

Entrepreneurship as a Key to Economic Growth and Development (A Comparative Analysis of Selected Bakeries in Anambra State Nigeria)

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Abstract: This study examined the various contribution of entrepreneurship to economic growth and development in the economy. Six bakeries in Onitsha Anambra State were selected as the scope of the study. The purpose of the study was to know whether the establishment of small business can affect economic growth and development in the country. Primary and secondary sources were used for data collection. The population size was 200 while a sample size of 74 workers was selected from the six bakeries using the formula for sample size determination by Taro Yamani (1963). The major instruments for data collection were questionnaire and oral interview. Simple percentage was used to analyze the research questions and the hypotheses formulated were tested using chi-square statistically technique. The researcher found out that entrepreneurship also discharge other roles, such as job creation, promotion of self-reliance, development of industrial dispersal etc. The study therefore recommends that some production, technology and equipment and creation of larger markets so as to achieve a credit self-reliance through small enterprises.

Keywords: Economic development, productivity, economic growth, unemployment, entrepreneurship development, business enterprise

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I. Introduction

Background of the Study

Nigeria as a nation completely blessed with human and material assets have the correct playing ground for business enterprises. As a developing nation, she is enhancing in economic sector, for example, science, innovation, sports, tourism, and agriculture. Despite all these economic progress, it is still alluded to as one of the poorest nations in sub-Sahara Africa (Salami, 2011). The role of entrepreneurship in curbing unemployment, unstable economic growth cannot be over emphasized. The present condition of the global world brings entrepreneurship to a quest. The young people are jobless not on the grounds that they don't have the capabilities; but rather in light of the fact that politically, financially, economically and even religiously the system are paralyzed (Okoye, 2009). Reality still remains that for a nation to develop in all consequences, it must have solid private partners who involves in wealth creation, backed with great skills. Having in mind that if entrepreneurship is given the rightful attention, will place Nigeria on the correct platform broadly and universally.

Entrepreneurship is the capacity and ability to create, organise and deal with a business venture alongside its dangers so as to make a profit. In economics, entrepreneurship joined with land, labour, natural resources and capital can create profit. Enterprising spirit is characterized by innovation and risk taking and is a fundamental section of a country's capacity to prevail in a consistently changing and progressively aggressive worldwide market place. As indicated by Solomon (1990) nations that have moved towards a more noteworthy role for business enterprise appreciates more grounded development and is of bigger significance to policy makers. This is to state that entrepreneurship is at the pinnacle of national points of interest. Business gives fund opportunities and a chance to create wealth, it is where creativity inspired people can utilize their abilities and experience to the fullest. Ellis (2007) opined that business enterprise is a key to economic development because of its strategic niche in the change and creation of employment. Entrepreneurs give fulfilling vocations and job opportunities and it is likewise the backbone of the market economy of the world. Entrepreneurship has a fantastic potential in developing nation like India. Along these lines, factual information examined for a few nations demonstrate that small industries have grown quicker than vast businesses throughout the last couples of decades.

Sinks (2000) optioned that entrepreneurship has to do with activities of individual people. Short of alternative, Nigerians including all graduates are accordingly propelling themselves into different small scale business ventures, for example, cottage soap and cosmetic production, restaurant, distributing, composing, block making, Garry processing and different business ventures which rely upon local raw materials. The assurance of success is additionally turning into the order of the day. The role of the business enterprise in economic development includes something other than expanding per capital income and output. It includes starting and comprising change in the structure of business and the general public overall which enable more wealth to be divided by the different members. A theory of economic growth delineates innovation as the key, not just in growing new products and enterprises for e- market but also in stimulating investment interest for the new venture being created. Also, entrepreneurship has helped with opening up and reviving the once rural areas into commercial center's (Uchehara, 2009). In this way, it can be said that business people has been a major operator in most production, circulates and development theories. The job of business enterprise as the main thrust of economic development found it most explicit foundation in Joseph Schumpeter Theory of Long-waves 2002.

1.2 Problem Statement

It is affirmed that entrepreneurs adds to economic development and improvement. The complete absence of entrepreneurial activities has a drastic effect on the economy as a whole and as well have adverse effect on the economic growth and development of such country. From this investigation it gives the idea that the support in business enterprise development by the general population is influenced by government policies, improper training and absence of enterprise abilities, inefficient motivation with respect to government and accessibility of financial resources among others.

1.3 Objectives of the Study

The broad objective of this study is to examine entrepreneurship as a key to economic growth and development in Nigeria

Other specific objectives include:

- 1.To examine if there's any significant relationship between entrepreneurship and economic development.
- 2.To determine if entrepreneurship can curb unemployment and create wealth
- 3.To examine whether entrepreneurship can increase per capita output of individuals in Nigeria

1.4 Research Questions

The following research questions guided the study

1. Is there any significant relationship between entrepreneurship and economic development?
2. To what extent can entrepreneurship curb unemployment and create wealth?
3. To what level can entrepreneurship increase per capita income of individuals in Nigeria?

1.5 Hypotheses

To answer the questions posed for the study, the following hypotheses were formulated in a null form

Ho1: There is no significant relationship between entrepreneurship and economic development

Ho2: To high extent entrepreneurship cannot curb unemployment and create wealth

Ho3: To high level entrepreneurship cannot increase per capita income of individuals in Nigeria

II. Review of Related Literature

2.0 Conceptual Framework

The word entrepreneur was introduced into economic literature in 1734 when Richard Cantillon defined entrepreneurs to include farmers, craftsman, merchants and other sole proprietor who organized resources and accepted risk by buying at a certain price and selling at an uncertain price, from the above definition cantillon in his theory regarded entrepreneurs as a risk taker. According to Uchehara (2009) records indicated that Nigeria people exhibited entrepreneurial zeal long before the arrival of early missionary and explorers. Entrepreneurship history in Nigeria can be traced back to the period when production exceeded consumption levels, which resulted in barter system or double coincidence of wants. This was what made producer realize that if they have surplus, the people will not have to wait for double coincidence of wants. Exchange of products and services was done.

2.1 Concept of Entrepreneurship

Entrepreneurship is an age long concept that is both simple and complex at the same time. Conceptualization, definitions and understandings of the phenomenon, have attracted scholars and practitioners

for a very long time. While authors struggle to try and capture it, as writers seem to get closer to a satisfactory resolution, the concept continues to evolve (Solomon *et al*, 2004). Schumpeter (2004) opined that entrepreneurship is the ability to break away from routine, to destroy existing structures, to move the system away from the event, and circular flow of equilibrium. According to the author, the essence of entrepreneurship lies in the perception and exploitation of opportunities in the realm of business. It involves bringing about a different use of national resources in that they are withdrawn from its traditional employ and subjected to new combination (Schuetz, 2005). The new combination challenge and exploit existing economic realities replacing old business or product with better ones thereby bring the economic system to a higher level of equilibrium.

Uchehara (2009) noted that entrepreneurship occurs when an enterprising individual pursue lucrative business opportunities. It involves creating new system, processes, mobilization of men, materials, and financial resources in order to produce new product. It is about taking risk. The behaviour of an entrepreneur reflects a kind of person willing to put his or her career and financial security on the line and take risk in the name of an idea, spending much time as well as capital on an uncertain venture.

Oshorne (2000) defined entrepreneurship as the process of looking at things in such a way that possible solution to problem, needs, ethics, standards, and dealings evolve based on Morales and values. This is to say that entrepreneurship is a process by which individuals pursue opportunities, fulfilling needs and wants through innovation without regards to the source.

2.2 Factors that Affects Entrepreneurship

The issue confronting business enterprise can be categorized conveniently as financial, administrative, technical, business and infrastructural. The financial issues have their starting point in the modest conditions of the entrepreneurship and his handicaps in making most extreme utilization of the resources of the organized finance sector. Another financial issue is the thorough bureaucratic red tapism engaged with securing finance from banks and other government source such that only the saving ones can stand to experience. The circumstance guarantees more extensive dimensions that most business people tend to use them as last resort. The factors include:

Lack of finance

key problem facing most entrepreneurship i.e. small business in Nigeria is lack of finance (Agbo, 2000). According to the author, this lack is whether for the establishment of new industries or to carry out expansion plans. Stiff collateral security demanded by banks often means that small scale industrialist is unable to meet these provisions, consequently losing the chance to obtain loans. In addition, high interest rate charged on loans scared off potential small scale entrepreneur. Banks on their own part, have argued that they are discouraged to lend to this sub-sector since many potential and existing small scale entrepreneurs draw up feasibility reports that are not viable, lack of managerial skills and do not maintain adequate finance or accounting records about their business. High percentage of default on repayment of loans is among the reasons that lead to this sub-sector to be regarded as risk for lending purposes.

Limited education and training knowledge

Majority of these entrepreneurs have little or no education to start, nurture and grow a business venture while some of them have not acquired adequate training to start an enterprise. Commercial banks sometimes shun the small business owner who on getting loan diverts the funds into others use while they avoid the banks and resist any investigation into their business activities. The problem related to managerial skill arises from the entrepreneur's limited education and training knowledge consists of facts and theories that enable people to understand phenomenon and to solve problem. A small scale business owner who has not acquired enough knowledge about business is likely to fail.

No team spirit

Another management problem is the refusal of this small scale industrialist to team up and pool together available resources, the lack of honesty and desire to develop self rather than business just as the large scale enterprise while the technical ones are due to his limited know how in project planning and appraisal and little of no exposure to modern technology.

Managerial incompetence

Audretsch (2010) stated that incompetence of management is another problem facing the small business owners. He may know all the management principles and theories but his management practices may jeopardize his business. They may not possess good leadership qualities, be willing to delegate responsibilities, lack of appropriate human relation ability and may not possess the appropriate skill of management. This type of business may likely to fail. Good management practice is a prerequisite to success in both large and small

business firms alike. Concretely, this means skill in handling men, money and inventory along with the ability to formulate wise policies, select proper method, merchandize aggressively and create good relationship with employees, customers and the general public.

Inability to organise market survey

The commercial problems consist of his ability to organize market surveys and products distribution channel. Osayi (2006) was of the view that “development” institutions are often established in less developed countries to assist in the development process. Specifically, they are set to provide financial assistance to indigenous companies likely to face problem seeking capital. However, it could be seen that the institutions have failed in performing this function effectively on why such a failure was that the development institutions have contributed to the existing structural imbalance by neglecting the most important industrial sector of the economy that is small-scale industries. Many of the small scale units are undercapitalized, they are unable to raise fund in this, they suffer from inadequate working capital market because they cannot fulfil the conditions which to them are rather costly, and nevertheless, a case can be made for shortage of finance as constituting major obstacle to the growth of a viable small scale enterprise in Nigeria.

Unfavourable government regulations and policies

Ani, (2002) wrote that undoubtedly, a shortage of finance is not the only problem of small-scale enterprises in Nigeria, others include unfavourable government regulation and policies, such as biased and lack of necessary fiscal incentive and relatively unsophisticated management. One of the most serious problems inhibiting the location of small industries is the shortage of finance capital. The small scale industries suffer from a marked lack of access to institutional credit. The main reason for this is that only few of them have enough assets to satisfy the collateral requirements of institution renders such as commercial banks.

2.3 Roles of Entrepreneurship in Economic Growth

Entrepreneurship contributes reasonably to the economic development of Nigeria (Onuoha, 2006).

1. Creation of employment
2. Stimulation of indigenous entrepreneurship
3. Transformation of traditional industry.
4. Linkage effects.
5. Utilization of resources.
6. Multi-nationalization of indigenous enterprises.
7. Manpower development.
8. Waste utilization.
9. Self-reliance.
10. Aid to industrialization.
11. Introduction to big business.
12. Local development.
13. International collaboration

Entrepreneurship acts as a seedbed usually for the indigenous population, they serve as vehicle for the propagation and diffusion of innovative ideas for far reaching dimensions, although, open to debate is their role in providing avenue for moonlight. Thus, contributing to labour stability in these sectors (such as in the public sector of developing countries, prone to high rate of labour turnover due to wage inequalities.

2.4 Federal Government Effort to encourage Entrepreneurship

The federal government has continued to play pioneering role towards the encouragement of entrepreneurship. Uchehara (2009) identified some of the reasons why federal government encourages entrepreneurship development as follows:

1. Affordable goods and services: the government through its policies and establishment of agencies for the growth and development of the entrepreneurship encourages and promote the production of goods and services at affordable price.

2. Population Exposition: Government has realized that it cannot provide jobs for the teeming population. The national policies on micro credit among other policies were established to encourage Nigerians to be self-employed and active economic citizens.

3. Eradication of Poverty

4. Women education and empowerment

5. Erosion of traditional values
6. Effect of Globalization.

The Effects of Entrepreneurship on Economic Development

1. It gives the opportunity to try one's ideas and hence can cultivate a sense of independence in a country.
2. Entrepreneurship is about financial stability and occupational security for individuals.
3. Creates opportunity for service, a desire for power, or the need to improve one's ability.
4. Bring about a sense of pride and satisfaction to the entrepreneur, in building a valuable investment in the future economy.
5. In most cases, a new business may mean an opportunity for a higher income.

2.5 Theoretical Framework

The underpinning theories or models of this study are Dual Economy Model and Structural Change Model. Dual economy models, inspired by Lewis (1954), explain the structural transformation of underdeveloped economies. Gries and Naude (2010) expand the Lewis-model distinction between a traditional and modern sector with the micro-foundations of optimizing households, firms and labour market matching. In their model the transformation from a low-income, traditional economy to a modern economy involves significant changes to production methods, a process of change where entrepreneurs provide essential roles, including providing innovative intermediate inputs, permitting specialization and raising productivity and employment.

The Gries-Naude structural change model of entrepreneurship also built on earlier work of Rada (2007), Peretto (1999) and Murphy *et al* (1991). In Rada (2007) entrepreneurs 'trigger' in an investment in modern sector once they have perceived profitable opportunities and facilitate the re-allocation of production factors from the traditional to the modern sector. Peretto (1999) provided a modified endogenous growth model that implied long-run structural transformation depends on the degree to which an economy can make a transition from a growth path driven by capital accumulation ('the Solow economy') to a growth path driven by knowledge accumulation (the 'innovation-driven' economy). In structural change, entrepreneurial ability has been accorded center stage. Murphy, (1991) provided a model that described firm's size and the growth of the economic as a function of entrepreneurial ability. Finally, an aspect of duality that is particularly pertinent to the debate on entrepreneurship in development is between the formal and informal sector (Maloney, 2004). De Paula and Scheinkman (2007) find that informal firms are often a form of 'evasive' entrepreneurship in order to evade taxes or regulations, or to engage in illegal trade. They also find that they are less efficient, less able to obtain finance, and more likely to be dominated by entrepreneurs of low ability.

Thus the informal sector is much like the traditional or subsistence sector in typical dual economy models, and growth may be enhanced by encouraging entrepreneurs of high ability to 'migrate' to the formal sector.

2.6 Empirical Review

The relationship between entrepreneurship and economic growth has been discussed extensively. Some authors reported positive relationship while others reported negative relations. For instance, Bosnia and Niels (2011), has used the level of regional productivity as a measure of economic performance of European countries. While the explanatory variables used were; entrepreneurship measured by nascent entrepreneurs on the one hand and on the other by 'entrepreneur High' which represents people who have started their business and have expected to have 10 or more employees in the next five years. Invention is measured by the number of patents.

Audretsch, David B. Bonte, Werner and Keilbach (2008) measured economic performance by two indicators: labour productivity and capital productivity. They employed as explanatory variables entrepreneurship measured by three indicators; entrepreneurship capital represented by the number of start-ups created, the entrepreneur 'High Tech' represents start-ups activities in high tech industries with Research and Development intensity above 2.5. The ICT represents the innovation activities in the ICT industries whose products are related to information technology. They also noted the important role of innovation in stimulation of economic growth by introducing the technical knowledge and innovation.

In the study of David M, Primo and William Scott Green 2008, economic performance is measured using two indicators; the first one is economic growth which refers to the variation percentage in real per capita income from one year to another, the second is the unemployment represented by the percentage of the active population currently unemployed. They supposed that entrepreneurship measured both by the self-employment level and by the proxy of innovator entrepreneur 'venture capital; is a major determinant of economic performance. They also used as control variables' gross national income per capital and GDP growth rate of previous year.

The study of Stam Erik, Hartog ChantaL Van Stel Andre and Thurik Roy, 2009, the dependent variable is measured by annual growth rate of real GDP, while the independent variables used are: the total Early Stage of Entrepreneurial Activity, ambitious entrepreneurs who expect to employ at least five employees in five years as, high growth rate companies, global competitiveness index and lagged growth value.

III. Research Methodology

Introduction

This chapter deals with method and procedures adopted by the research in seeking answer to the research problem. This chapter is discussed under the following headings.

3.1 Research Design

Research design refers to the planning of scientific inquiry (Nzelibe & Ilogu, 1996). The design adopted for the study was descriptive survey design because it concerned with collecting data and describing systematically the characteristics of entrepreneurship as a key to economic growth and development: a comparative analysis of six selected bakeries in Onitsha, Anambra State.

3.2 Population of the Study

The population for this study was made of six (6) bakeries in Onitsha, Anambra State. The population surveyed was bakery workers. The researcher used a census survey for the bakery worker that is all the bakery workers are surveyed. For a study of this nature, the universe of interest would comprise the totality of bakeries and their workers in Nigeria. Unfortunately, accurate statistics on the number of bakeries is not available because of non-availability of the information at Corporate Affairs Commission, Awka.

3.3 Sample and Sampling Techniques

The researcher adopted judgemental sampling method in selecting the respondents for this research work. The researcher used random sampling technique to select 74 staff from the six bakeries.

Source of Data

The data used for this research work obtained from two main sources and are discussed below.

3.4 The Primary Data: Primary data are data that are gathered from a direct experimentation or observation of phenomenon. Example of the instruments of primary data used by researcher includes questionnaire and oral interview methods. **Secondary Data:** These data existed in published form; such data were collected from textbook, magazines, journals, newspapers etc.

3.5 Research Instruments

The study used sample percentage for the raw data while chi-square (X^2) was used in analysing the fundamental hypothesis for by the sources of data both primary and secondary data are used in the research instrument.

3.6 Validation of Instrument

The rough draft of questionnaire which was taken to the supervisor who read and approved for typed and distribution. The draft copy of the questionnaire was vested by a communication expert and final one was submitted to the supervisor for criticism and approval out of which the clean copy was made from.

3.7 Method of Data Analysis

The demographic data and some others were presented using tables and cross tabulation, while the statistical tool used in testing the hypothesis is chi-square. The purpose of this is to determine how an observed set of data fits an expected set. The chi-square is a non-parametric technique that can be used for determining the probability that differences in the expected and observed number of cases failing in each cell of the cross tabulation occurred because of sampling variances. Chi-square test is used to determine whether some observed pattern of frequencies correspond to an expected frequency. It measures deviation in each category and compare the number or rate of deviation in the observation patterns.

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e}$$

Where FO = Observed Frequency

Fe = Expected Frequency

X - Summation

Degree of freedom (df) will be calculated as $df = (r-1)(k-1)$

Where R = Row

K=Column

The level of significant will be at 0.05 or 5

IV. Presentation, Analysis and Interpretation of Data Collected

This chapter present, interpret and analyse the data collected during the empirical investigation. This will be done under the following subheading.

4.1 Presentation and Analysis of Data

In order to answer the research question and find solution to the statement of problems in chapter one, data were collected on the formulated hypotheses. The collected data were presented and analyzed below,

Table 1: Name of Respondents Bakery

Bakeries	Bakeries	Percentage
Our Lady's Bakery	13	16.63
Jubilee Bakery	20	17.70
Stanel Bakery	13	18.23
Roman Hygiene Bread	13	18.23
Iruka Bread Industry	11	15.57
Magio Bakery	4	7.70
Total	74	100

Sources: Field Survey, 2018.

The table above indicates that 16.63% of the respondents were from Our Lady's Bread Industry, 17.70% from Jubilee Bread Industry, 18.23% from Stanel Bread Industry, 18.23 are from Roman Hygienic Bread Industry, 15.57% were from Iruka Bread Industry while 7.70% were from Magio Bakery.

Table 2: Respondents Years of Operation

Variables	No of Respondents	Percentage
1-6 years	4	5.40
7-12 years	6	8.11
13 years and above	64	86.49
Total	74	100

Source; Field Survey, 2018.

The above table indicates how long the bakeries in the industry have been in operation. 5.40% of the bakeries have spent a minimum of 6 years in the business, 8.11% spent a minimum of 12 years while 86.49% have spent above 13 years.

Table 3: Response on Whether there is Financial Problem

Variables	No of Respondents	Percentage
Strongly Agree	32	50.44
Agree	23	33.34
Undecided	-	-
Not Agree	22	16.22
Total	74	100

Source: Field Survey, 2018.

Table four shows that inadequate financing is the major problem faced by entrepreneurship in Nigeria. It was observed that 50.44% and 33.34% of the respondents reacted positively while 16.22% of the respondents reacted negatively to the research question.

Table 4: Response on whether the organization face the problem of raw material procurement

Variables	No of Respondents	Percentage
Strongly Agree	-	-
Agree	34	45.95
Undecided	-	-
Not Agree	40	54.05
Total	74	100

Source: Field Survey, 2018.

The above table indicates that entrepreneurship are facing insufficient raw materials. It was observed that 40 respondents declared they do not have enough raw materials while 34 respondents said they have enough raw materials. This means there is problem of inadequate raw materials in the country.

Table 5: The contribution of entrepreneurship to total economic system

Variables	No of Respondents	Percentage
Yes	54	72.97
No	20	27.03
Total	74	

Source: Field Survey, 2018.

The table above indicates that 54 respondents representing 72.97% agreed that entrepreneurship contribute effectively to the total economic system while 27.03% of the respondents stated otherwise.

Table 6: Response on the relationship between entrepreneurship and economic growth

Variables	No of Respondents	Percentage
Yes	68	91.89
No	6	8.11
Total	74	100

Source: Field Survey, 2018.

The table above shows that 91.89% of the respondents agreed that there is a relationship between entrepreneurship and economic growth while 8.11% of the respondents have a contrary view.

4.2 Test of Hypotheses Hypothesis One

H01:There is no significant relationship between entrepreneurship and economic development

Table 7: Contingency table for hypothesis one

Variables	No of Respondents	Percentage
Yes	54	72.87
No,	12	16.22
No Idea	8	10.18
Total	74	100

Source: Field Survey, 2018.

$$\begin{aligned} \text{Expected frequency} &= \frac{\text{All Observed Frequencies}}{\text{Number of Observations}} \\ &= 74/3 = 26.7 \end{aligned}$$

Table 8: Chi-square table for hypothesis one

Fo	Fe	Fo-Fe	(Fo-Fe) ²	(Fo-Fe) ² /Fe
54	25	29	841	33.64
12	25	-13	169	6.6
8	25	-17	289	11.56
				51.96

$$X^2 = 51.96$$

For table value (X^2_t)

Df = K-1 @ 0.05 probability level

Where df = degree of freedom

K = no of cases

1 = constant

Therefore, df = 3-1 =2

Therefore, $X^2_t = 5.99$

Decision Rule

Null hypothesis (Ho) should be rejected and alternative hypothesis (Hi) accepted if the calculated value of chi-square is greater than table value of chi-square. The reverse should be the case if X^2 is less than X^2_t . In this instance, X which is 51.96 is greater than X^2_t which is 5.99. The null hypothesis is rejected while alternative hypothesis (Hi) is accepted. We then conclude that entrepreneurship provides opportunity in the economy.

V. Summary of Findings, Recommendations and Conclusion

Summary of Findings

The following are the findings from the data analysis carried out:

1. Entrepreneurship contributes to the total economic system through providing employment for both skilled and unskilled labourers.
2. Entrepreneurship has significant relationship with economic development. The analysis shows that the level of entrepreneurship practice in an economy goes a long way to determine the level of development of the economy.
3. That most entrepreneurs face the problem of loan in respect to expansion, and that financial problem is the major faced by most entrepreneurs.

Conclusion

The preparedness of advanced countries shares in the locally operating transition, deriving implicitly or explicitly from facts so far adduced. To put it succinctly here, Nigeria would be made to know and strive, even in the absence of physical violence through a mere concentrated strategy of western industrial nations in the main of cutting off Nigeria from its usual foreign sources of loans, of acquisition of assembly and spare parts and other industrial inputs including technical and managerial expertise and counselling on the one side and from more.

Recommendations

The researcher recommends the following so as achieve credit self- reliance through small scale enterprise.

1. **Credit:** The availability of credit to small firms can often be increased by raising interest rate ceiling and permitting a spread that makes it worthwhile for banks to hand to small scale enterprise or by increasing the number and range of intermediaries' foreign exchange for investment.
2. **Imported Raw Materials:** Use of locally made raw materials should be encouraged in respect to high use of imported raw materials.
3. Minimizing under capitalization and to enhance managerial and technical expertise as well as to create a favourable atmosphere for entrepreneurship.
4. Supervision of small scale projects after loans have been obtained has to be emphasized. Responsibility of lending financial should not end with the sanction and disbursement of loans.
5. Market: Often barriers to the trading companies which market the products of small scale enterprises exists and should be removed so that export market can be tapped more fully by ensuring that small scale enterprises benefits from import duty rebates.

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