

Developing Entrepreneurship in Nigeria through Effective Public Policy: Periscoping the Impediments and Exploring the Imperative Actions

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Abstract: No Country can achieve growth without effective entrepreneurial development. Nigeria has been a Country of paradoxes. It is a Country abundantly blessed with natural and human resources but in the first four decades of its independence, the potentials remained largely untapped and even mismanaged. No effort was made to diversify the economy and reposition it to pursue entrepreneurship. Therefore, the study was carried out to investigate the impediments to entrepreneurial development in Nigeria. Data were collected through questionnaire, face to face interview, focus group discussion, journals, text books and other relevant materials. Research questions were raised and analysed. The analysis revealed that government ill formulated and ill implemented entrepreneurial policies have contributed to slow the pace of growth and development in Nigeria. Erratic power supply is hindered the creative energies. Based on these findings, some recommendations were proffered. Essentially, the government should integrate all stake holders in the pursuit of power/energy related policies to ensure stability in electricity supply. Emphasis should be shifted from the sharing of national cake to creative production of the cake

Keywords: Entrepreneurship, Policy, Power supply, diversification

1.0 INTRODUCTION

Now that the Nigeria's oil is about getting dried and also the dwindling price of crude oil in the international market calls for rethinking. For decades Nigeria's economy was characterized by the growing dominance of the public sector, over reliance on the single commodity (oil), and the pursuit of a highly import dependent, import substituting industrial strategy. While these policy thrusts were justified at their inception, experience has shown that growth based on expansionary public expenditure, import substitution industrialization and reliance on the export of a few primary commodities is neither efficient nor sustainable. That the strategy does not work in Nigeria is evident from several indices of sub optimal performance, low per capita GDP, a low growth rate, a weak industrial base with declining industrial output and capacity utilization, large budget deficits and deterioration, low productivity in the real sector, and a high level of unemployment.

In view of this ugly trend in Nigeria's diversification of the economy becomes imperative. There is urgent need for effective entrepreneurial development. The thrust of several entrepreneurial related public policies in Nigeria seek to address the rapid growth of a resilient and competitive private sector as a key component of a sustainable reform programme. Every effort is being made, as a part of the transformation agenda, to diversify the economic base and reduce the relative dominance of the oil sector. Nigeria as a developing nation desire to attain a high level of economic development. Dike (2016) described economic development as a multidimensional process involving changes in structure, attitude and institution as well as the acceleration of economic growth, the reduction of inequality and eradication of absolute poverty. A cursory look at Nigeria indicates that she either lacks entrepreneurship ability or that government entrepreneurship-oriented policies are not effective. Eze (2017) argues that most entrepreneurship related policies and programmes in Nigeria fall short of appropriate development frameworks. Some of the policies are poor, frequent changing of policies and programmes and lack of clear entrepreneurial development vision and commitment which pose serious threat to entrepreneurship in Nigeria. Some of the entrepreneurial related policies are good but the issue of poor environmental forces hinders them. For instance, electricity supply, water, good road network, are not available to encourage entrepreneurs. Difficult access to finance, high import tariff and other tariffs of government pose serious threat for the survival of young entrepreneurs.

1.2 OBJECTIVES OF THE STUDY

1. To determine to what extent lopsided in policy formulation and implementation affect entrepreneurship development in Nigeria
2. To determine the extent diversification of the economy will help to push entrepreneurial development.

1.3 HYPOTHESES

1. Lop-sidedness in policy formulation and implementation affect entrepreneurship development in Nigeria
2. Nigeria inability to diversify its economy has impaired entrepreneurial development

2.0 METHODOLOGY

The study relied heavily on both primary and secondary sources of data. Questionnaire and face to face interview and focus group discussion were the main tools used for primary data collection. Secondary data were essentially collected from textbooks, journals and publications on entrepreneurship.

3.0 LITERATURE REVIEW

3.1. Nature and Meaning of Entrepreneurship

Entrepreneurship is defined as the willingness and ability of an individual to seek out investment opportunities, establish and run an enterprise successfully (Ile,2001).

The concept of entrepreneurship has been associated with establishment and operating of business enterprises (Kilby,1971, Inegbnebor,1989).

The activities included:

- (a) Identification of investment opportunities
- (b) Decision making as to the opportunities to exploit, promote and establish the business enterprise
- (c) Aggregate of the scarce resources required for production and distribution
- (d) Organizing and management of human and material resources or the attainment of the objectives of enterprises
- (e) Risk bearing and
- (f) Innovation

In fact, an effective performance of the above activities is critical to the birth, survival and growth of the business enterprises. Entrepreneurship is therefore a vital fact in the process of economic development of any nation.

The concept of entrepreneurship autonomy in initiating service of economic activities is of great importance. Entrepreneurial behaviour is now required in management of a business especially in strategy formulation.

Koontz et.al. (1972) argue that entrepreneurship encompasses various activities which are carried out to ensure the survival and growth of a business. Entrepreneurship ability is based on personal attributes, knowledge and experience to establish and operate a business. Onwuchekwa (1993) contends that entrepreneurship is an important component of societal development. Most of the business organizations in our society today originated through entrepreneurship in Nigeria. The present developmental situation in Nigeria is bound to improve significantly if entrepreneurial practices are effective.

3.2 Public and Decision: A Conceptual clarification

The term policy and decision are synonymous and inseparable. But at a critical look and evaluation of the two terms, one could identify the similarities and differences.

The term "Policy" is government/public oriented. Individuals do not make policy, but make decision. Policies cannot also be formulated without the tools of decision making. The public manager is concerned with making decisions and evaluating the impact of those decisions. Policies, Planning and programme development decisions link the government organisations with their environments. It takes the public manager a great sense of decision-making skill for him to implement policies of the government. That is why it is literally said that "all policies are decisions, but all decisions are not policies". For the public manager to co-ordinate the technical, administrative, budgetary and personnel support systems of his organisation, it requires decision making.

Generally, the term "Public policy" is sometimes referred to as a government programme of action. It stands for various degrees of goal articulation and normative regulation of government activities, that is what the government intends to do or achieve (goals) and how it intends to do it (implements). The controversy in different schools of thought is over the boundary of what should constitute public policy. Is public policy to be perceived as decision making, intention or action of government? Yet some perceive public policy as "whatever the government chooses to do or not to do" ...not what it intends to do or say it is going to do.

We could make bold to add that decision-making is closely related to problem solving. However, decision making is a most difficult task for the public manager, whether we are referring to such issues as how to get a realistic value for high petroleum price or how to minimize armed robbery in Nigeria. The basic problem to be solved in either case is that of deciding one-way or the other.

In most cases some parents tell their children, "the new policy in this house is that visitors should no longer manipulate the music gadget". That is conceptually wrong. The statement should rather take "decision" in place of "policy". It is also

conceptually wrong to say that the government has made a “decision” that the petroleum product prices should go up. The concept “decision” should be replaced with “policy”.

Policy formulation is a political process. Hence, the various aspects of political system of government like interest group, political party, labour unions, and the legislative and executive arms of the government are all involved in it.

3.3. Public policy in Nigeria: An Overview

The concept of public policy has become so controversial and perceived to mean different things to different scholars. This controversy has paved way for academics to define public policy as it would suit their purpose.

Nwizu (1997) simply defines it as a guiding principle which governs action especially repetitive actions, it is a decision as to what should be done and how, when and where. Easton (1965) in Chukwuemeka (2001) defines public policy as the authoritative allocation of value of the whole society. Some of these definitions are in one way or the other not adequate.

However, we suggest that public policy is a pronouncement of government intentions by people in positions of public trust, demanding governmental actions or inactions and having impact either negative or positive, on the majority of the members of a given society. Public policy is a statement about future intentions of government.

3.4 Policy Implementation Strategies

Implementation of public policy therefore refers to those activities directed towards putting a project into effect. The process involves organizing the bureaucracy, marshalling out resources, assigning duties and responsibilities and also making interim decision. It is usually at the policy implementation stage that interest groups and individuals become aware of the assistance of a new policy and dually try to push for either its modification or total rejection.

In a political system policy is implemented by a complex system of administrative agencies, departments and sub-departments. For instance the electricity department, water and bureau of enterprises have roles to play.

For policy implementation to be effective and successful, the following strategies enunciated by Dror (1980) have to be taken into consideration:

- (i) **Communication:** For implementation to be effective and successful, those to implement must know what they are expected to do. Communication is very vital in any organization. The order has to be clear, accurate and consistent. There must be no ambiguity. The distortion must be minimal unless the communication is clear, it will be subject to minister predation. Poor communication always lead to crisis whether in the family, government or organization or at community level
- (ii) **Resources:** The resources has be there so as to implement policies. There must be adequate financial support which is a sine quan non for adequate staffing, procurement of spare parts etc.in effect all the necessary structure must be there. Unless the resources are there, the implementation of the policy will be a farce, it may never be implemented. Oftentimes policy implementers in Nigeria complain of problem of logistics, which arises from poor financing.
- (iii) **Disposition of policy implementer:** The disposition and attitude of the policy implementers are very important factors in policy implementation; the policy implementer must have the desire to carry out the policy to eliminate policy frustration.
- (iv) **Bureaucratic structure:** Organizational fragmentation may hinder the coordination of a complex policy requiring the co-operation of many people – division of function can impede the implementation of policy. Rigid rule and regulations can constitute an obstacle, it minimizes the use of initiative and the use of discretionary powers.
- (v) **Monitoring and evaluation:** Most policies are formulated and thereafter the implementation is neither monitored or evaluated. To minimize the effect of the aforesaid factors, there must be continuous monitoring and evaluation of the implementation process.

3.5 Why Policies may not have their intended impact:

Policy evaluation often indicates that policies do not achieve the intended goals. A variety of factors may impede the attainment of policy goals argues Adebayo (1995). They are:

- (1) **Multiplicity of causes of problem:** Policy problems are quite often caused by multiple factors, negative practices of sellers like commodity trade unionism could cause inflation. Uncontrolled wage/salary increase can also cause inflation etc. Therefore, any policy made to control inflation should take into consideration these extraneous variables. Policy to encourage entrepreneurship should at the same time take the issue of electricity, water, good road network seriously.
- (2) **Public policies have incompatible goals:** When policies are made argued Onyishi (2004) without taking into consideration incompatible goals it tends to affect the impact of the policy. For instance, the last administration (Obasanjo) adopted the policy of poverty alleviation and promotion of socio-economic development and at the same time pursues a policy of retrenchment of thousands of workers from paid employment. In this case one expects the crime wave and poverty to be on the increase.

- (3) **Resources:** When a good policy is formulated and fund is not made available or adequate, such policies stand the chances of failing e.g. most rural development policies failed due to inadequate funding . Also entrepreneurship is not thriving in Nigeria properly due to inadequate fund to pursue the appropriate models and strategies.s
- (4) **Cost of problem solvings:** Most public problems are so complex that the cost of ameliorating the problem may be higher than the benefit that could accrue from such policy.
- (5) **Emergence of new problem:** Sometimes in the course of policy implementation, a new problem may arise which automatically divert attention from the existing problem. For instance, in the course of implementing rural development programmes and industrialization, this could stem up the rate of armed robbery in the rural areas, which would constitute another big problem for the government to control or solve.
- (6) **Insolubility of some problems:** Some policy problems may defy conclusive solution for example education for all programme may be difficult to thrive in some Islamic communities where women education is not encouraged (Akpan, 2018).

3.6 Entrepreneurship and government policies

The private sector argues Chukwuemeka (2015) fail to become more proactive in creating productive jobs, enhancing productivity, and improving the quality of life. It is also to be socially responsible, by investing in the corporate and social development of Nigeria and by actively promoting the unity and cultural educational, moral and social development of the Country. The attainment of these goals appears to be impossible. Many factors could be adduced to be responsible. Major among these factors range from strict control of government through its policies and difficulties in sourcing fund due to harsh fiscal policies. The problems could be summarized as follows:

The private sector is faced with the issue of the deficiency in such infrastructure facilities as electricity, water, roads and telecommunications (Orji, 2012). The deficiency encumbers private enterprise especially manufacturing industries for they have to undertake extra compensatory investment which unduly enlarge the overhead and weaken the competitiveness of local product against imported varieties. It will take many more years before the private sector can play a significant role in the provision of utilities and the public sector must continue to shoulder this responsibility in view of the lumpiness of the capital outlay required. The government is aware of this problem, and it appears that all programmes planned to improve power supply have failed. Changing the name National Electric Power Authority (NEPA) to Power Holding Company (PHC) and the current Enugu Electricity Distribution Company (EEDC) has not changed the epileptic power supply in the nation.

(ii) Poor implementation of policy measures and incentives: There is poor implementation of policy measures and incentives, thus the administration of policy measure especially with regard to incentives, should be simplified and accelerated realizing that time is money. More so in the private sector, some well-intentioned and partially effective policy measures are impaired through delayed or poor implementation.

Another obstacle to entrepreneurship argues Orjiako (2015) are:

- High tariff chargeable which weighs down new entrepreneurs
- Tax burden
- Excessive charges from local government, ministry of commerce and industry and environmental protection agencies. Epileptic electricity supply poses serious danger even when the electricity is not supplied the authority still circulate highly rated bills.

Okafor (2000) argues that entrepreneurship could only be sustained in Nigeria when bank interest rates could be accessed by all and sundry at a very low interest rate. Reasonable tax holiday should be granted to young investors.

3.7 Perspectives of Nigeria Economic Facts

Nigeria, with a population estimated at about 200 million, is the largest Country in Africa and one of the largest black population, in the World argues Soludo (2006). There are abundant mineral deposits that remain largely untapped. Currently, barely 40% of its arable land is under cultivation. With over 100 tertiary institutions producing more than 200,000 graduates per annum, the basic human capital for progress is there. It is estimated that about 17million Nigerians live outside the Country, with tens of thousands as world class medical doctors and other professionals In the midst of these resources, Nigeria (on the average) stagnated over the period up to 1999. The poverty situation worsened consistently such that by 1999, the incidence of poverty was estimated at 70% (Nebo, 2006).

A classic example to underscore the scope of our misfortunes is to compare Nigeria with Indonesia and even Malaysia. By 1972, before Nigeria and Indonesia had the first oil boom, both countries were comparable in almost all counts, agrarian societies, multi – ethnic and religious societies, with comparable size of GDP, etc. Both experienced oil boom in 1973 and thereafter, but took different policy choices. The outcomes of the differences in policy regimes are such that today, while manufactured goods as percentage of total exports is about 40% in Indonesia, it is less than 12% in Nigeria – where we were in the 1970s. We hear of how Malaysia got her first palm seedlings from Nigeria in s 1963. It is said today that Malaysia’s export of palm oil produce earned it more than Nigeria earned from oil exports (Soludo, 2006). In contrast, two brand names emerged in the international community to define Nigeria. “Advance Fee Fraud” (a.k.a. 419) and corruption as Transparency International consistently ranked her either number one or number two most corrupt Country in the World. In International relations, Nigeria was literally a pariah State. In economic terms, the decade of the 1990s witnessed an average GDP growth rate of 2.8% just about the rate of growth of the population (2.8%) – just about the rate of growth of the population (2.83%). This means that on a per capita basis, growth was zero using the decade of the 1990s and no wonder poverty incidence

worsened to 70%. The entire basic infrastructure was in a state of crisis, with barely 2700MWH of electricity being generated for a Country that needed at least 150,000 MWH (Aduma, 2019).

Needless to recount that there was the dilapidated poor road network, transportation infrastructure and the nascent, albeit fragile financial system that was ill-suited to the demands of investors. Unemployment and poverty were the twin faces of the economy.

4.0 DATA ANALYSIS

The aim of the analysis is to test for significant difference between the proportions of responses P_1 and P_2 . Because the sample size was large and the parameter, assumed to be normally distributed, the test concerning that parameter is carried out using the Z-test. It is used in testing the hypotheses $H_0: P_1 = P_2$ (i.e. $P=0.5$) as $H_1: P_1 > 0.5$). This is obviously a one-tailed test.

$$Z = \frac{P_1 - P_2}{\sqrt{\frac{Pq}{n}}}$$

Where

P_1 = the proportion of the population that say ‘yes’

P_2 = the proportions of the population that say ‘No’

q = $1 - P$

P = 0.5

n = sample size

4.1. Test of Hypotheses

H₀: Lop-sidedness in policy formulation and implementation do not affect entrepreneurship development in Nigeria

H₁: Lop-sidedness in policy formulation and implementation affect entrepreneurship development in Nigeria

Table 4.1: Policy efficiency can only be achieved if resources are made available for implementation

	Yes	No	Total
No of respondents	39	18	57
Proportion	0.68(P_1)	0.32(P_2)	1.00

$$\frac{0.68 - 0.32}{\sqrt{\frac{(0.5)(0.5)}{57}}} = 5.4$$

Using the normal distribution table at $\alpha = 0.05$, the tabulated Z – value is 1.645, hence one-tailed test for equality of the two proportion (i.e. H_0) is rejected in favour of H_1 . Conclusion therefore, is that P_1 is significantly greater than P_2 .

Decision – Since the value of Z – calculated is greater than the value of Z – tabulated, the H_0 is rejected.

Conclusion: P_1 is significantly greater than P_2 which means that there lop-sidedness in policy formulation and implementation affect entrepreneurship development in Nigeria.

Hypothesis 2

H₀: Nigeria’s inability to diversify its economy has not impaired entrepreneurial development

H₁: Nigeria’s inability to diversity its economy has impaired entrepreneurial development

Table 4.2:

	Strongly agree	Agree	Disagree	Not sure	Total
No of respondents	28	19	7	2	58
Proportion	0.5	0.33	0.13	0.04	1.00

Since there are four responses, the natural thing is to assume, under H_0 that the proportion of responses are equal, hence assumption is that $P = 0.25$.

$P_1 = 0.5, P_2 = 0.33, P_3 = 0.13$ and $P_4 = 0.04$ and compare them each with the population proportion of $P = 0.25$.

For ‘Strongly agree’

H_0 : the proportion of P_1 is 0.25 (i.e. $P_1 = p$)

H_1 : P is not equal to 0.25 (i.e. $P_1 \neq P$)

Test statistics Z , since sample size is large (i.e. $n > 30$)

So

$$\frac{P_1 - P}{\sqrt{\frac{P(1-P)}{n}}} = \frac{0.5 - 0.251}{\sqrt{\frac{(0.25)(0.75)}{56}}} = 4.32$$

For $\alpha = 0.05$, for a two-tailed test, Z from the normal distribution table is 1.96.

Decision: - Since the calculated Z (4.32) is greater than the tabulated Z (1.96), H_0 is rejected.

Conclusion therefore is $P_1 \neq P$ hence, sufficient evidence abound that the proportion of respondents who strongly agree is significantly greater than 0.25.

There is also need to test ‘Agree’ responses for significant difference from $P_1 = 0.05$

The procedure is to carry on as before’

$$Z = \frac{0.5 - 0.251}{\sqrt{\frac{(0.25)(0.75)}{56}}} = 1.38$$

For $\alpha = 0.05$, the tabulated $Z =$ value is 1.96. Since $Z =$ - calculated is 1.38 which is less than 1.96m H_0 is accepted. Conclusion is that the proportion who agree to the opinion is not significantly higher than 0.25.

For ‘disagrees’ an ‘Not sure’ opinions, it can be seen that the figures are very small. Considering the result from 0.33 figures an inference can be made that the outcome of the ‘disagree’ and ‘not sure’ opinions will not be significantly higher than 0.25. And this will amount to testing the obvious.

Conclusion: Nigeria’s inability to diversity its economy has impaired entrepreneurial development.

4.0 FINDINGS

- (1) Economy of Nigeria is poorly diversified to keep pace with the global realities
- (2) Policies in Nigeria especially the aspect that supposed to address entrepreneurial environment are formulated without taking into consideration incompatible goals.
- (3) Adequate resources are not always made available to pursue public policies so that they could make the intended impact.
- (4) Energy, water, road construction and other policies relating to entrepreneurship have not been pursued vigorously by the government because the problems inherent are so complex that the cost of pursuing the policies may be higher than the benefit.. No entrepreneur could thrive in a poor environment like ours.

(5) Over taxing, high tariff and the nefarious activities of hoodlums who hide under the cloak of local government revenue agents, ministry of commerce and industry and environmental authority have done a lot of harm to the growth of entrepreneurship in Nigeria.

5.0 CONCLUSION AND RECOMMENDATIONS

Entrepreneurship is very vital especially to new states. It is a veritable tool that could foster self-reliance – generating growth. Entrepreneurship would also occasion an increase in the Nation's GDP.

Furthermore, it would reduce the high rate of import substitution industries, marginalisation of the peasantry. It would also reduce the influx of multinationals with the attendant monopoly capitalism.

In the light of the foregoing the following recommendations have been put forward:

- 1) The Government is required to take into consideration all the conflicting factors before formulating and implementing policies.
- 2) Adequate fund is required in the pursuant of policy objectives to ensure high rate of success.
- 3) In formulating power/energy policies, all the stake holders ought to come together to ensure that areas of problems are addressed and those involved in the implementation need to have the technical know-how required.
- 4) The Emphasis should be shifted from the sharing of national cake to creative production of the cake
- (5) There is urgent need to start diversifying Nigerian economy to keep pace with global realities

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