

**COMBATTING THE CHALLENGES OF POVERTY AND
UNEMPLOYMENT: THE OPTION OF ENTREPRENEURSHIP AND
SMALL AND MEDIUM SCALE ENTERPRISES IN NIGERIA. ***

By

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ABSTRACT

Poverty is a timeless issue that will remain so for as long as human existence is assured on the surface of the earth. A close companion of the poor, who are taken for granted and treated as parasites virtually in every land and clime in the world, poverty has turned into a huge debate which transcend all barriers of races, creed, colour and gender of the peoples of the world. The co-travellers of poverty such as hunger, homelessness and deprivation, have continued their ruinous march unabated and unrelenting through the annals of 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. But the world has also not observed the adverse effect of poverty with studied indifference. The paper analyses the results of both isolated and communal efforts taken by actors and advocates of the banishment of poverty in the nations of the world and the underlying and influencing political motives that have informed such actions. The paper does so in the context of available options open to Nigeria in the areas of entrepreneurship and support for cottage industries as adopted panacea by the nation.

Introduction

Poverty has a profound impact on a people's physical, social and emotional welfare. In its extreme forms, it can undermine their human dignity and deprive them of their fundamental right to life¹.Contending

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

with other world's worst problems – terrorism, drugs and human trafficking, ethnic conflicts, 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 MDGs 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.

²Sandra Liebenberg, *op. cit.* 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,

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.

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

“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 have not translated into improved standard of living for majority of its citizens.

definitions offered of the word by several reference materials have been paradoxically, plentiful. An online resource⁵, 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.⁶

The Business Dictionary, defines poverty in relation to human basic needs.⁷

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 based on number of people who have looked for employment in the last four weeks and are available

⁵ Investopedia (www.investopedia.com/terms/p/poverty.asp), [Accessed on 12 July 2014].

⁶ 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].

⁷Condition 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.

to start work within two weeks, plus those who are waiting to start working in a job already obtained.⁸

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 matter⁹. 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 force¹⁰.

Entrepreneurship: Its Definition and Essence

The word ‘entrepreneur’ was originally an old French word meaning ‘to undertake’, adopted into the English language by economists

⁸www.businessdictionary.com/definition/unemployment.html [Accessed on 12 July 2014].

⁹ 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 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].

¹⁰www.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.

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 business¹¹.

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.

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 entrepreneurs¹². 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.¹³

In his book on *Steve Jobs*¹⁴, author Walter Isaacson described his subject as:

¹¹ Alan Dignam, *Entrepreneurialism and company law*; The New Oxford Companion to Law, 2008, Oxford University Press, Inc., New York, p 383.

¹² Timmons Jeffrey, *New Ventures Creation, Entrepreneurship in the 21st Century*, Irwin McGraw-Hill, 1999, pp.27-30.

¹³These 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.

¹⁴In 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 am 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

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.¹⁵

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.

Small scale businesses: 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 plan objectives of the economic growth of any nation¹⁶. 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.

United Nations' Efforts in Assuaging Hunger and Reducing Poverty

Although most people associate the United Nations¹⁷ with the issues of peace and security, the vast majority of the Organisation's

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].

¹⁵www.amazon.com/gp/product/1451648537/ref= [Accessed on 24 July 2014].

¹⁶Ibid. 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.

¹⁷The 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

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".¹⁸ 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.¹⁹

This global consensus was also expressed through a series of international development decades, the first beginning in 1961.²⁰

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.²¹ 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

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.

¹⁸ 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.

¹⁹ Since the 1990s, the UN has provided a platform for formulating and promoting key developmental objective 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.

²⁰ United Nations, *Basic Fact about the United Nations* 2011, p. 127.

²¹ Ashraf Ghani and Clare Lockhart; *op. cit.* at p. 124.

‘sound development management’, also currently emphasise the relief of poverty.²²

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 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?²³

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.

²² 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 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.

²³Ibid. p. 507. (<http://ww.unhchr.ch/development/governance-10.html>)

The years of corruption, civil war, military rule and mismanagement have hindered economic growth of the country.²⁴ 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 framework²⁵ 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 2006.²⁶

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

²⁴ '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%.

²⁵ 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].

²⁶ '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).

maintaining sustainable business ventures, including but not limited to those arising from research.²⁷

Some Challenges of Entrepreneurship.

Essentially, when a person decides to start or run his own business there are several 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; and inability to access funds. The stiff conditions to access funds from lending institutions pose a great challenge to entrepreneurships development.

Institutional Framework

The government, no doubt, is responsible for determining policy on entrepreneurial activity which addresses both entrepreneurs and

²⁷Hajiya Uwani Yahya, 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).

societal needs.²⁸ 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* and *adashi* 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. 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 most 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

²⁸Tandon, 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-ghanaiian-e.html accessed 4th May 2013

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 of the Transformation Agenda of the present Administration and the cluster development Approach of the Ministry of Trade and Investment.²⁹ 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:

²⁹www.smedan.org [Accessed on 4th March 2014]

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 Statistics 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.³⁰

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 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

³⁰Deshpande, M.U; *Entrepreneurship of Small Scale Industries*, Deep and Deep Publication, New Delhi, (1984), p. 49.

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.”

Conclusion and the 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.

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.