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THE ROLE OF ENTREPRENEURSHIP IN THE NIGERIAN ECONOMY

Abstract: the article describes the importance of the entrepreneurship in the development of the Nigerian economy. An energetic private should be established to lead Minimal and Small Enterprises to higher levels of growth which would contribute greatly to the economy, decrease unemployment rate and improve the standard of living of the population.

Key words: entrepreneurship, Nigerian economy, development

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РОЛЬ ПРЕДПРИНИМАТЕЛЬСТВА В ЭКОНОМИКЕ НИГЕРИИ

Аннотация: в статье рассматривается значение предпринимательства в развитии нигерийской экономики. Установлено, что необходимо создать энергичный частный сектор, который будет способствовать достижению более высоких темпов роста микропредприятий и малых предприятий, что приведет к развитию экономики, снижению уровня безработицы и повышению уровня жизни населения.

Ключевые слова: предпринимательство, нигерийская экономика, развитие

A former British colony, Nigeria is Africa's most populous country. A new constitution established civilian government in 1999. The estimated current

population of Nigeria is 198,654,767 with a total land area is 910,770 Km² (351,650 sq. miles) as of January 2019, based on the latest United Nations estimates. Which is equivalent to 2.6% of the total world population. With this vast population about 51.9 % of the population is urban (104,282,822 people in 2019) with a median age in Nigeria is 17.9 years. Nigeria ranks number 7 in the list of countries (and dependencies) by population. With a GDP of \$404.65 billion USD, GDP (PPP) Per Capita of 1,090.00 billion USD and a minimum wage of \$1.66 per day with 8 geopolitical zones [1, 2, 3].

The capital city being the Federal Capital territory Abuja in the northern hemisphere and the economic hub being Lagos State which is located at the southern hemisphere. In recent times Low global oil prices have battered the petroleum-based economy. Economic growth has been driven by agriculture, telecommunications, and services, but diversification has yet to help the more than 56 percent of Nigerian population who still live in extreme poverty

Unemployment Rate in Nigeria increased to 23.10 percent in the third quarter of 2018 from 22.70 percent in the second quarter of 2018. Unemployment Rate in Nigeria averaged 12.31 percent from 2006 until 2018, reaching an all time high of 23.10 percent in the third quarter of 2018 and a record low of 5.10 percent in the fourth quarter of 2010. The Nigerian economy added 187,226 new jobs in the third quarter of 2016 after adding 475,180 a year earlier. The informal sector created 144,651 jobs, down 66.3 percent from last year but still accounting for 77.3 percent share. The public sector lost 7,012 jobs. The formal sector added 49,587 jobs, 19 percent more than a year earlier and representing 26.5 percent of total new jobs. The table 1 below is a summary of the employment rate, population living status, living wage per individual [High and low skilled personnel] employments status and youth employment rate of 2017 and 2018[4].

Around 90 percent on new payrolls were created in human, health and social services sectors and agriculture and accommodation and food services. In the three months to June, the economy added 155,444 new jobs. Employment change in Nigeria averaged 324042.07 jobs from 2012 until 2016, reaching an all time high of 499521.00 Jobs in the fourth quarter of 2015 and a record low of 79465.00 Jobs in the first quarter of 2016 [5,6].

Table 1 - Summary of Nigerian labour market of 2017 and 2018

Nigerian Labour	2017	2018	Highest	Lowest
Unemployment Rate (%)	22.70	23.10	23.10	5.10
Population (million)	185.90	190.89	190.80	45.14
Living wage average individual (NGN/Month)	41800.00	43200.00	43200.00	41800.00
Employed persons (thousands)	69165.00	69542.00	499521.00	66951.00
Unemployed persons (thousands)	20343.00	20927.60	20927.60	4672.00
Employment rate (%)	83.80	81.20	93.60	81.20
Youth employment rate (%)	38.00	36.50	38.00	11.70

With imperfect systems and gradually and slowly improving economy we can only but question what actually made the increase the most prominent one that couldn't be avoided was the influence of entrepreneurship. The Nigerian people were not willing to sit around and make a system work for them as it should but coax it to flourish as it clearly can. With the people taking the bull by the horn on their finances and refusing to limit themselves to what they had been given through civilised education, they by their own selves in their own trade have found a way to survive but not only survive but to cause the economy to take that much needed step forward. With the table it is clear that the government is seeing this. The employed are not only depending on their salaries but are scaling beyond it and getting themselves certified to carry out more tedious tasks. It is true that the percentage youth are reducing but this is due to the fact that they are now becoming more self-sufficient and opening up more enterprises. The rate of registered business ventures increased from our Cooperate Affairs commission CAC (mostly medium and small scale enterprises) which tells us that Nigerians are now interested in investing in Nigeria.

In the United Nations Development Programme (UNDP) Report on Nigeria 2015/2016, it is observed that 70% of Nigerians are in abject poverty while massive unemployment of people and the under-utilization of the resources are the order of the day. The UNDP Report places Nigeria amongst the countries of the world that recorded the least achievement in the upgrade of the welfare of their citizens (UNDP,

2002). The nation has come a long way from 2002 slowly but surely are progressing in the right direction [7].

Entrepreneurship is a springboard through which many advanced economies of the world achieve economic and development growth. The success of entrepreneurship in any country of the world depends on the seriousness of the government coupled with the good business policy. It is believed by the people that in most of the advanced countries of the world, their university graduates do not think of working in government or private agencies but want to start their business due to the enabling ecology created by the leadership of their country in terms of good business policy, provision and easy accessibility to loan with a very low rate of interest etc. Watching the range over the years in the lower quarter of the year there is usually a rapid increase in the employment but in recent years there has been a decrease in the amount of employers to old labour an increase in employers and a rapid increase in employment as seen in figure 1 below [8].

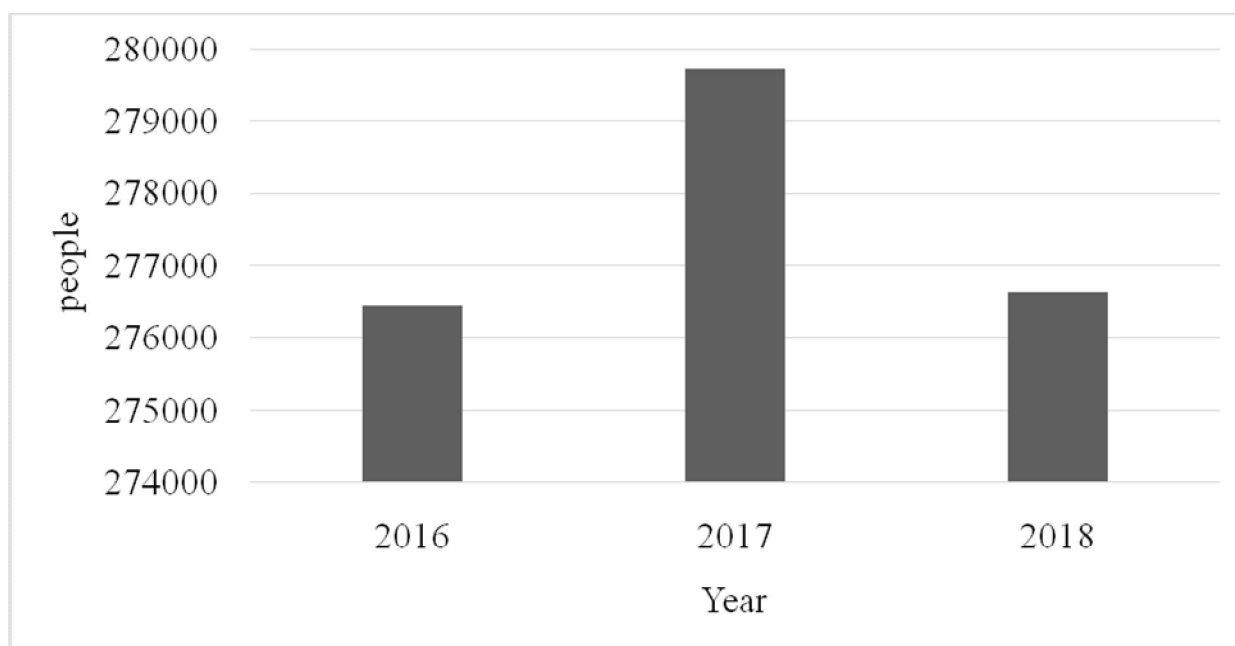


Figure 1 –Number of newly employed people in Nigeria in each year from 2016-2018

The word “entrepreneur” is derived from the French verb “entreprendre” which means to undertake. Economic scholars from time of Adam Smith, through the neoclassical era, the English Economist, the American Economist down to the German School all have their various perspective of the role and function of entrepreneur in economic development. There is agreement however that creation of wealth is not a function of land, labour and capital alone. While the importance of

these basic productive factors is recognized, more important is the role of the entrepreneur or the organizer.

Before the general feeling was that entrepreneurs were born and not made, a French economist Jean Baptiste Say said” the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield”. Its already been established that the Nigerian economy is nowhere where it should be over the past two years there have been substantial increase in the rise of employment in Nigeria due to the new found thriving entrepreneurial spirit. With the general growth of entrepreneurship in Nigeria, it is important to establish the determinants of entrepreneurship and how it can be worked on and improved in a country like Nigeria. These include the following: Innovation, Experience in chosen trade, Finance and Education [9].

In order to increase the standard of the Nigerian economy, the country needs to encourage the development of the private sector, which can be done by creating a favorable environment for the MSEs. It is relevant that Nigerian policy makers take appropriate steps to promote entrepreneurship. The following may be considered:

- a. Improve infrastructure such as power supply, water supply, good roads and rails.
- b. The government can encourage MSEs by being customers for their goods and services.
- c. A system of business networking should be created to allow entrepreneurs to share information in the areas of finance, market information, availability of raw materials etc.
- d. The government should provide better incentives and support to encourage the establishment of family businesses [10].

The prosperity of the Nigerian economy like the rest of the world depends on an energetic private sector and when it has a group of well trained and highly motivated entrepreneurs should be established to lead Minimal and Small Enterprises to higher levels of growth which would contribute greatly to the economy. We recommend that there should be proper policy coordination and policy stability;

reforms in the educational curriculum to prepare students for self-reliance; and fixing the power sector-Nigeria's basic infrastructure. When we have flourishing micro, small and medium enterprises (MSMEs), gainful employment will be created, wealth created will be distributed evenly and economy is developed [11].

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