

Incorporating Entrepreneurial Small and Medium Scale Enterprises Industrial Programs of the Informal Sector into the Development Process in Nigeria: Prospects and Challenges

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Abstract : *The study examined the prospects and challenges of incorporating Entrepreneurial Small/Medium Scale Enterprises Industrial programmes into the development process in Nigeria and considered strategies, factors necessary and required for growth and development. The study observed that Entrepreneurship Development of Small and Medium Enterprises are increasingly being recognized and identified as having very crucial role to play in strategies for economic and social development by many nations. The research design adopted for this study was survey and documentary analysis. The survey research involves collection of data from existing records and findings of the opinion on the subject through the use of structured questionnaire to employers of labour, entrepreneurs, government officials and SMEs operators in Lagos and Oyo states in Nigeria. Stratified sampling technique was used to select a total of 500 respondents out of which 483 responded to the questionnaire for the study. The instrument was validated and pilot-tested to ascertain the internal consistency of the questionnaire using Cronbach Alpha. The reliability coefficient of the questionnaire was 0.76. Data obtained were analyzed using mean, frequency count, percentage and one-way analysis of variance. A large proportion of the respondents contended that development of Entrepreneurship and Small /Medium enterprises have been constrained by factors such as: High mortality rate, job losses as a result of mortality in both large and small businesses are off-set by job creation as a result of the birth of new businesses and the expansion of existing SMEs; unavailability of raw materials, production technical problems, which include: lack of technically skilled workers, unfamiliarity with new techniques, poor organization of production, inefficient plant layout, absence of quality control and irregularity of control supply of spare parts of machinery and equipment and lack of after-sales service and others. Respondents also submitted that the sector if properly managed and incorporated into the development process, the gains of the nation through the sector in terms of employment generation, skills and entrepreneurship development, price stabilization, poverty alleviation and development of indigenous technology are prospects in the nation's march towards development.*

Keywords: Entrepreneurship, Small/Medium Scale Enterprises, Prospects and Challenges, Development Process

Introduction

Entrepreneurship development and Small/Medium Scale Enterprises (SMEs) are increasingly being recognized and identified as having very crucial place in strategies for economic and social development. They are seen, according to OECD (2017) as valuable not only for their employment and commercial value but also more importantly, for the contribution they can make to community development, and to improving the situation of developing countries particularly youth, women and unemployment generally. In addition according to Obi (2015) the small scale business serves as pivot for technological take off and self-reliance. SMEs play a key role in national economies around the world, generating employment and value added contributing to innovation.

According to Kolawole (1993) the role of small-scale industries in the overall economic development process is well recognized in every economy. The evidence of the small scale enterprises (SSEs) development experience of Japan, India and other countries of South East Asia, are often argued as historical prototypes representing all inevitable process within the ability of all developing nations. This awareness has been sufficiently put to use and a lot can be shown for the existence of the sector. Appreciable amount of consumer and even industrial goods, are produced by small scale enterprises; in addition, the sector employs a high percentage of the labour force. In these countries, the development of the small scale industrial sector is adequately backed up by government legislation and support in terms of finance and other resources. The extent of the importance of SMEs in these countries can be shown for example, by recent information on the Japanese economy which indicated that, small and medium-sized businesses account for 70% of national employment in the entire working population, generating slightly more than 50% of national value added (OECD 2017).

SMEs can provide important intersectoral linkages through their use of indigenous raw materials (e.g. agro-processing) and other inputs to agriculture (production of agricultural tools and equipment) or through the use of waste materials from large firms (scrap metal, wood, rubber etc.).

Entrepreneurship development and Small/Medium Scale Enterprises have been recognized as important aspects and function of organization and economies. According to Dickson, (2008). They contribute in an immeasurable way towards creating new jobs, wealth creation, poverty reduction and income generating for both government and individuals. Schumpeter in 1939 argued that

entrepreneurship is very significant to the growth and development of economies. (Keister, 2005, cited in Garba, 2010). Entrepreneurship leads to poverty reduction, for instance, the Federal Government had for some time now been injecting funds into different skills acquisition programmes, small business, support for the informal sector through provision of credit facilities for boisterous economic activities at the rural community level. This is a decision in the direct direction as majority of the population live in the rural areas and an improvement in the quality of live would prevent migration of the residents of the rural communities to the urban centre's.

The implication of this is that it will create employment opportunities thus leading to greater reduction in social maladies or vices. The wild spread and acceptance of entrepreneurship and the development of small and medium sized enterprises (SMEs) provide clear indication of its usefulness and importance in the present realities. The development will go a long way in providing the necessary impetus for economic growth and development. It will be crucial in boasting productivity, increasing competition and innovation, creating employment and prosperity and revitalizing economies.

Besides appreciable employment generation, Kolawole argued that, a properly developed small industrial sector offers the following benefits to the economy:-Development of indigenous entrepreneurship; Encouragement and mobilization of domestic savings;Utilization of technology;Dispersal of industrial and economic base;Training ground for unskilled and semi-skilled workers;Creation of economic linkages;Modernization of the rural sector;Generation of innovative spirit; andCreation of self-reliance in consumer and industrial goods.

Statement of the Problem

Government development policies at different levels and point in time have been anchored on varying strategies which were plausible and feasible in their historical contexts. Examples of such strategies include (a) increased production, and diversification of the economy; (b) import substitution; and (c) export promotion. However according to Diyo et al (1993) one of the wrongs committed is the neglect of the informal sector development of the SSEs as a central issue in the development process.

Diyo and Iliya (1993) had earlier observed that the informal sector entrepreneurship development and the small scale enterprises industrial programme (SMS) should be one of the central pins upon which development efforts should revolve. It was further stated that the sector has a very bright prospect as a pivot of national development.

Two contracting lines of thought have led to the preparation of this study.

The first is the increasing reliance which many governments are placing on the small business sector, and the second is the relatively high rate of failure of small business which is commonly reported.

The recent upsurge of international political interest in the small business sector of the economy has however been a focus on the role of management training and development in the small business related issues of education and training for entrepreneurship. The rationale for this emphasis lies firstly in the recognition of the crucial role of the entrepreneur in small business development and secondly is the fact that the small business management development is virtually synonymous with organization development.

The background to this study is the increasing awareness that small business development and industrial development in developing countries is often constrained not only by insufficient funds to set up ventures but also, in a significant number of cases, by a lack of managerial and entrepreneurial skills to set up and run successful enterprises. (Kolawole 2013).The need for these skills is by no means only associated with small scale enterprises (SSEs). They are as necessary in government, public and co-operative enterprise as well as in private business. Individual small enterprises provide, however, both a nursery and proving-ground for entrepreneurs.

In the light of this, various attempts have been made, and organizations developed or directed, to provide education and training for entrepreneurship. As these initiatives have gotten under way, the need has arisen in many quarters for incorporating entrepreneurship and small scale enterprises (SSEs) and industrial programmes into the government development process.

This study attempts to examine the challenges as a prelude to the assessment of the prospects of entrepreneurship and small scale enterprises (SSEs) as a central issues in the development process.

In spite of the significance and the recognition of the role and the immeasurable contributions of entrepreneurship and SSEs as a correlate in the overall economic development process, it has been found according to Kolawole, (2008) that the expected benefits as stated above have not been realized significantly, because no consistent effort has been made to produce a realistic and dynamic framework for the development of the sector by incorporating the sector into the development process. This study therefore is set

out to examine the prospects and challenges in incorporating Entrepreneurship and the Small Scale Enterprises (SSEs) Industrial programmes into the development process in Nigeria.

SUMMARY OF LITERATURE REVIEW

Conceptualization of the SMEs in the Informal Sector of the Economy

It cannot be too strongly stressed that small and medium scale enterprises (SMEs) exist in both the formal and the informal sectors of the economy. However, SMEs activities are more predominantly active, present and exist in the informal sector of the economy.

According to Odetola (1993), conceptual confusions could arise between the dichotomy of small – large scale industries on the one hand and formal – informal dichotomy on the other hand. This confusion usually takes the form of regarding formal – informal and small – large as belonging to the same long continuum. This leads some people to imagine that once an informal sector activity is modernized and integrated into the small national economy, it graduates necessarily first into the small scale unit and moves to medium and then to large. Thus a continuum like this is envisaged: Informal – small – medium – large.

The continuum reveals the conceptual confusion in which the informal is set against small, medium and large enterprises and the concept ‘formal’ is superimposed.

The argument for emphasis is that both dichotomies exist at two conceptual levels. ‘Informal’ – ‘formal’ continuum emphasizes differences in the degree and quality of organization relationship with and reflection of formal institutions, degree of operation within the law, degree of protection, regulation and so on.

The increasing recognition now being accorded to this sector is due to several factors notable among which are:

- The decline of government and private sector activities in employment due to structural adjustment problems;
- The deliberate targeting of this sector by the international development community who now believe that far more needs to be done to channel development aids to the groups for which they were directly intended;
- The continued expansion and dynamism of this sector inspite of policy neglect and the wish and hope that it would disappear.

The Small and Medium Scale Enterprises (SME)

According to Kolawole (2013) defining what a small scale industry is should be seen as an aspect of the developmental process. Within a given economy, small scale industries cannot be defined once and for all. The changing pattern of overall industrial and economic growth of the country is bound to affect the content or limits of such a definition. For example, the Government of India has modified its own definition of small scale industries at least, five times since the first official definition was made at the Conference on Industrial Development held in New Delhi in December, 1947. In the United Kingdom and the United State of America, various criteria have been used to include or exclude in the small business sector, different levels of retail, whole-sale, services, construction, transportation, warehousing and manufacturing establishments.

Along with the broadening view of the definition from other countries the Federal Ministry of Industries defines a small scale enterprise as any company with operating total assets of less than ₦50 million, with less than 100 employees. Annual turnover is not considered in the definition of an SME. The National Economic Reconstruction Fund (NERFUND) defines an SSE as one whose total assets are less than ₦10 million, but makes no reference either to its annual turnover or the number of employees.

In a similar sence, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) which 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, also defines Small Enterprises as those enterprises whose total assets (excluding land and building) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten, but not exceeding forty-nine employees (Kolawole, 2013).

SMEDAN also defines medium Enterprises as those enterprises with total assets excluding land and building) are above Fifty Million Naira, but not exceeding Five Hundred Million Naira with a total workforce of between 50 and 199 employees (Kolawole, 2013). If there exists a conflict on classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (₦7M) but employs 7 persons), the employment-based classification will take precedence and the enterprise would be regarded as micro.

It needs to be asserted globally that the micro, small and medium enterprises sector is a key engine to economic growth and development. This sector according to Odetola is responsible for most of the advances in new products and process, provides most

of the employment opportunities but is also a key indicator of the overall performance of an economy. The dynamic nature of this sector also makes it vulnerable to a high mortality rate occasioned by sudden shifts in economic policy, global trends, global shocks in international markets and many unforeseen situations. The lean nature and size of this sector, which underscores its vulnerability, is also its key assets. It is flexible and can easily rise up to and adapt to sudden change in situations locally and globally. These are some of the underlying facts, which necessitated a change of focus in Nigeria's economic policy direction.

It is evidently clear that the micro, small and medium enterprises could play a catalytic role in the economic transformation of the nation. The role includes substantial contribution of the sector to the gross domestic product, employment generation, export, increasing local value addition and technological advancement.

According to Mohan (2007) a healthy and expanding small enterprise sector can play an important role in many of the development objectives of governments and aid agencies, including mobilization of domestic savings and investment, use of local labour and other resources, and more production geared to basic consumer needs.

The extent to which the basic assumptions are justified and these highly desirable goals are achieved through building up the small enterprise sector is a function of many variables including appropriate policy, effective support institutions (financial and advisory), effective selection and training of entrepreneurs, and effective choice of materials and technology.

The advocates of micro, small and medium enterprises development in Nigeria; suggested the following measures:-

- i. The low level of capital required in the establishment of the enterprises.
- ii. The large number of the establishment and their labour intensive modes of operation guarantees employment for a large number of persons (labour intensive).
- iii. Inventions, adaptations, and general technological development are common in these enterprises.
- iv. A more equitable distribution of income is usually achieved in this sector.
- v. Industrial diversification and a relatively more balanced regional development are assured.
- vi. The evolution of indigenous enterprise is common amongst these establishments.
- vii. General enhancement of the tempo of industrial development is visible among these enterprises (Ojo, 2007).

Another aspect of the problem is that some economics like the United States, Canada, Great Britain etc., use the all – inclusive term “small business” or “small enterprises” to cover manufacturing and non-manufacturing (non-farm) small activities: commerce, services, maintenance and repair, transportation, construction, manufacturing and excavation.

The Central Bank of Nigeria, for purposes of its credit guideline to Financial Institutions in 1985, adopted a radically different definition of small scale Industries as, those enterprises where annual turn-over does not exceed ₦500,000.

From the above, it is obvious that the definition of small scale industries vary from country to country, government to government and even within the same government from institution to institution. Nevertheless, for the purpose of this study, we shall take small and medium scale enterprises to comprise the ‘modern’ industrial enterprises employing 10 to 50 (or sometimes up to 100 people), family businesses engaging 3 to 4 family members and cottage industries or independent workers in the non-structure sector of the economy. Therefore, our study will primarily centre around enterprises, where the operational and administrative management lies in the hands of one or two people, who usually make the major decisions of the enterprise.

Characteristics of the Small Scale Entrepreneur:

The centre piece of the manpower development in the small industrial sector according to Kolawole is the entrepreneur, who is often referred to as the ‘captain’ of industry. The entrepreneur is a person who risks time, effort and money to start and operate a business. From discussions and real-life experience about entrepreneurs, it can be safely inferred that, successful ones among them possess distinctive qualities. Usually, they are the first-born of their family or had to assume a more than average amount of responsibility at an early stage in life. In many cases, they are the off-spring of self-employed persons, but not necessarily in the

same occupational grouping, trade or service. Most of them have a sound, but not necessarily extended education and as a rule, have worked for some time in real-life conditions.

Success may result not so much from the quality, but from the quantity of scheme they prepare and develop. In fact, they believe that, the greater the effort, the greater the chances of success.

Another facet of this is that technical and financial assistance provided by national and multi-lateral agencies, as being focused on small enterprise development, after many large-scale projects and investments have not had the desired developmental results. Their view often is that in this context, small enterprises can be more efficient in the use of capital, labour and materials than large-scale businesses, being less capital-intensive and less dependent on elaborate physical infrastructure.

DEVELOPMENT PROCESS

Many scholars have rightly argued that, it is the development of the productive forces that decisively influence human, social organization, culture, the level of welfare and consciousness. According to Gana (2002) the development differential between nations is the product of the parity in the quantity and quality of the productive forces at their disposal. While for most developed countries such as Japan, USA, China, USSR, Western Germany, Canada, etc., genuine development process came about only after they made decisive break-through in developing their productive forces (the Human Resource). However, the developing countries, it has been argued, could not make any meaningful and appreciable progress because the development of their productive forces (HR) stagnated at a certain stage of the development process. Indeed, Nigeria's economic backwardness is deeply rooted in the pattern of development of its productive forces – i.e. the Human Resource. (Gana 2002)

Gana argued that the factors of production are not only fundamental to the development process, but their control in terms of 'factor proportion' is equally crucial in determining the quality and pace of the national transformation process. For most developing countries, the problem has mostly been that of striking the most appropriate 'mix' of 'factor proportion' in their struggles for development. While labour and natural resources abound in Nigeria, our inability to resolve our problems with production technology have continued to constitute a bottleneck to the realization of the much cherished goal of genuine and self-reliant development. In practical terms, not only have we failed to develop appropriate and relevant production technology, but we have equally failed to appreciate in any meaningful way, the effective utilization and maintenance of the gamut of alien technology at our disposal. The critical argument of this study, therefore, is that since all factors of the external environment i.e. acquisition of skills and knowledge, experience of great virtues and great humanity, contact with the first rate objects of excellence in art and life if appropriately presented are the tools needed by labour, appropriate mix of these factors are very fundamental to the development process. A crucial question which nations seeking to develop must resolve is that of Human Resource Development for SMEs/SSEs.

Human Resources Development Efforts

Oshodi (2009) observed that human resource development in the informal sector, SMEs/SSEs sector has been generally haphazard, unstructured, ineffective, inefficient and unsystematic. Most training activities have been confined to the formal sector and training for people in the informal sector were considered to be mainly preparatory for work in the formal sector. Therefore, appropriate training approaches in the SMEs/SSEs sector are scarce and not often well adjusted to this target group (Bowland, 1989). According to Odetola (1993) the sector, because of the growing demands for employment, has special human resources development problems which must be addressed. It is the sector which absorbs retrenched labour as a result of economic restructuring, as well as the national economy to assimilate new technologies and to cope with mounting demographic pressures.

Sustainable development is only useful if it leads to the improved welfare of ordinary people SDG (partnership platform 2016) sustainable development through decent jobs for youth www.sustainabledevelopment.un.org. To promote self-employment is to encourage initiative and innovation, savings and investments as well as guarantee more equitable distribution of income. In this regard, the promotion of small and medium enterprises development is the key to self-employment. Small enterprise promotion adds flexibility to economic activity by responding more readily to economic changes than larger ones.

In general, the sector far outstrips the modern sector in employment generation in the developing countries. Since, as it is now recognized, this trend is virtually irreversible. Training efforts, geared towards the development of this sector must not be considered in the likes of shift interim or transitory. The approach to and the organization of training must be well thought out. Odetola (2003).

RESEARCH METHODOLOGY

The study examined the prospects and challenges of incorporating entrepreneurship and small scale enterprises industrial programme into the development process in Nigeria and considers strategies, factors necessary and required for growth and development. The research design adopted for the study was survey and documentary analysis. The survey research involves collection of data from existing records and findings of the opinion on the subject through the use of structured questionnaire to employers of labour, entrepreneurs and government officials in Lagos, and Oyo states. Stratified sampling technique was used to select a total of 500 respondents out of which 483 responded to the questionnaire. The instrument used was validated and pilot-tested to ascertain the internal consistency of the questionnaire using Cronbach Alpha. The reliability coefficient of the questionnaire was 0.76. Data obtained were analyzed using mean, frequency count, percentage and one-way analysis of variance.

The methods used for data collection were personal interview and self completed questionnaire which were answered in the presence of the research workers except where figures were to be collected from record files.

SUMMARY OF ANALYSIS AND FINDING

Majority of the respondents contended that all over the world, the development of small enterprises has been constrained by certain factors, the following gives a brief description of such problems which also agrees with the finding of these study.

- i. High mortality rate, $\bar{x} = 4.72$, job losses as a result of mortality in both large and small businesses are off-set by job creation as a result of the birth of new businesses and the expansion of existing SMEs $\bar{x} = 4.82$.
- ii. Frequently observed bottleneck is the unavailability of raw materials $\bar{x} = 4.95$;
- iii. Production technical problems, $\bar{x} = 4.62$ which include:- lack of technically skilled workers, $\bar{x} = 4.57$, unfamiliarity with new techniques, $\bar{x} = 4.65$, poor organization of production, inefficient plant layout, absence of quality control $\bar{x} = 4.55$, irregularity of control supply of spare parts of machinery and equipment $\bar{x} = 4.85$ and lack of – after – sales service $\bar{x} = 4.75$.
- iv. Others are:- absence of systematic evaluation of the impact of programmes and projects; markets; external financing, managerial capability; lack of proper design of SME development strategy; government service; lack of policy framework; institutional credit; absence of appropriate training of loan officers and management, that would enable bank staff to counsel SME in matters of financial management and administration $\bar{x} = 4.65$.

The respondents generally on the challenges of the sector, show that the inability of the Government to incorporate the sector into the nation's development process, and provide much needed strategic insight to guide planning policies and programmes $\bar{x} = 4.67$, inability to forge effective co-ordination by the Government. $\bar{x} = 4.95$; insufficient economic capabilities of the sector $\bar{x} = 4.77$, poor administration of the sector assisted programmes, inadequate information as to business opportunities, and lack of incentives and protection, $\bar{x} = 4.60$ were rated by participants as very high challenges facing the sector development in Nigeria.

Respondents also submitted that the sector if properly managed, the gains of the nation through the sector in terms of development $\bar{x} = 4.72$, price stabilization, $\bar{x} = 4.75$, poverty alleviation $\bar{x} = 4.77$, development of indigenous technology $\bar{x} = 4.69$ are prospects in the nations march toward development. There are prospects for SMEs as the sector has been absorbing the rapidly growing urban labour force. Indeed, employment in the SMEs/SSEs sector has been growing at a very high rate $\bar{x} = 4.79$.

Discussions and Interpretations

Training and other inputs:

Within the SME/SSE sector, there is a wide range of training requirements. It is well known also that resources are limited and access to training restricted. While training is important, it is not sufficient to develop the sector. The provision of the technical assistance must also include exposure to management procedure, access to markets, finance, credit, and information. It must also include assistance in the mobilization of institutional support both at the grassroots level and governmental levels. For examples according to Odetola (2003) strategies which encouraged collective action have been very successful. Where training programmes have been introduced in isolation, intervention has more often failed. Intervention programme design must therefore be informed by this problem.

Difficulties in the provision and implementation of training programmes occur at several points. First, the provision of training may be difficult to implement because it may not directly address the needs of the sector. Secondly, it may also not be directly accessible because of entry requirements and thirdly because fees charged may be too high to be afforded. In some cases fees amount to 50% of the income of the participant. Other hidden costs are transportation, books, other indirect opportunity costs such as loss of working hours. Any time lost is real money lost. ILO (1977) had earlier suggested that some participants may not possess basic skills needed to benefit from the programme. Thus the most prosperous and/or best educated tend to take advantage leaving the poorer members of the sector untouched.

Training difficulties also emanate from the attitudes of members of the sector. Entry into certain occupational categories may come under the influence and control of a tight network of master artisans or local entrepreneurs who may have established guilds and which then protect access. Where training is not within their network, entry into the entire informal system by any intervention agency can be effectively barred (ILO, 1979).

The greatest training problems are lack of managerial and marketing skills, and poor technical skills. Recent intervention programmes have therefore been integrating technical skill acquisition with managerial and business skill training. After all, a master artisan, even a good apprentice has been technically qualified within the limits of the informal sector. What is most crucially required for improved efficiency is the training in business management.

Several types of integrated approaches, some of which we examined in some details during the study exist today. The role of policy therefore must shift away from just providing so-called integrated approaches towards more refined responses to the needs of specific and particular units of the sector.

Another important difficulty to be noted is the heterogenous character and spread of the target groups. Programmes designed for particular groups may not be suitable for other groups. Also, the spread across locations of the sector workers in similar trades make grouping for training difficult. The above cannot be regarded as final obstacles to training intervention. While training were best achieved within the context of indigenous practices, continuous intervention through progressive and well-designed integrated programmes have proved most useful. Within the context of this argument, it is then necessary to examine, for the purpose of policy and planning, one or two major issues in the content offering of the intervention programme,

Let us take a preliminary look at some possible approaches. It is important that the initial steps to be taken for human resources development in the sector is to undertake a needs assessment for training in this sector.

Since the traditional apprenticeship system is the recognized approach to training in this sector, it is preferable to seek to improve this system within the constraints under which small firms operate. Some suggestions are offered below.

- (i) A mechanism must be devised to protect the apprentice but without discouraging craftsmen from accepting apprentices, through various legislative means.
- (ii) Master craftsmen must be induced to become more dedicated trainers. Indeed, it might be a profitable idea to organize special training programmes for craftsmen.

A profitable approach is to combine training with production since it has concrete advantages:-on-the-job-training. Training cum production is difficult to operate; a first danger is that training focuses essentially on conventional academic matters and leaves production alone. A second danger is that production for the market becomes the sole objective while training is down-graded.

Any effort at venturing into training in the sector must also take cognizance of the special needs of the entrepreneurs. These people have very little time, little money, and low level education. Some researchers have devised a primer for informal sector training and from which we can all gain (Castro, 2000).

Castro (2000) is of the view that:

Training in the SME/SSE sector –

- i. Training has to be very simple
- ii. Use analogies and examples from their own world
- iii. Compensate their loss of income, otherwise they cannot afford the training
- iv. Repeat many times what was learned
- v. Move at their pace and capacity, if even it looks as if they are five years old
- vi. They need personalized attention
- vii. Do not try to teach what is not directly relevant to their daily survival
- viii. You must inculcate solidarity among members of the group
- ix. Group training is best and must always be geared to increasing solidarity and prepare participants for collective action
- x. Training must therefore go beyond skills transmission and include organizing skills (organizing demonstrations and meeting); it must include awareness building and workers education as well as media training.

It is important to note that training appears in the informal sector only when there is a market demand. Therefore, the training must not be overly long.

The issue of training and skill development in the informal sector must be examined from the point of view of policy, planning and development with reference to the following issues and how they can be addressed.

- (i) the role of training with reference to other assistance inputs.
- (ii) difficulties in the provision of training.
- (iii) training content and relevance to the informal sector.

Specific approaches detailing where policy has failed and what can continue to be done, must also be examined. Odetola (1993). The view is often expressed that in this contest, small enterprises can be more efficient in the use of capital, labour and materials than large-scale businesses, being less capital-intensive and less dependent on elaborate physical infrastructure.

Prospects

The increasing recognition being accorded to the informal sector SMEs is due, according to this study, to several factors notable among which are:

- i. The decline of government and private sector activities in employment due to structural adjustment problems;
2. The deliberate targeting of this sector by the international development community who now believe more needs to be done to channel development aids to the groups for which they were directly intended;
3. The continued expansion and dynamism of this sector inspite of policy neglect and the wish and hope that the Government will incorporate the enterprise into the development process.

This sector has been absorbing the rapidly growing urban labour force. Indeed, employment in the SMEs/SSEs sector has been growing at the rate of about 6.7 percent per annum in the first half of the 90's according to (Fluitman, 1999) cited in Odetola(2000), between 1985 and 1990, employment in the sector reached about 22 million which is about 60 per cent of the urban labour force. It has been argued that in the theory, there is no limit to the number of people who can be absorbed by the SMEs/SSEs of the informal sector. Because of the ease of entry and exist, the sector is perhaps the only outlet for the disadvantaged, the poor, women and the minorities. The sector continuously attracts new entrants, since it offers a large scope for entrepreneurship development, and the building of technological capacity through production.

The sector attracts a wide variety of entrants from the labour force because of low start-up costs. Many entrepreneurs obtain much of the initial capital from relatives, friends and personal savings. Most of the labour is provided by the proprietors, unpaid family members and apprentices. The family net-works and grassroots institutions which are easily accessible provide most training. With the opportunities offered by the entry conditions, the informal sector sometimes offers greater income than working in the formal sector. It also often serves as a training ground for those who later move into the formal sector wage earning system. Therefore, according to Odetola the informal sector represents the market which integrates a vast training system through which critical developments and economic needs are met. The sector makes use of domestic labour and raw materials more efficiently and more intensively than most of the formal sector. Entrepreneurs often produce on a made-to-order basis thereby responding to shifts in demand.

According to (Diyo and Iliya 1993; Obi 2015), the SMEs in the informal sector has a very bright prospect as a pivot of national development. If properly managed, the gains of the nation through the sector in terms of employment generation, skills and entrepreneurial development, price stabilization, poverty alleviation, development of indigenous technology, and so on etc. can be improved upon in the nation's march towards development.

The informal sector has all the potentials that makes it one of the central pins upon which the national development efforts should revolve. Whatever development strategy the nation adopts, the interaction between the formal and informal sectors is a necessary condition for the development of the Nigerian nation.

This is likely to breed new crop of entrepreneurs who cannot afford the luxuries of the formal sector. Indeed, such factors as little capital small personnel capacity, elementary skills requirements and so on which may be considered to be the weakness of the sector are actually its strength in terms of attracting new entrants. Although we expect many from the small and medium enterprises to metamorphosize into the formal sector. We also expect many more new entrants.

CHALLENGES

Despite its size, potentials, and enormous contributions to national development, the informal sector has not been given its proper place in the development efforts and process. Up till now, there has not been any articulate and comprehensive policy on the sector. The Federal Government has been so much pre-occupied with the formal sector of the economy at the expense of the unorganized private SME/SSE sector, thus failing to exploit to the fullest the possible linkage between them.

The self-employment characteristic is a distinguishing feature of the informal sector because it emphasizes self-independence. The fact that they are self-supporting and therefore receiving no subsidies leaves them open to world economic vagaries and hence makes the informal sector highly vulnerable. According to Odetola it is vulnerable to exploitation from several segments of the public sector including taxation.

The enterprises often start with family labour sometimes employing outsiders such as apprentices. The capital is small although our survey shows that this is growing. The level of technology and productivity is low. The enterprises are largely unorganized using informal institutional arrangements. The incomes often come in irregularly and the operators can go for months without income. Some of the entrepreneurs claim that they may not have customer demands for several months.

The critical issue of the lack of access to loans for the sector has remained the problem of poor recognition, and continued neglect has not made the provision of funding agencies, etc, for the small business in the sector possible let alone access or a delivery system. If these distinctions are not recognized and kept in focus, researchers will themselves not be assisting policy makers to address the real issues appropriately.

The contributions of microfinance bank in the area of micro credit increase fund accessibility to SMEs but this benefits are meld by the high cost of loan acquisition and the terms of payment (weekly or monthly)

CONCLUSION

It is the view of the study that policy makers at various levels in Nigeria should be keenly aware that very few countries can achieve development goals of economic diversification, food security, income generations, improving health, create new jobs and reducing absolute poverty without adequate development of the small/medium scale industrial sector and entrepreneurial capacity to meet the challenge.

Therefore putting in place co-ordinated SME/SSE industrial development projects and policies as well as providing the requisite infrastructure and conducive environment which will serve as a necessary vehicle for luring foreign based Nigerian entrepreneurs back home, and also attract technical assistance from developed countries.

Technical assistance, must come with exposure to management procedure, access to markets, to finance and credit, to information and data as well as help in mobilizing institutional support for the sector.

As a result of entrepreneurship development and small medium scale enterprises education, many developing nations have been able to energize and transform their countries (through entrepreneurship ventures) to such visible and vibrant economic nations. (Sunday and Karmel, 2015). Incorporating entrepreneurship and SME/SSE industrial development into the nations development process, will enhance the reduction to some barest minimum our unemployment and poverty level because of the immense contribution of entrepreneurship to our economic growth and development.

RECOMMENDATIONS

The study is of the view that incorporating entrepreneurship small/medium scale enterprises industrial programme into the nations development process, human resource development (HRD) is of paramount importance. Although not sufficient to meet the sectors urgent development, a fundamental requirement for the development of the SME/SSE industrial sector is to encourage and improve Entrepreneurship education and place educational system on a sound philosophical foundation that encourages partnership in exchange of ideas, knowledge and facilities, at all levels.

The implications of the above views are that Nigerian government have to do a lot of thinking in evolving an adequate entrepreneurship education curriculum for our training institutions. Such curriculum could be so organized to bring out the best in science creativity and technology innovation in those being trained and developed.

If this approach is properly implemented, it would unlock and release the potency of the productive effects of SME/SSE and propel the nation for genuine national transformation and economic growth and development.

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