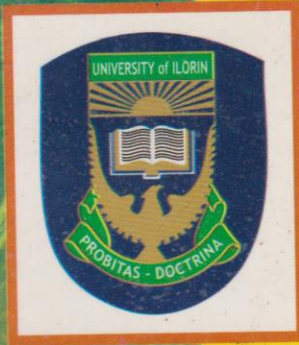


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ENTREPRENEURSHIP AND THE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN THE KWARA STATE, NIGERIA

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Abstract

Small and Medium Enterprises (SMEs) has been considered as indices for economic development in a country economy. The development of entrepreneurship skills is therefore necessary. This study, seeks to examine the impact of Entrepreneurship on the Growth of Small and Medium Enterprises (SMEs) in Kwara State Nigeria. The data used were primarily obtained from the questionnaire administered to the randomly selected areas in Kwara state, Nigeria. Regression statistical tool was employed with the aid of SPSS to test the validity of the hypothesis formulated in the study. Findings of the study show that entrepreneurship skills are needed on the growth SME. The study concludes the qualities of entrepreneur have impact the growth of SMEs in the selected areas of the country. In view of this, the study recommends that; entrepreneurship development will serve as a tool for the growth of small and medium enterprises.

Keywords: Entrepreneurship, Growth, Development, Nigeria.

Introduction

Entrepreneurship has been considered the backbone of economic development. According to Porter (1990), Entrepreneurship is 'at the heart of national advantage'. Therefore, the emergent of entrepreneurship has been well established at the level of economic growth. The small and Medium-scale Industries (SMLs), however, according to Gushibet (2011), represent a veritable vehicle for the achievement of national economic objectives of employment generation and poverty reduction and low investment cost as well as the development of entrepreneurial capabilities. Aremu and Adeyemi (2011) were also of the view that, in recognition of the depth and breath of the consequences of small-scale enterprises in alleviating poverty and national development, there has been a deep-self interest in recent years for development of Nigerians small-scale enterprises particularly since the adoption of the economic reform in 1986. Adeyemi, (2003), also pointed out that the prosperity and progress of a nation depends on the quality of its people.

Therefore, in order for the achievement of the objectives of SMEs to be achieved in a country, the development and the inculcation of the entrepreneurship skills are necessary. Cognisant of this fact according to Sanusi (2003), programmes of assistance, especially, in the areas of finance, extension and advisory services, as well as provision of infrastructure have been designed by the Nigerian government for the development of the SMEs. Specifically, successive governments in Nigeria have in the last three decades shown much interest in ensuring adequate financing for Small and Medium Industries (SMIs), by establishing various schemes and specialized financial institutions to provide appropriate financing to the sub-sector. However, the failure of most of these schemes revealed that the problems of SMEs in Nigeria is not limited to lack of long-term financing, but also inadequate management skill and entrepreneurial capacity.

In view of the above observations, the development of Entrepreneurship on the growth of Small and Medium Enterprises is crucial and needs a cognisance attention. According to Eijaz, Nur, and Sarif (2005), a number of micro and macro factors must be in place, such as financial and economic factors, limited liability and greater mobility of capital, good chance to make high profit, low taxes and tax incentives, free trade with limited tariffs, good banking with available credit, lower labor cost, political stability, meaningful democracy, political biasness, commercial law and limited regulations, strong legal support for private property, equal opportunity, infrastructural factors, strong educational and training facilities, good transportation system, strong telecommunication and distribution networks, technology, research and innovation, public-private partnership, government reward system, corruption, lengthy process, indecision and inefficiency, socio-cultural factors-encouragement and support from society and family, social status, social marginality, social integration, social security, personal factors-optimistic, excellence oriented, hard workers, acceptance responsibility, reward oriented, desire to achieve, risk oriented, opportunity seekers, in order for the development of entrepreneurship to be effective on the growth of Small and Medium-scale Industries in the country.

However, Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. Small scale industry orientation is part of the Nigerian history. Ayozie (2012), mentioned that, evidence shows in the communities of our great grandparents, made of their respective trading concerns, yam barns, cottage industries, and the likes. The major advantage of the sector is its employment potential at low capital cost but despite, the growth of SMEs in the Northern region of Nigeria

markets is however very low due to lack of adequate entrepreneurship. Furthermore, in most Northern region states of Nigeria, the use of Information Communication Technology (ICT) in business activities still remains relatively small; one reason for this is the lack of entrepreneurial skills in the ICT. Therefore, proper entrepreneurial skills development to foster SMEs in developing economies like Nigeria especially in the Northern region, is paramount since it brings about a great distribution of income, wealth, and economic self-dependence.

In view of the above hindering problems on the growth of small and medium scale enterprise in Nigeria, this study therefore, examine some qualities of entrepreneur that would enhance the growth of the Small and Medium Enterprise in Kwara State of Nigeria.

Literature Review

Entrepreneurship can be referred to a process of action an entrepreneur undertakes to establish his enterprise. It is a creative and innovative response to the environment. In other words entrepreneurship can be seen as an ability to discover, brings or invent opportunities and exploit them to the benefit of the society, which in turn brings prosperity to the innovator and his organisation.

Ronstadt (1984): "Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is create by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique but value must somehow be infused by the entrepreneur by receiving and allocating the necessary skills and resources allocating the necessary skills and resources. Adeyemi (2003) also opined that, entrepreneurship is the lifeblood of the Nigerian economy. It is the cradle of job and weath creation in the most innovative ways. It is therefore imperative that industries recognised the contribution that the entrepreneur makes to our economy and development.

According Hebert & Link (1989) entrepreneur is a person, not a team, committee or organization. Their view is that this person has some comparative advantage in decision- making either because he or she will have better information or different perception of events or opportunities.

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They also argue that entrepreneurial actions are performed in all societies by individuals whose judgment differs from the norm.

Pickle & Abrahamson (1990) opined that an entrepreneur is one who organizes and manages a business undertaking, assuming the risk, for the sake of profit. The entrepreneur evaluates perceived opportunities and strives to make the decisions that will enable the firm to realize sustained growth."

Qualities of Entrepreneur

Being an entrepreneur is about more than just starting a business or two, it is about having attitude and the drive to succeed in business. All successful Entrepreneurs have a similar way of thinking and posses several key personal qualities that make them so successful in business. All successful entrepreneurs have the following qualities.

1. **Inner Drive to Succeed:** Entrepreneurs are driven to succeed and expand their business. They see the bigger picture and are often very ambitious. Entrepreneurs set massive goals for themselves and stay committed to achieving them regardless of the obstacles that get in the way.
2. **Search for New Ideas and Innovation:** All entrepreneurs have a passionate desire to do things better and to improve their products or service. They are constantly looking for ways to improve. They're creative, innovative and resourceful.
3. **Openness to Change:** If something is not working for them they simply change. Entrepreneurs know the importance of keeping on top of their industry and the only way to being number one is to evolve and change with the times. They're up to date with the latest technology or service techniques and are always ready to change if they see a new opportunity arise.
4. **Competitive by Nature:** Successful entrepreneurs thrive on competition. The only way to reach their goals and live up to their self-imposed high standards is to compete with other successful businesses.
5. **Accepting of Constructive Criticism and Rejection:** Innovative entrepreneurs are often at the forefront of their industry so they hear the words "it can't be done" quite a bit. They readjust their path if the criticism is constructive and useful to their overall plan, otherwise they will simply disregard the comments as pessimism.

Theories of Entrepreneurship Development

There is no unique theoretical framework of the entrepreneurship. According to Markku (2010) a consistent universal theory of entrepreneur does not exist, instead, entrepreneurship consists of several different approaches including psychology, sociology, anthropology, regional science and economics. Sharon (2005) viewed that the field of entrepreneurship continues to struggle with the development of a modern theory of entrepreneurship. Schumpeter (1950) introduced the concept of innovation and power. He believes that entrepreneurs bring about change through the introduction of new technological processes or products. Schumpeter argues, however that only certain extraordinary people have the capacity to be entrepreneurs and they bring about extraordinary situations to occur. He maintains that this mindset could occur randomly in ethnically homogeneous group. Knights (1967) in his view believed that an entrepreneur is the one who is a calculated risk taker. The entrepreneur is an individual who is prepared to undertake risk and the reward (profit) is the return for bearing uncertainty, and is an uninsurable risk.

Methodology

Data for the study are drawn from the state under study. The main respondents to this study were the 226 registered small and medium enterprises in Kwara state. The data for the study was collected by the means of structured questionnaires distributed to the 200 randomly selected small and medium enterprises during a survey by the researcher. However, only 195 copies of the questionnaire were filled and returned. Regression Statistical tool was employed in the study to analyse the data with the aid of Statistical Packages for Social Scientists (SPSS) in order to establish the impact of entrepreneur qualities (Inner drive, confidence, competitiveness, risk bearing, strong innovation), on the growth of Small and medium enterprise in the study areas. The model is specified as: $Y = X_1 + X_2 + X_3 \dots + X_5$.

Where: a_0 = Constant

$X_1, \dots, X_v$ = Explanatory variables

Y = Dependent variable (The Growth of Small and Medium Enterprise)

X₁= Inner drive, X₂= Confidence, X₃= competitiveness, X₄= Risk bearing and X₅= Strong innovation

Results and discussion of findings

Model Summary of the Simple Regression for the Growth of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983 ^a	.966	.949	2.92770

a. Predictors: (Constant); Inner drive; Confidence; Competence; Risk bearing; Strong Innovation.

b. Dependent variable: Growth of SMEs

Source: Researcher's Fieldwork, 2016.

Summary of Analysis of Variance for the Growth of SMEs

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	482.857	1	482.857	56.333	0.05
	Residual	17.143	2	8.571		
	Total	500.000	3			

a. Predictors: (Constant); Inner drive; Confidence; Competence; Risk bearing; Strong Innovation.

b. variable: Growth of SMEs

Source: Researcher's Fieldwork, 2016.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
	B	Std. Error	Beta	g.		Lower Bound	Upper Bound
1 (Constant)	1.733	.275		6.296	.000	2.274	1.191
Inner Drive	1.281	.097	.770	13.239	.000	1.090	1.471
Confidence	.481	.085	.290	5.640	.000	.313	.648
Competitiveness	.497	.090	.294	5.426	.000	.677	.317
Risk Bearing	.562	.085	.387	7.234	.001	.744	.432
Strong Innovation	.674	.075	.389	10.243	.000	.689	.362

a. Dependent Variable: Growth of SMEs

Source: The study's data, 2016.

The model summary shows effect of entrepreneurship variables on growth of small and medium scale enterprises. Thus, Inner drive, Confidence, Competitiveness, Risk bearing and Strong innovation account for about 94.9% of the variation of the growth of SMEs (i.e coefficient of determination). The remaining 5.1% is due to other variables/factors that were not accounted for in the computation.

The result of analysis of variance obtained from regression analysis of dependent variable and independent variables. Since the p-value is less than 0.05, it shows that the result is significant. That is, the independent variables selected (Inner drive, Confidence, Competitiveness, Risk bearing and Strong innovation) were significant variables that have effected on the dependent variable (Growth of SME).

The result of coefficients, which confirms the t-test result with Inner drive, Confidence, Competitiveness, Risk bearing and Strong innovation coefficients being significant, t (-6.296); 13.239, 5.640, 5.426, 7.234 and 10.243 respectively, $p < .05$. It could be concluded that the identified entrepreneurship variables are significant to the growth of SME in the

selected area of the study. Hence, the null hypothesis was rejected and the alternative hypothesis accepted.

Conclusion and Recommendations

The study draws attention to the need for effective practice of entrepreneurial characteristics as a crucial tool for the growth of SMEs in the selected area of the study. It was also observed that entrepreneurs should give special consideration to social values and government regulations when making decisions as this will enable them to cope with external forces which influence the business operation negatively. Entrepreneurs should however, create value in the marketplace through innovation by doing new things. On the basis of the findings, the study recommends that:

1. There is need to develop a crop of potential entrepreneurs among the youths by incorporating entrepreneurship education into the school curriculum at all levels of the educational system.
2. Specialized training programmes in entrepreneurship should be organised to expose potential and existing entrepreneurs to risk-taking strategies inherent in self-employment and wealth creation.
3. Entrepreneurs must be exposed to various sources of information and business opportunities available both in Nigeria and external environment through the research and development (R&D) organizations, as well as non-governmental organisations. The implementation of this however, would serve as a tool for the growth of small and medium enterprises.

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