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# An Assessment of the Constraints of Implementing Technological Innovative Entrepreneurial Development Programmes in Nigeria.

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**Abstract**
This study identified the constraints of implementing Technological Innovative Entrepreneurial Development Programmes in Nigeria. This is with a view to improving on the quality of the entrepreneurial development programmes and fast tracking the development of small-scale businesses in Nigeria. One hundred and sixty of 200 small-scale industrialists on the register of the National Association of Small-Scale Industrialist (NASSI) Ondo state chapter were randomly selected for this study. Data were collected from 100 firms through the use of questionnaire, interview schedule and personal observation. Descriptive statistics were employed for data analysis. The results of the study showed that accessibility to the programmes (28.10%) and finance (24.20%) are the major limiting factors on the implementation of the programmes, and lack of awareness of the programmes (3.80%) was the least factor militating against the implementation of the entrepreneurship development programmes. The study concluded that in general, accessibility and finance are the major limiting factors militating against the implementation of Entrepreneurial Development Programmes in Nigeria.
**Key words:** keywords, Turnkey project and Entrepreneur

## 1. Introduction

In 1946, the Nigeria Local Development Board (NLDB) was formed and later replaced in 1949, by three regional Development Boards with the basic function of providing funds and advice for entrepreneurs (Ojo, 1996). However, after about two and half decades (1960-1986) of adopting industrialization based on large scale businesses, mainly of turn key technology; Nigeria as a country has achieved very little in terms of industrialization. The large scale industries were capital intensive and most if not all the equipment needed in putting these industries in full operational capability were not readily available in the country hence importation of component parts (Ojo, 1996).

Therefore, the tripled objective of setting-up the largest achievement of high level local value added foreign exchange saving and acquisition of transferred technology could not be achieved. For instance, the large scale industries (assembly plants, steel rolling mills) have not achieved up to 25% local raw materials sourcing, but they are more or less systematic foreign exchange guzzlers with neither the wit nor the capacity to transfer any meaningful technology beyond the primitive type (Sule, 1986).

Furthermore, the oil boom of the 1970's enhanced further establishment of large scale industries in Nigeria. Industries that came into being as a result of the oil boom are steel manufacturing company at Ajaokuta, Petroleum refineries, and vehicle assembly plants among others.

As a result of the establishment of these large-scale industries, people started migrating from the rural to urban areas in search of greener pastures in these industries. The mass exodus of people from rural to urban halted the development of small-scale business that had started before independence. Job seekers looking for jobs that were not available in the cities further compounded the problem.

In response to these weaknesses of the large scale industries enterprises, government at both the federal and state level developed various strategies to correct the situation by encouraging the establishment of Small and Medium Scale Enterprises (SME) as a strategy for creating employment opportunities, utilization of local raw materials and retention of able-bodied men and women in the rural areas.

Sequel to these, the government at both the federal and the state levels established some institutions to provide financial, technological, managerial and technical assistance to small-scale enterprises. These included the setting up of 13 Industrial Development Centres (IDCs) in the six geo-political zones of the country to provide: technical appraisals of application for loan; training for the entrepreneurs carrying out applied research into product design for small-scale industries and industrial extension services. Other institutions set up to promote small-scale businesses are: the Nigeria Bank for Commerce and Industry (NBCI), Micro Credit Schemes, Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN) and National Directorate of Employment (NDE).

Furthermore, The Federal Government in 1989 promulgated the Decree No 2 of S9 to establish National Economic Reconstruction Fund (NERFUND) to attend to the problems faced by the small-scale enterprises in obtaining long-term loan from banks. This body is however saddled with the responsibilities of mobilizing financial resources of a long-term nature from government, Central Bank of Nigeria CBN), African Development Bank, Export Credit Agencies etc., for the use and development of indigenous small-scale enterprises.

However, despite the efforts of Government in increasing the participation of the small-scale business entrepreneurs in the economy, her efforts have not yielded much fruits. Most of the entrepreneurs do not make use of the technology or technical assistance provided by government as a result of the cost, lack of knowledge, awareness and the technical composition of their enterprises. Thus, the World Bank became disillusioned with African states, particularly; the public sector as a vehicle for economic development (McCormick, 1999). This resulted in emphasizing the role of entrepreneurs in developing business, especially small and medium scale enterprises which provides employment for more people than any other sector (Streeton, 1987; Afsher, 1992).

The late 1980s marked the beginning of dwindling oil revenue, budget indiscipline and no appreciable returns on investments. Hence, government had to result to borrowing in order to finance its programmes. For decades, public enterprises and corporations [such as Nigerian Telecommunication Limited (NITEL), National Electric Power Authority (now Power Holding Company of Nigeria), Nigeria Railway Corporation (NRC) etc.] constituted drainpipes of the economy and public treasury. The situation almost made government to become bankrupt with misery and poverty evident in every home. As a result of these, government introduced some economic policies, reforms and measures in correcting the situation. Among these policies and programmes are: austerity measure in 1980; Operation Feed the Nation (OFN) in 1977: Green Revolution in 1980.

In the recent past, the government at the Federal, State and Local levels has emphasized the need for the establishment and development of small-scale enterprises in the nation. This however, became necessary as a result of the failure of the large-scale industries to achieve the needed economic development and growth and consequent failure of it to address the unemployment situation in the country.

The development of small-scale enterprises started in the 1940's with the establishment of the Colony Development Boards (CDB) by the colonial master. The development continued after independence and it featured prominently in the first post independent National Development plan of 1962-1968, second National Development plan of 1970-1975 and the third National Development Plan of 1975-1980. Thirteen Industrial Development Centres were established to enhance and encourage the development of small-scale industries. Institutions such as National Directorate of Employment (NDE) and National Economic Reconstruction Fund (NERFUND) were set up for the development of indigenous small-scale enterprises.

Also, a number of technological innovative entrepreneurship development programmes which aimed at developing the entrepreneurial imaginations, traits, performance, growth and behaviours of Nigerian industrialization and new investors/entrepreneur was implemented by government with the technical support of the United Nation Development Programme (UNDP) and the International Labour Organisation (ILO).

Apart from the above, in Ondo State, the Ministry of Commerce and industry assisted by the National Directorate of Employment (NDE) organised technological innovative entrepreneurial training programmes for small-scale businesses between 2004 and 2011 with about 2500 small-scale business entrepreneur participants. However, despite all efforts by government at promoting entrepreneurship either directly or indirectly by foreign agencies and government, there has been no deliberate attempt at evaluating the constraints of implementing the entrepreneurial Development Programmes in Nigeria. Therefore, the study examined the constraints of implementing the entrepreneurial Development Programmes in Nigeria.

## 2. Definition of small business

One of the major difficulties facing researchers in the small-scale sector is the problem of conceptualization. Since a complete spectrum of firm areas exit in any country, any definition creates a rather arbitrary dividing line between firms. The measure most commonly used is the number of employees but the dividing line chosen varies from country to country and extends from 5 to 500.

Though, the foregoing could be regarded as basic ingredients for a small-scale enterprise, there are varying interpretations, which differ from country to country and from industry to industry. In the United Kingdom, the Economic Advisory Group classified small business according to industry in terms of net assets and turnover ranging between £20,000 to £25,000 and £50,000 to £500,000 in business turnover, (Ojo 1996). These are presently equivalent to N4.4rn to N5.5m and Nl0m for net asset and turnover respectively. However, these definitions may not be applicable in Nigeria. The United Nations Industrial Development Organization in 1958 classified a business as being small only if it has less than 150 employees on its pay roll (Ojo 1996). In Japan, the laws for assisting small-scale industries recognize upper limit of 300 employees and investment of 10 million yen for manufacturing enterprises (Steinhoff, 1982). In Nigeria, the Centre for Industrial Research Development (CIRD) of the Obafemi Awolowo University, Ile-Ife in 1996 defines a small-scale business as an enterprise having a capital base (excluding land and building) of between 1 million and N20 million, employing fewer than 50 full-time workers (CIRD, 1996).

The Central Bank of Nigeria (CBN) guidelines also defined small-scale business as an establishment whose turnover does not exceed N500,000. The Federal Ministry of Commerce and Industry equates business in the small-scale category with those whose capital (i.e. Total cost excluding cost of land) is not over N750, 000 (Ekpenyong, 1992). The Nigerian Bank for Commerce and Industry(NBCI) defined small-scale enterprises as firms with assets, including working capital but excluding land not exceeding N750, 000 (Ekpenyong, 1992). Lastly, the Federal Ministry of industries prior to Structural Adjustment Programme (SAP) and Second-tier Foreign Exchange Market (SFEM) also defined small-scale enterprises as any manufacturing process or service industry with a capital investment not more than N150,000 in plant and machinery. There is no lower limit for the capital investment and this made the definition to embrace conventional distributive and small-scale industries including the enterprises of self-employed artisans. During SAP era, the maximum capital investment level of N150,000 was adjusted toN500,000 and this definition has been guiding lenders in their classification of business.

The Nigerian Bank for Commerce and Industries (NBCI) in 1981/82 for purpose of the revolving loan scheme for small scale industries, small scale enterprises were regarded as those investing not more than N500, 000 (excluding the cost of land but including working capital). For the period of 1985-1990, the bank official definition covered firms whose capital cost does not exceed N750, 000 (including working capital but excluding land) (NBCI, 1985).

Bolton (1978) saw the small firm as a socio-economic unit with the following characteristics:

(a) economically, a firm that has a relatively small share of its market;

(b) managerially, a firm that is administered by its owners or part owners in a personalized way, rather than through the medium of a formalized management structure; and

(c) a firm that is independent in the sense that, it does not form part of larger enterprises and owner-managers are free from outside control in taking their principal decision.

However, lack of available data on ownership, management structure and market shares of firms, make the application of this definition difficult. For the manufacturing industry, the committee adopted a less satisfactory statistical definition of 200 employees or less. No one single definition of size fits all instances. Even a definition of sizes, in terms of numbers employed, leaves us with many problems. For instance, a car firm employing a thousand personnel would be considered “small” in the context of its industry. On the other hand, in the printing industry, a firm employing 200 personnel could be considered to be medium-sized or even large. However, in any examination of social characteristics and social dynamics of the small firm, a definition of size in terms of numbers employed is, overall, usually the most appropriate.

Outside manufacturing industry, Bolton (1978) used alternative definitions of a small firm. For instance, in the construction industry firms employing 25 or less employees for its operation will be small-scale business. In wholesale trades, road transport industry, turnover and number of vehicles may be used as bases for industry classification respectively. Whatever definition one selects, the fact remains that low levels of investments and turnover usually characterize small-scale businesses with few employees and managers.

Accordingly, most of the definitions appear to be governed by the interests of the perceiver, the purpose of the definition and the stage of development of the particular environment in which the definition is being employed. However, the C1RDs working definition of small- scale businesses (i.e. enterprises) is adopted for the purpose of this study.

## 3. Research Methodology

The study population for this study was entrepreneurs of small-scale business in Ondo State. Data were collected from both primary and secondary sources. The primary data was collected using questionnaire. The study used both descriptive and inferential statistics.

## 4. Discussion of Results

### 4.1 Sample size

The survey covered one hundred and sixty small entrepreneurs from three major towns (Akure, Owo and Ondo) in Ondo State. Of the total 160 respondents 71(44.4%) are from Akure while 48(30%) comes from Ondo and 41(25.6%) participants from Owo town (see Table 1).

**Table 1: Sample size**

| Towns | Fequency | Percentage(%) |
|---|---|---|
| Akure | 71 | 44.4 |
| Ondo | 48 | 30.0 |
| Owo | 41 | 25.6 |
| **Total** | **160** | **100.0** |

Source: Field survey, 2012

**4.2 Constraints of Implementing Entrepreneurship Development Programmes**

In terms of occurrence and proportion, the following factors have been identified as constraints limiting the implementation of the technological EDP by the entrepreneurs: Accessibility, Finance, Timing, Duration, Knowledge and lack of awareness. Accessibility and Finance with responses of 28.1% and 24.2% respectively are the major constraints of implementing the entrepreneurial development programmes by the small-scale business entrepreneurs in Nigeria. Thirty five (22.4%) of the respondents said it was the timing of the development programmes that is that limiting factor to their participation in the training programmes. Thirty three (20.6%) of the respondents said the problem is knowledge of the programmes. However, six(3.8%) of the respondents said they were unaware of the programmes existence at all, while, duration which accounted for 1.9% of the respondents was the least of the constraining factors militating against the implementation of the technological entrepreneurial development programmes (see Table 2).

The implication is that since accessibility and finance was the major constraints, the benefit of the programmes to small-scale business development and growth will continue to elude the country if urgent steps are not taken.

**Table 2: Factors Limiting Implementation of the Technological EDP**

| Factors | Frequency | Percentage(%) |
|---|---|---|
| Accessibility | 45 | 28.1 |
| Finance | 38 | 24.2 |
| Timing | 35 | 22.4 |
| Duration | 2 | 1.9 |
| Knowledge | 33 | 20.6 |
| Lack of Awareness | 6 | 3.8 |
| **Total** | **160** | **100.0** |

Source: Field survey, 2012

## 5. Conclusion

The study had shown that participation in technological innovative entrepreneurial development programmes has positive impact on the performance of small-scale businesses. Also, that as good as the programmes are beneficial to the development of small-scale business; the awareness of its benefit is limited. It also showed that the constraints of implementing the technological entrepreneurship development programmes are primarily due to lack of accessibility on the part of the entrepreneurs to identify the technology relevant to their business. This is followed by lack of finance to implement the programme even when the entrepreneurs have the knowledge. This could be addressed by the collaborative efforts of the government and multilateral institutions such that certain amount of money is set aside towards these programmes.

Also, other constraining factors for the implementation of the programmes are: Timing, knowledge, lack of awareness and duration of programme.

Therefore, there should be drastically steps taken to alleviate the financial burden of the programmes on the small-scale business entrepreneurs. Also, the training programmes should be made accessible to the entrepreneurs since most of them may not have the resources to attend training programmes well-outside their domains. The timing and duration of the training must be so structured so as to make it friendly to the entrepreneurs to attend and not cause disruptions to their businesses.

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