

REENGINEERING THE ROLE OF ENTREPRENEURSHIP IN THE STIMULATION OF ECONOMIC GROWTH

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ARTICLE INFORMATION

Received: 10th May, 2024
Accepted: 12th May, 2024
Published: 26th June, 2024

KEYWORDS: Economic Growth,
Entrepreneurship, Economic
Development, Reengineering

JOURNAL URL:
<https://ijois.com/index.php/jobpef>

Editor-in-chief: Assist. Prof. Dr (C) Ari
Riswanto

PUBLISHER: Empirical Studies and
Communication – (A Research Center)
Website: www.cescd.com.ng

ABSTRACT

Entrepreneurship has a very important role in the economic development of a country. Development of new business through productive business activities gradually to stimulate increased output and expand the number of transactions of goods and services in an area. In other words, the role of reengineering entrepreneurship is the driving wheels for stimulating of the growth of economy. Reengineering entrepreneurial activities can be of the solutions to solve the problems of economic development. Increasing the number of productive businesses developed by entrepreneurs means lead to increasing demand for labor. Indirectly, businesses are able to absorb energy and reduce unemployment. The participation of entrepreneurs in economic development itself includes more than just increasing the number of output and income per capita. Innovation entrepreneur on the economic development of a country is greatly important. Thus, this paper examine Entrepreneurs should trained to have the knowledge of modern management techniques and acquire proper managerial skills. the Nigerian government should provide and maintain adequate infrastructural facilitates in both the rural and urban areas to encourage entrepreneurship.

1.0 INTRODUCTION

Since ancient times, man has designed ways of surviving in his environment gathering food and hunting for games. As years went by, he modified his survival techniques from being a wander and shifting cultivating to a sedentary intensive farming, arts and crafts. His pragmatic disposition has resulted in innovative and better ways of harnessing the opportunities and potentials of environment for welfare maximization and economic development. The industrial revolution of the late 1780s in Europe and early 19th century in America influenced significant work ethic organizational behavior, thinking and management of organizational behavior, thinking and management of productive resource (land, labour, capital and entrepreneur). Thus, the phenomenal growth of the economy is attributed to enterprising management of resources where entrepreneurship factors is a very important factors of production that co-ordinates some idle factor of production such as land, labour and capital (Eshiobo 2010).

In the work of 1803, as cited by Hisrich and Peter (2002) an entrepreneur is someone who consciously moves economic resources from area of low yield off to area of high yield. He redeploys people, materials money and coordinates the process necessary for efficient large scale industrial trade development.

Joseph Schumpeter (1997) added that entrepreneurship is the motive behind capital developments. Man from inception has not been an idle creature in order to put soul and body together, man has always engaged himself in one endeavour or the other, he is involved in weaving, selling, manufacturing, agency etc., all these are aimed at exchanging for money and thereby using the money to get for himself whatever desire Inyang (2011).

The lack of paid jobs as a means of livelihood is the original motivator for entrepreneurship. The fact that there is family to feed, cloth, house etc calls for action and gives the impetus for starting a business.

Louck's (1988) sees an entrepreneur as an individual who perceive needs, conceives goods and services to satisfy the need, organizes the factors of production, creates and markets the products. The World Bank simply states that entrepreneurs are people who perceive profitable opportunities and are willing to take risks in pursuing them and also possess the ability to organize a business.

The dynamic economic conditions of the world today need flexible individual with entrepreneurial value, attitude and mental capacity for thinking and innovative behavior that can provoke venture spirit for timely generation of new ideas and ways of improving their business in meeting the demands of the environment: such individuals who are able to drive through change are expected to possess the transformational capacity to enhance force is referred to as entrepreneurs.

Stevenson (1985) sees entrepreneurship as the process of creating value by pulling together a unique package of resources to explore opportunity.

Udu, (2006), Hisrich (2002) sees entrepreneurship as a process of creating something new of value by devoting time and effort, assuming the accompanying, financial, physical and social risks and receiving the resulting reward of money and personal satisfaction and independents.

Entrepreneurs have contributed a lot to the economy; their contribution cannot be over stressed. Its importance to the growth of the economy is the reason government at various levels wants to encourage its growth; the following are some of the benefits that an entrepreneurship fulfils in the economy:

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- Contribution to the growth of Gross Domestic Product (GDP)
 - Wealth creation
 - Creation of employment opportunity
 - Raising the standard of living
 - Community Development.

In light of the above point, it is clear that an entrepreneur is a huge asset for a country and the functioning of an economy greatly depends on the existence of entrepreneurship. Entrepreneurship has been proven to be a catalyst for a sustainable economic growth of the nation, because it has contributed significantly to economic growth through employment generation, community development, wealth creation and sustainable livelihood which make it unique and gives government the impetus to promote its existence. In spite of their great significance and contributions to the national economy, entrepreneurship is still experiencing difficulties in borrowing money from banks because of their stringent policy on lending. The borrowing conditions of the bank had discouraged many entrepreneurs from borrowing of which some who many have conceived creative idea that would have revamp the economy could not put to use due to dearth of finance.

In addition, one of the challenges that is encountered by entrepreneurs is the issue of multiple-taxation. Although entrepreneurs in a country have a responsibility of funding the government through payments of taxes, most of the taxes charge on entrepreneurs are not lawful and have the effect of increasing the cost due to those barrages of problems, the benefits derivable from entrepreneurship are lost. Therefore, this study is undertaken to investigate the reason for the dearth in entrepreneurship and the resultant effect on the economy.

2.0 Meaning and Concept of Entrepreneur and Entrepreneurship

There are many definitions of entrepreneurship just as there are many authors on the subject. Indeed, it has been a difficult task to attempt to give a universally and generally acceptable definition of entrepreneurship. Moreover, the working definition varies from one country to another. It also varies among industrial groups and among various financial institutions.

The definitions of entrepreneurship according to Okenwa (2005) “entrepreneurship is the willingness and ability of an individual to seek out investment opportunities, establish the enterprise as well as running, it successfully”. According to Agu and Okenwa (2005) “entrepreneurship is the services that the entrepreneur renders. It is also the ability of accepting the risk of starting and running a business”.

According to Nzelibe (1996), entrepreneurs are seen as men and women who are courageous, alert, visionary and engaged in the network of exchange that stimulate and promote economy. Agu (2005) opined that entrepreneur is a person who takes the risk of starting and managing a business. It is the person involved in entrepreneurship.

Appleby (1994), opined that entrepreneurship is the process of bringing together creative and innovative ideas and coupling these with management and organizational skill in order to combine people, money and resources to meet an identified need and thereby create wealth.

Entrepreneurship is more than simply “starting a business”, it is a process through which individuals identify opportunities allocate resources and create value. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change. It is the act of being an entrepreneur which is seen as “one who undertakes innovations with finance and business acumen in an effort to transform innovations into economic goods hence, entrepreneurs see problem as “opportunities”, and then take action to

identify the solution to those problems and the customers who will pay to have those problems solved.

Entrepreneurship is known as the capacity and attitude of a person or group of persons to undertake venture with the probability of success or failure. It demands that the individuals should be prepared to assume a reasonable degree of risks, be a good leader in addition to being highly innovative. In management, Entrepreneur is regarded as the “prime mover” of a successful enterprise, first as a leader in any organization and must be the environmental change agent, (Binks and Vale 1990).

Furthermore, Acs and Szerb (2007) noted that entrepreneurship revolves around the realization of existence of opportunities in combination with decision to commercialize them by starting a new firm.

2.1 Benefit of Entrepreneurship to the Society

Entrepreneurship has contributed so much to the society and they are acclaimed the world over as engines of socio-economic development by fostering the use of local raw materials and other resources.

The benefit of entrepreneurship in any economy are numerous and integrated, some of these benefits according to Inyang (2011) includes increasing the growth of gross domestic product, wealth creations, creation of employment opportunities etc. the importance of entrepreneurship in the society involves more than increasing per capital income. To further complement the benefit of entrepreneurship, the following are the vital benefit of entrepreneurship in the society. Increasing the Gross Domestic Product (GDP) of the country Inyang (2011).

Gross Domestic Product is known as the total value of all the goods and services that are produced by a country in one year. Entrepreneur makes use of the resources in a country to produce more goods and services by adding value. This will in turn increase the gross domestic product of the country; the growth in the GDP is a strong index of economic development of a country.

Raising the Standard of Living: Entrepreneurship through small and medium scale enterprise provide more employment income for Nigerians, and this increase the average per capital income of the Nigerian and as a result improve the standard of living.

Creation of Employment Opportunities: Entrepreneurship creates job opportunities, first for the entrepreneurs. However, entrepreneurs when they start businesses for themselves, they create job for other people. They hire people to work for them thereby reducing unemployment rate in the country.

Problems Militating Against Effective Reengineering of Entrepreneurship Growth

Entrepreneurship is very promising and has the ability to change the world of uncertainty. However, there are some bottle-necks that must be noted in the course of doing business. According to Onuaha (2008), the following are the major problems militating against entrepreneurship growth.

Difficulty in Securing Loans From Financial Institution: It is nearly impossible these days to keep a small business running with money drawn from your own pocket. Whether its purchasing inventory hiring new employees, or opening additional locations any type of expansion requires extra capital. The fact that it is becoming increasingly difficult for

entrepreneurs to secure funding through a bank makes it even more challenging. These are various reasons why bank is declining loans request from entrepreneurs and these reasons are:

Lack of Consistent Cashflow: Bank tends to favour entrepreneurs that have a steady revenue stream and consistent cash income coming in every month. Entrepreneurs that can demonstrate this consistency are denied loans more often than not.

Insufficient Collateral: Entrepreneurs lack of sufficient collateral excludes them from obtaining financing because loan applications usually include request for a viable piece of collateral in order to complete the transaction and receive funding.

Debt-to-Income Ratio: Banks are wary tending to businesses that have existing debt with other tenders. In many cases, they won't even consider tending to businesses that has already taken financing elsewhere. Since many entrepreneurs seeks credit from multiple sources especially during the startup phase, this can be a major strike against them when applying for a loan or cash advance from banks.

Insufficient Credit Scoring: In the wake of the recent recession, banks have increased their credit score standards, but many entrepreneurs have credit scores that are still suffering from the aftermath of the financial crisis. In most cases, a business will need a credit score of at least 720. A credit score is a numerical expression based on a level analysis of a person's credit files to represent the credit worthiness of an individual, so 720 is an excellent score for entrepreneurs before they can lend money from bank. In this case even to get a foot in the door of a bank for a bank loan is discouraging because the credit scoring is too high for many entrepreneurs.

Multiple Taxation: Over the years small scale enterprise have been an avenue of job creation and the empowerment of Nigerian's citizen providing about 50% of all jobs in Nigeria and also for local capital formation. However, the mortality rate of these small firms is very high. The factors responsible for these untimely close up are tax related issues, ranging from multiple taxation to enormous tax burdens.

Inadequate Infrastructural Base: Despite the benefit of entrepreneurship in the society inadequate infrastructural base pose a challenge to the entrepreneurs who plans to do business in the country. The following are the basic infrastructure problem of entrepreneurs:

Poor Power Supply: A major problem facing entrepreneurs and established companies is poor power supply. So, government has not been able to find a lasting solution to the power situation in the country, which affects the big organization including the multinational down to the one-man business such as the barbers, tailor and hair dressers who depends on the power to run their business.

Poor Transport Network: Most entrepreneurs locate their business near their source of material or market to help save cost and time. But in the case, this is not possible; the problem of transportation will come up. Nigeria does not have a good transport network; most roads are not good shape and the rail-ways and water ways have not been fully established.

Reengineering the Growth of Entrepreneurship

Due to the fundamental role that entrepreneurship plays in the society, the fact that it is lagging behind should be a matter of concern. The challenges facing entrepreneurs in developing countries must be addressed. Ogundele (2005) opines the following as the possible solution to the problems of entrepreneurship growth.

- Improving the level of infrastructure by governments
- Making capital easily accessible by financial institutions
- Education on Entrepreneurship

Improving the Level of Infrastructure by Government: Nigeria is currently faced with huge infrastructural gap that has hindered its desire to exploit its rich natural and human resources to stimulate its development. In spite of the country's huge oil and gas, sunlight and hydrocarbon resources, Nigeria cannot generate enough electricity to derive its development. The country's infrastructure deficit has stopped its economic growth. The challenges of the absence of critical infrastructure continue to impact negatively on the cost of doing business, investment and capital inflow in the country.

Making Capital Easily Accessible by Financial Institution: There are numerous alternative funding options for startups entrepreneurs have the responsibility to understand these options and make good use of them. Entrepreneurs also need to improve their business management skill in the aspect of cashflow and collateral for obtaining loan and debt to-income ratio, so as to be able to draft proposals and business plans that are usually requisite for any form of funding.

Education on Entrepreneurship: Entrepreneurship education seeks to provide students and entrepreneurs with the knowledge, skill and motivation to encourage entrepreneurial success in variety of settings. Various entrepreneurship educations should be offered at all levels. And also, government should develop schemes that help train young Nigerians on entrepreneurship in order to enhance their managerial skills.

CONCLUSION

Entrepreneurship has been discovered as the major bedrock of a nation's development. It helps in stimulating a nation's economic growth. So, it should be given priority at both the federal and state government levels, as this can lead to very serious cycle of development in the country. Entrepreneurship is more effective in job creation increasing the standard of living and economic development.

Even though this concept is widely accepted there are major impediments to entrepreneurship growth in Nigeria which must be tackled if entrepreneurship must take its rightful place in Nigeria. More effect in the areas of availability of necessary and adequate infrastructure effective training and development of entrepreneurs, adequate power supply etc are the major growth impediments in Nigeria.

RECOMMENDATIONS

The following recommendations were made based on the findings of the study.

- Provision of adequate capital at reasonable interest.
- Entrepreneurs should train to have the knowledge of modern management techniques and acquire proper managerial skills.
- The Nigerian government should provide and maintain adequate infrastructural facilities in both the rural and urban areas to encourage entrepreneurship.
- Lastly, there should be stability in government policies and schemes because any frequent changes in government increase policies and packages will tend to discourage entrepreneurship.

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