that the absence of good governance and the rule of law are responsible for the underdevelopment of many countries. Some explain this at least partially as the post-colonial continuation of colonial policies. Colonial legality was undemocratic and authoritarian in essence, and involved wide discretionary powers and the use of vagrancy laws, arbitrary detention, and political offences to undermine the rule of law. On independence, ruling elites continued these authoritarian structures. In theory, good governance, democratic government, and the rule of law combine to produce development, human rights, and social justice. It I argued that good governance and the rule of law require control over the activities of global corporations whose practices contravene good governance and the rule of law.

abuse and corruption, and with due regard for the rule of law. The true test of “good” governance is the degree to which it delivers on the promise of human rights: civil, cultural, economic, political and social rights. The key question is: are the institutions of governance effectively guaranteeing the right to health, adequate housing, sufficient food, quality education, fair justice and personal security?¹

In realisation of its duty in discharging its role for providing good governance to its people, the federal government in Nigeria has identified poverty and unemployment as the most critical problems the country is facing. Very recently, the problem of insecurity induced by terrorism has been added to the kitty, but even then, that has been linked to poverty and unemployment.

Despite the nation’s endowment with diverse and infinite human and material resources, negligence and adverse policies have led to the under-utilisation of these resources. The years of corruption, civil war, military rule and mismanagement have hindered economic growth of the country.²

Faced therefore with the harrowing reality of an ebbing statehood on account of the assailing malaise of unemployment and poverty within the borders of Nigeria, the government has decided to take pragmatic steps in fixing the nation’s infrastructural facilities, especially, electricity power, as a step towards job creation and employment sustainability in the country. The job creation content of the federal government programme is of the self-employed bent which is to be driven by robust entrepreneurship framework³ and support for small-scale business initiatives.

Realising that one of the best ways to solve the current problem of unemployment is by ensuring that students in institutions of higher learning undertake compulsory entrepreneurship study, irrespective of students’ area of specialisation, has led to the adoption of entrepreneurship studies as a compulsory general studies course for students in most universities, by the Federal Government of Nigeria, in 2006.⁴

“The overall objective is to continuously foster entrepreneurship culture amongst students and faculty with a view of not only educating them but to also support graduates of the system towards establishing and also maintaining sustainable business ventures, including but not limited to those arising from research”.⁵

The Nigerian Minister of Education also stated while declaring open the 2014 Annual Entrepreneurship Week, ANEW, and stakeholders’ sensitisation forum, organised by the National Universities Commission, NUC, and Kaduna State University in Abuja that the Federal Government made the study of entrepreneurship compulsory in universities and other institutions of higher learning in order to reduce the unemployment problem in the country.⁶

In consonance with its status as an agency under the Federal Ministry of Education (FME), the National Universities Commission⁷ – NUC – has been given presidential directives by the Ministry of Education to supervise and coordinate - in conjunction with all regulatory bodies of higher institutions in Nigeria - the programme of introducing entrepreneurship education in Nigerian institutions of higher learning.

In walking the talk of deepening the learning of entrepreneurship studies in the nation’s institutions of

¹. Ibid. p. 507. (<http://www.unhchr.ch/development/governance-10.html>)

². ‘Nigeria Unemployment’ Economy Watch (Lagos, 13 October 2010) www.economywatch.com/unemployment/countries/nigeria.html [Accessed on 18 July 2014]. As per the report of the World Bank, the GDP at purchasing power parity of Nigeria was \$170.7 billion during 2009. Unemployment in Nigeria is a major problem both economically and socially. Unemployment in Nigeria has resulted in more and more people who do not have purchasing power. Less consumption has led to lower production and economic growth has been hampered. Unemployment also has social consequences as it increases the rate of crime. The secondary-school graduates consist of the principal fraction of the unemployed accounting for nearly 35% to 50%. The rate of unemployment within the age group 20-24 years is 40% and between 15 to 19 years is 31%.

³. V Ahiuma-Young ‘Unemployment in Nigeria, a time bomb – PENGASSAN’ *Vanguard* (Lagos, 23 April 2014) <http://www.vanguardngr.com/2014/04/unemployment-nigeria-time-bomb-pengassan/#sthash.TgHtrzvY.dpuf> [Accessed on 18 July 2014].

⁴. ‘Why We Set Up Entrepreneurship Studies In Varsities – FG’ *NBF News* www.thenigeriavoice.com/nvnews/45849/1/why-we-set-up-entrepreneurship-studies-in-varsities (accessed 18 July 2014).

⁵. HajjiyaUwaniYahya, Director for Students Support Services Department of National Universities Commission. ‘Why We Set Up Entrepreneurship Studies In Varsities – FG’ *NBF News* www.thenigeriavoice.com/nvnews/45849/1/why-we-set-up-entrepreneurship-studies-in-varsities (accessed 18 July 2014).

⁶. L Akinboade ‘FG makes entrepreneurship studies compulsory in higher institution’ *Vanguard* (Lagos 17 July 2014) www.vanguardngr.com/2014/07/fg-makes-entrepreneurship-studies-compulsory-higher-institution (accessed on 18 July 2014).

⁷. The National Universities Commission (NUC) of Nigeria was established in 1962 as an advisory agency in the cabinet office. However, in 1974, it became a statutory body and an Executive Secretary was appointed to run its affairs. The NUC is a parastatal under the Federal Ministry of Education (FME). In its over 52 years of existence, the Commission has transformed from a small office in the cabinet office to an important arm of government in the area of development and management of university education in Nigeria. www.en.wikipedia.org/wiki/National_Universities_Commission (accessed on 26 July 2014).

higher learning, the Tertiary Education Trust Fund (TETFUND) allocated ₦2.58 billion to entrepreneurial studies in universities in 2013 with each of the 129 universities in Nigeria receiving ₦20 million each. This was done in order to overcome the challenge of establishing functional entrepreneurship centres which are lacking in many universities.¹

Some Challenges of Entrepreneurship.

Essentially, when a person decides to start or run his own business there are a number of entrepreneurial challenges that are likely to be encountered in the system. The challenges include:-

- Corruption and fraudulent practices. These lead to great inefficiencies and bottlenecks that make it very hard for genuine businesses to thrive.
- Poor infrastructure especially in power and transportation systems. The deficiencies of these two infrastructural elements alone single-handedly limit the potential of many small businesses.
- Another set of teething problems are policy inconsistencies as well as multiple taxation by government of all tiers. These pose serious challenges for business forecasting and they negatively affect the longevity of small businesses.
- High cost of doing business. Entrepreneurs are in business because they want to make profit. Where the expected return from a venture is lower than the opportunity cost, it will act as a disincentive for entrepreneur. This manifest in so many areas such as the use of generator as a major source of power, levies and duties of various forms imposed by different governments and departments.
- Inadequate security. Business recognizes peace time to thrive. Indeed only the living can do business, Thus where there is threat to life and insecurity business ventures are bound to suffer.
- Inability to access funds. The stiff conditions to access funds from lending institutions pose a great challenge to entrepreneurs development.

Essence of Agriculture and Problem of Unemployment

The importance of agriculture cannot be over emphasized in any economy. A country can only take pride in been able to feed itself. It is a clear statement of underdevelopment and poverty to have a hungry population. The vast land area of Nigeria offers the opportunity for purposeful youth engagement in agriculture. For maximum impact, there is need for policy direction that will stimulate interest in agriculture beyond the traditional method of tilling and cutting the ground with hoe and cutlass; subsidizing the cost of major agricultural inputs, such as fertilizer and seeds. Nigeria is a case point that is witnessing increase in population without a corresponding growth in agricultural activities. This can only result in food shortages. Though we are in the wake of an economic renaissance with an array of policies to modernize farming and make it commercially viable, however, more still has to be done in the area of supporting the growing number of unemployed that are getting restless at every available opportunity.

To buttress this fact, on the 15th of March 2014, the Nigeria Immigration service, under the Federal Ministry of Interior, conducted a recruitment exercise for about 520,000 people in the thirty-six states and the country's capital, Abuja. Unfortunately, the army of unemployed youth that trooped in at the various centres resulted in deaths of some of them due to stampede and more importantly improper planning. It is axiomatic; to state that what underpins this scenario is that the country graduate thousands of people without any plan to give them jobs. They are thrown into the streets to go and scrounge for survival. It would be most appropriate to direct the energies of the energetic youths towards agriculture.

A new paradigm shift should be inculcated at all levels of education. Instruction on matters of agriculture should be instilled early enough as the surest possible means of being engaged after leaving school. Interestingly, agriculture has the capacity to absorb any number of people willing to be involved in it.

Furthermore, it must be noted that about 70 percent of the population in Nigeria live in the rural areas and have no access to financial services available in the towns and cities. The financial services provided often demand compliance with conditions that are onerous. In order to deliver and revamp the agricultural sector access to funds must be devoid of requirements that cannot be easily satisfied by an intending applicant. Indeed, access or payment, by government, for farmlands will go a long way to help the interested individual in starting the agricultural activity in a farming season.

Essentially, the provision of tractors and equipment to mechanize farming from the tedious traditional and uneconomical use of hoes and cutlasses will be an added advantage to tap the gains of large scale production.

For agricultural business and indeed any other business to succeed, power/electricity must be readily available. It is yet to be seen, for a nation, to develop its potentials, without a breakthrough, in the area of power generation and distribution.

¹.www.thenationonline.net/new/tetfund-allocates-n2-58b-to-entrepreneurship-studies/ (accessed 18 July 2014).

Small Scale Businesses – Meaning and Essence

The role of small and medium enterprises, which can simply be referred to as ‘SMES’, has been emphasized from time to time, keeping in view the overall plan objectives of the economic growth of any nation.¹

Essentially, there is no consensus on the definition of SMES due to differences in general economic development and the prevailing social conditions within each country.

Thus various indices such as number of employees, invested capital, asset employed, sales volume, production capability and combination of these are used by various countries to classify a business under the SME sector.

Small business can be defined as a business which is independently owned and operated with close control over operations and decisions held by the owners. Here, business financing is personally guaranteed by the owners.

The small business sector has distinct advantage of low investment with high potential for employment generation. Furthermore, it brings out dispersal of industries in rural and semi-urban areas with definite advantage of equitable distribution of national income. It (Micro, Small and Medium enterprises (‘MSME’) is a veritable platform for the battle against unemployment in Nigeria. It teaches the need to look beyond ‘white collar jobs’ and guides the youth on how to become entrepreneurs.

Institutional Framework

The government, no doubt, is responsible for determining policy on entrepreneurial activity which addresses both entrepreneurs and societal needs.² The Nigerian situation represents a developmental experience characterized with poverty. The frustrations of accessing credit facilities from the formal system compelled the poor and informal business entrepreneurs to resort to different non-banking and informal arrangement to access funds for their operations. For example, one form of mutual co-operation or the other existed among the various communities, for social, economic, or community projects under different native names such as *ajo, aro, esusu, owe* in Yoruba speaking communities of Nigeria; *gayya andadashi* among the Hausa speaking communities; *isisie, isisie-ego, utu ummunna and oha* in Igbo speaking areas.

Today, there are several co-operative societies in rural and semi-urban communities where by people with similar ideas come together with the motive of saving money and lending it only to members of the group at low interest rate, which must be repaid within a stipulated period of time. Such groups are usually governed by some, often unwritten, ideologies and mutual understanding constituted by the group. Also, there are different types of daily contributions which serve as unconventional banking system for the keeping of money.

Nigeria is endowed with entrepreneurship opportunities; however the realization of the full potential of these opportunities has been dampened by the adoption of inappropriate industrialization policies at different times. Several policy interventions that were aimed at stimulating entrepreneurship development via small and medium scale enterprises promotion, based on technology transfer strategy, have failed to achieve the desired goals as it led to the majority of indigenous entrepreneurs becoming distribution agents of imported products as opposed to building in-country entrepreneurial capacity for manufacturing, mechanized agriculture and expert services.

Since the mid-1980s there has been an increase in the commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment Programme (SAP) in 1986. Added to this is the establishment of the National Directorate of Employment (NDE), National Open Apprenticeship (NOAS) and lastly the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN).

The Nigerian government recently revised its national policy on MNSEs based on a thorough review process led by the Federal Ministry of Trade and Investment. The revised policy proposes an Institutional framework for policy implementation and monitoring, with the Small and Medium Scale Enterprises Development Agency of Nigeria (‘SMEDAN’) as the primary responsible institution and the National Council of SMEs as the apex organ for MSME development.

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)

The small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established in 2003, to facilitate the promotion and development of the micro, small and medium Enterprises (MSMEs) sector in an efficient and sustainable manner. The Agency is saddled with the responsibility of contributing to the realization

¹ Holiness, Scott (2001) “Definition of Small Business”, Final Report of the Small Business Coalition (SBC) Australia, April 5.

² Tandon, B. C. (1973), *Environment and Entrepreneur*, Chug Publication, Allahabad, P.60. That, S.M. (1989), “The Constraint in Entrepreneurial Renaissance” in Samiuddin (ed) *Entrepreneurship Development in India*, Mittal Publication Delhi, P. 109. Duru Mike, “Entrepreneurship opportunities and challenges in Nigeria”, Ahmadu Bello University, Zaria www.businessjournalz.org/articlepdf/bmr006.pdf accessed 5th May, 2013. www.modernghana.com/news/113958/1/the-dynamics-of-entrepreneurship-to-the-ghanaian-e.html accessed 4th May, 2013

of the Transformation Agenda of the present Administration and the cluster development Approach of the Ministry of Trade and Investment.¹

With the overall objective of reducing poverty through wealth and job creation and facilitating national economic development, the micro, small and medium enterprises are perceived as the oil required to lubricate the engine of socio-economic transformation.

As in developed economies, Nigeria with the introduction of the National Policy on MSMEs has addressed the issue of definition as to what constitutes micro, small and medium enterprises. The definition adopts a classification based on dual criteria, employment and assets (excluding land and building) as shown below:

S/N	Size Category	Employment	Asset(N Million) (excl. land and buildings)
1.	Micro enterprises	Less than 10	Less than 5
2.	Small enterprises	10 to 49	5 to less than 50
3.	Medium enterprises	50 to 199	50 to less than 500

Source: National on MSMEs

Micro Enterprises are those enterprises whose total assets (excluding land and buildings) are less than five Million Naira with a workforce not exceeding ten employees

Small Enterprises are those enterprises whose total assets (excluding land and buildings) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten, but not exceeding forty-nine employees.

Medium Enterprises are those enterprises with total assets (excluding land and buildings) are above Fifty Million Naira, but not exceeding Five Hundred Million Naira with a total workforce of between 50 and 199 employees.

Micro, small and Medium Enterprises (MSMEs) sector play a pivotal role through several pathways that go beyond job creation. They are growth-supporting sector that not only contribute significantly to improve living standards, but also bring substantial local capital formation and achieve high level of productivity of Micro, Small, and Medium enterprises.²

In Nigeria, the history of MSMEs dated back more than six decades ago during the colonial era in 1946 with a ten year development plan. The plan was for the then colonial administration to lay groundwork for the welfare and development of Nigeria. But despite the intensions, the colonial administration implicitly had preference for large scale industries in a push for industrialization. During the period, trade, price, tax, and exchange rate policies as well as enabling environment were prioritized in favour of the large firms to pave way for large industries as catalyst for Nigeria's industrialization. Despite these, the large manufacturing sector could not drive the economy. The economy was a buyer's market for outside economies and seller's market for raw materials. Thus the policy of local sourcing of raw materials was hardly pursued as a result of easy availability of cheap exchange rate to import foreign components; these situations hampered the development of MSMEs.

The import substitution policy of the post-colonial period posted a picture that tolled the anti MSMEs policy. It emphasized on industries that could undertake mass production of consumer goods. In addition, credit and incentives were granted to industries that could not go beyond first step of producing consumer goods. To attract Foreign Direct investment (FDI), policies such as profit tax holidays, import duty relief which allows firms to import raw designated materials under duty free and concessional arrangements, accelerated depreciation on capital investment and tariff protection were pursued. There were also monetary incentives such as the establishment of financial institutions for loans and subsidies. A number of financial institutions were drafted to oversee these arrangements such as, Nigeria Industrial Development Bank, and Nigeria Bank for commerce and Industry. Generally, both trade and infrastructural policies favoured the large scale industries.

In spite of these incentives, the manufacturing sector remains in comatose. The problem of large scale manufactures was further aggravated by the collapse of the international oil market in the 1980s. The associated unemployment and low capacity utilization created balance of payment problem which forced Nigerian government to seek for a bailout from international credit institutions: International Monetary Fund and World Bank. As one of the pre-conditions and requirements for such credit facilities, the economy embarked on structural Adjustment Programme (SAP). In other to drive home the policy objectives of the SAP, an inward-looking policy that emphasizes the use of local raw materials was introduced to encourage local producers, particularly Small and Medium Enterprises (SMEs).

Recent Efforts by Governments to Stimulate the MSME Sector

The Micro, Small and Medium Enterprises sub-sector has been identified as one of the critical elements to the

¹ <http://www.smedan.org> (accessed on 4th March 2014)

² Deshpande, M.U (1984), *Entrepreneurship of Small Scale Industries*, Deep and Deep Publication, New Delhi, P. 49.

achievement of the country's vision to be among the most industrialized countries in the world by the year 2020. The sub-sector has been globally acknowledged as the engine that drives the socio-economic transformation of both the developing and developed countries. A nurtured and well-structured MSME sector contributes significantly to employment generation, wealth creation, poverty reduction and sustainable economic growth and development.

Various attempts have been made by successive Government to stimulate the growth and development of the MSME sector in Nigeria after many years of neglect. The call for a coordinating Agency for the MSMEs sub-sector dated back to 1987, when a study by the World Bank made the recommendation. Efforts by the government to actualize it failed until 2003, when the Small and Medium Scale Industry Development Agency (Establishment) Act, enacted by the National Assembly created the Small and Medium industry Development Agency (SMIDA). The National Assembly passed the SMIDA amendment Bill in December, 2004. The Act changed the name of SMIDA to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)

In its continued search for solutions towards a vibrant and virile micro, small, and medium enterprises sector, and to entrench the sector into the main stream of the Nigerian economy, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established in 2003. The Agency is a "one stop shop" for nursing and nurturing micro, small, and medium enterprises in Nigeria. Consequently, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) has since inception been in the forefront of developing and promoting Micro, Small and Medium enterprises and entrepreneurs in Nigeria.

The mission of SMEDAN is "to facilitate the access of micro, small, and medium entrepreneurs/investors to all resources required for their development."

The vision of SMEDAN is "to establish a structured and efficient micro, small, and medium enterprises sector that will enhance sustainable economic development of Nigeria."

The Functions of SMEDAN

The functions of the Agency as enunciated in the SMEDA Act, 2003 are listed below:

1. Initiating and articulating policy ideas for micro, small, and medium enterprises growth and development;
2. Stimulating, monitoring and coordinating the development of the MSMEs sector;
3. Promoting and facilitating development programmes, instruments and support services to accelerate the development and modernization of MSMEs;
4. Serving as a vanguard for rural industrialization, poverty reduction, and job creation and thus facilitating enhanced sustainable livelihoods;
5. Linking MSMEs to internal and external sources of finance, appropriate technology, and technical skills as well as to large enterprises;
6. Overseeing monitoring and coordinating the development of the MSMEs sector;
7. Promoting and providing access to industrial infrastructure, such as layouts incubators and industrial parks;
8. Providing assistance to MSMEs in marketing their products.
9. Mobilizing internal and external resources, including technical assistance, for the development of MSMEs;
10. Promoting the familiarization, sub-contracting, networking, and crosscutting strategic linkages between MSMEs and other economic sub-sectors;
11. Creating beneficial linkages between MSMEs and research institutes/universities;
12. Providing extension services to MSMEs;
13. Monitoring implementation of government directives, incentives and facilities for MSMEs development;
14. Recommending to government required amendments to business regulatory frameworks for ease of enterprise development.
15. Working in concert with other institutions in both public and private sectors to create a good enabling environment of business in general, and MSMEs activities in particular.¹

The Role of SMEDAN- Intervention and Strategy

Conscious of her mandate and the strategic position she occupies in fostering a viable and vibrant MSMEs in Nigeria. SMEDAN is collaborating and partnering with the various States and Chambers of commerce in the realization of their goals and objectives. SMEDAN's intervention strategies center on the following areas:

¹<http://www.smedan.org> (accessed on the 4th of March, 2014)

I. Sourcing, Processing and Disseminating Business Information by creating and regularly updating the Agency's databank on MSMEs, raw materials, markets, available local technologies/machinery, and prototypes.

II. Policy Development

Formulate and ensure due approval and implementation of the MSMEs policy for Nigeria, conduct impact assessment studies and use same to recommend improvements in policy intervention and conduct regular stakeholder forum.

III. Establish Business Support Centers and Business Information Services (BSCs and BICs)

The centers provide the following services:

- a. Model business-planning skills
- b. Mentoring professional services such as Accounting, Financing and Book-Keeping
- c. Industrial Dynamics and Technology Assessment
- d. Legal and taxation advisory services
- e. Demonstration models to private sector service providers
- f. General business consultation

IV. Capacity Building and Promotional Services

- a. Vertical linkage of MSMEs with large enterprises
- b. Organisation of MSMEs into clusters and co-operatives to enhance their productivity and have easier access to factors of production,
- c. Arrangement/facilitation of trade and technology exposition
- d. Provision of market support information system
- e. Encouragement and facilitation of new investments in designated priority areas in each state of the federation

V. Encourage establishment of Industrial Parks

National Development Programme Initiative

SMEDAN liaise with financial institutions to harness and pool resources for utilization by MSMEs. Assisting in sharpening their business plans for possible financial assistance from Micro-finance banks and development banks. Constantly liaise with other institutions for the establishment and operation of MSMEs Credit Guarantee Scheme.

Recently, the government of Nigeria launched National Development Programme (NADEP) that has been designed to create 3.5million jobs across the country through the development of Micro, Small and Medium Enterprises (MSME) sector which is the engine of growth in most economies.

This new scheme being spearheaded by Federal Ministry of Industry, Trade and Investment is aimed at harnessing the vast opportunities in the MSME sector to drive inclusive growth through skills acquisitions, entrepreneurship training, business financing, employment generation as well as wealth creation. However, in order to harmonise all SME development activities across the country and achieve maximum impact, the Federal Ministry of Industry, Trade and investment is promoting the establishment of SME Councils in all the thirty six states and Ministry of Federal Capital Territory. The SME Councils are structured to galvanise relevant state government officials, those of the organized private sector and representatives of SME promotion, development and facilitation agencies.

SMEDAN has continued to collaborate with and refer several interested MSMEs with bankable business plans to the National Economic Reconstruction Fund (NERFUND) and Bank of Industry (BOI). The Agency reviews business plans submitted by various existing & potential entrepreneurs and forward same to Bank of Industry (BOI) and the National Economic Reconstruction Fund (NERFUND) for the provision of finance.

SMEDAN has produced a National Policy for the MSME sector. The thrust of the National Policy is to provide an enabling environment for micro, small, and medium enterprises to grow and increase competitiveness on both local and global markets. This is anchored around a number of key principles, namely: policy regulation, credit and complementary financial services, information and business development services, market development, Research and Development, legal and regulatory issues.

Finance by Bank of Industry Limited

The Bank of Industry Limited (BOI) was established in October, 2001 following the reconstruction of the Nigerian Industrial Development Bank Limited (NIDB) to incorporate the mandates of the Nigerian Bank for Commerce and Industry (NBCI) and the National Economic Reconstruction Fund (NERFUND). It is part of the mandate of the bank to provide assistance for establishing of large, medium and small projects; as well as expansion, diversification and modernization of existing enterprises; and rehabilitation of ailing industries. Bank of Industry is the foremost long-term industrial financing institution in Nigeria.

The Bank of Industry Limited has made some impressive strides towards delivering on its mandate by

recording a phenomenal 76% rise in the volume of loans and advances to ₦73.478 billion in 2011 from ₦41.708 billion in 2010. In recognition of the daunting task of resuscitating the industrial sector the Bank of Industry allocates a sizeable percentage of its resources to SMEs being the engine of growth in any economy in terms of the unit of investment and where jobs are created. The Bank also manages micro, small and medium enterprises development fund in some states of the federation; manages development fund for women on behalf of the Federal Ministry of Women Affairs which provides soft loans to women entrepreneurs.

Way Forward

It is not in doubt that the number of beneficiaries of the various institutions financing are far from an appreciable target in relation to the ever swelling number of the potential entrepreneurs and individuals involved in small scale businesses. There is no data to support the number of people assisted so far, but this much is clear, that the growing number, in thousands if not millions, of the unemployed without any means of livelihood is a great indication that it is not yet well in the area of finance of small businesses in Nigeria. The Bank of Industry must fund deserving entrepreneurs that are in the majority and at the lower stratum of the economy who cannot satisfy all the requirements, especially as they relate to the issue of security. Funding institutions must identify the gaps in terms of funding, capacity building and mentoring amongst other challenges facing a segment of potential entrepreneurs who are either not served or under served in access to finance and other developmental support services.

Conclusion

Entrepreneurship development and innovation in Nigeria is at the peak of awareness, creation and participation by the people, the organized private sector and government at all levels. Policies of government should shift to address the problems of infrastructural decay and finance. The problem of power supply is still very much an issue while credit framework via micro-financing banks should be put in place to assist entrepreneurs with soft loans when still in their infancy. Innovation by Nigerian entrepreneurs brings about technical progress through capital –saving, efficient production techniques and higher levels of output or economic growth.

With the emergence of SMEDAN, there is the new entrepreneurial spirit that is gradually but steadily spreading across the country along with continuous and improved support from the government and stakeholders that placed within the purview of SMEDAN, the task of helping Nigeria realise their economic goals, considering the enormous opportunities which when optimally explored will transform the nation into one of the biggest economies of the world.