Good Governance as an Innovation Trigger-An Assessment of Nigerian Entrepreneurship

Jooji, Innocent Tyomlia
Department of Political Science and Diplomacy
Veritas University Abuja

Abstract

Human potentials may come by way of natural talents; however, they require conducive environments to unlock. This is where good governance becomes inevitable. This paper examined the extent to which the governance offered in the Nigerian system, has encouraged innovation and entrepreneurship among the citizens of this most populous black nation on the globe. Data obtained from secondary materials-books, periodicals, journals, the internet etc. was analyzed using content analysis. The theory of entrepreneur By Chandeller (1958) was adopted as the theoretical framework of the study. Results from the analyses revealed that government has not lived up to its responsibility of providing the necessary environment conducive for innovation and entrepreneurship. The paper recommends major reforms in the public sector to enhance innovation.

Keywords: Governance, Good governance, Innovation, Entrepreneurship, Conducive environment.

Corresponding Author: Jooji, Innocent Tyomlia

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Background to the Study
Good governance revealed by responsiveness to the needs of citizens defines a good government. “Good governance became the buzzword in explaining good economic performance as well as the well-being of a society during the last decades” (Berthelier, 2003). It is assumed that since government is in the lead for entrepreneurial development, it should provide the much-needed resources within its capacity. Such resources include- provision of environment conducive to business that will promote entrepreneurship. Government policy in this context is any course of action which aims at regulating and improving the conditions of small and medium-scale enterprises (SMEs) in terms of supportive, implementation and funding policies by government. Against this backdrop, government policy as it relates to entrepreneurial practice is targeted at encouraging entrepreneurship by creating a favourable environment for the entrepreneurs. This, it does through the enactment of guidelines that will regulate entrepreneurial activity generally for the reason that entrepreneurship is the bedrock of a nation’s path to industrialization. Thus, government needs to enact policies that would be user-friendly to the entrepreneurs. It is argued that, there is a need for government policies as they relate to entrepreneurship to be successfully implemented irrespective of which administration is in power in order to achieve the goals of the guideline which often times is always lacking (Pals, 2006)

Oni and Aniya (2012) stated that “Governments of most countries especially developing countries have in the past invested so much efforts and resources in establishing policies intended to uplift entrepreneurship.” Cases in point are in “China, Brazil, Saudi Arabia, Malaysia and Nigeria (Info Dev, 2010). Over the last decades, Nigeria has undergone a conceptual reorientation of social policies followed by dramatic changes in institutional mechanisms traditionally akin to social policies. Bello (1995), and Damachi (2003), observe that, “all Nigerian post-independence National Development Plans and National Budgets emphasize employment generation and promotion of gainful employment among their cardinal objectives”. Nigeria is faced with several development challenges and it is believed that investment in entrepreneurship will help enhance the country’s development status.

Statement of the Research Problem
An enduring claim in the field of entrepreneurship is that entrepreneurial activity promotes economic growth and development. Accordingly, the Federal Government has adopted several strategies and policies towards entrepreneurial development in Nigeria by establishing institutions and agencies, which provide support services to entrepreneurs. The rate at which these policies and strategies enhance skill acquisition and job creation has not been significant enough. The implication is that creativity, innovation and entrepreneurship have not received the desired boost for which such measures were designed. Therefore, the extent of the effectiveness of these measures which are clear manifestations of the role of the federal government in entrepreneurship development needs be assessed. It is on this premise that this paper seeks to assess the role of government in entrepreneurship development in Nigeria.

Objectives of the Study
The broad objective of the study is to assess the role of the Nigerian Federal Government in entrepreneurship development in the country. Specifically, the study seeks to:
1. Examine the extent to which federal government policies on entrepreneurship development are relational in nature
2. Ascertain how much all industry sectors are incorporated in the policy formulation

Research Questions
Answers will be provided to the following questions:
1. How relational in nature are the government policies on entrepreneurship?
2. To what extent are policies on entrepreneurship holistic in approach?

Literature review

Concepts

Governance: The English word governance derives from Latin and ancient Greek and originally meant control, guidance and manipulation. Its meaning had long overlapped with the word government and was mainly used to refer to administrative and political activities related to national public affairs. Stoker(1999) observes that, governance recognizes the capacity to get things done without relying on the power of the government to command or use its authority. In public affairs management, there are other management tools and techniques and the government has the responsibility to use them to steer and guide public affairs. In a research titled, “Our Global Neighborhood, the commission of Global Governance defined governance as, “the sum of the many ways individuals, and institutions, public and private, manage their common affairs”. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken.

Good Governance: Good governance is the active productive cooperation between the state and citizens, and the key to its success lies in the power participating in political administration. Only when citizens have sufficient political power to participate in elections, policy-making, administration and supervision can they prompt the state and join hands with it to build public authority and order. Apparently, democracy is the only practical mechanism that can safeguard the fully free and equal political power owned by citizens. Hence, good governance is organically combined with democracy. In an autocratic system, it is possible to have good government when the system is at its best, but it is impossible to have good governance. Good governance can only be achieved in a free and democratic political system, as it cannot emerge without freedom and democracy. Good governance has eight (8) major features. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. In the views of Manguella (n.d), “good governance implies presence of rule of law, safeguard of human rights, and existence of honest and efficient governance, accountability, transparency, predictability and openness. In a related development, Johnston (2004), defines good governance as, “a competent management of a country's resources and affairs in a manner that it is open, transparent, accountable, equitable and responsive to people's needs”.

Innovation: This is a term that is typically understood as the introduction of something new and useful, e.g. introducing new methods, techniques, or practices or new altered products and
services. Recent authors point out that invention – the creation of new tools or the novel compilation of existing tools - is often confused with innovation. Many products and service enhancements may fall more rigorously under the term improvement. Change and creativity are also words that may often be substituted for innovation. Much of the current business literature blurs the concepts of innovation with value creation, value extraction and operational execution. In this context, an innovation cannot be an innovation until someone successfully implements and makes money on an idea. Innovation occurs when someone uses an invention- or uses existing tools in a new way – to change how the world works, how people organize themselves, and how they conduct their lives. In the context of an organization, a convenient perception of innovation may flow as presented by Luecke and Katz (2003) as, “…the introduction of a new thing or method…, the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services”

Innovation typically involves creativity, but is not identical to it: innovation involves acting on the creative ideas to make some specific and tangible difference in the domain in which the innovation occurs. For instance, Amabile, Conti and Heather (1996), propose: all innovation begins with creative ideas….we define innovation as the successful implementation of creative ideas within an organization. In this view, creativity by individuals and teams is a starting point for innovation; the first is necessary but not sufficient condition for the second. For innovation to occur, something more than the generation of a creative idea or insight is required: the insight must be put into action to make a genuine difference, resulting for example in new or altered business processes within the organization, or changes in the products and services provided.

Further characterization of innovation is as an organizational or management process. For instance, Davila, Epstein and Shelton (2006), writes that, ”innovation, like many business functions, is a management process that requires specific tools, rules and discipline”. By this perception, the emphasis shifts from the introduction of specific novel and useful ideas to the general organizational processes and procedures for generating, considering, and acting on such insights leading to significant organizational improvements in terms of improved new business products, services, or internal processes.

Entrepreneur
The word, “entrepreneur” originated with the French word, “entreprendre”, which means “to undertake”. The Merrian Webster Dictionary defines an entrepreneur as one who organizes, manages, and assumes the risks of a business or enterprise. A renowned 20th century economist Joseph Schumpeter, expanded the definition as, an innovator who implements change in an economy by introducing new goods or new methods of production. Schumpeter emphasized the beneficial process of creative destruction in which the introduction of new product results in the obsolescence or failure of others.

Entrepreneurship
In their report, “Entrepreneurship in American Higher Education”, the Kauffman Panel on Entrepreneurship Curriculum in Higher Education (2018), defined entrepreneurship as, “the
transformation of an innovation into sustainable enterprise that generates values… entrepreneurship merges the visionary and the pragmatic" The implication is that the education of entrepreneurship is the exposure to and understanding of the skills, knowledge and process of innovation and new venture creation. The Babson College definition defines entrepreneurship as, “a way of thinking and acting that is opportunity obsessed, holistic in approach, and leadership balanced”. Students in their entrepreneurial program, “develop a broad-based entrepreneurial skill relevant to any organization- start-up, established, and for and not-for profit-in an industry” (Babson Website.)

Literature Review
There is a plethora of studies on government role and entrepreneurship development in Nigeria. For instance, Metu and Nwokoye (2014), conducted a study on Entrepreneurship development in Nigeria; prospects and challenges. The paper underscored the importance of policy formulation in entrepreneurship development in Nigeria as well as the importance of entrepreneurship in reducing the ever-growing rate of unemployment in Nigeria. The methodology adopted is the narrative-textual case study (NTCS); it is a social science research method which relies on information and data from several sources for problem identification and problem solving. In the paper's opinion, entrepreneurship is lacking in Nigeria due to certain challenges ranging from epileptic power supply, lack of genuine support for those intending to start up a business, lack of strong-willed power to take risk. All these and more inhibit entrepreneurship development and create unemployment. Thus, the paper concludes that government policy on entrepreneurship should be more robust and that government should create conducive business environments to enhance entrepreneurship development and reduction in youth unemployment.

Oyekunle and Usman (2017), investigated the moderating role of government policies on the relationship between technology, innovation and entrepreneurship development in Nigeria; a partial least square approach. The objective of the study was to identify the role of government policies on the relationship between innovation, technology and entrepreneurship development in Nigeria. Questionnaire were distributed to small and medium scale enterprises (SMEs) in Osun state. Structural equation model was used to analyze data using Panel Least Square Method (PLS.3). The results showed that a positive significant effect was found between government support, innovation and technology on entrepreneurship development. Government policies were found to be the most explanatory variable of the study having the highest effect on the entrepreneurship development. Therefore, the study recommended that government should enact policies which will encourage and promote the use of technology and support innovative ideas to bring economic growth through entrepreneurship development.

Idam (2014), carried out an empirical investigation on Entrepreneurship Development in Nigeria. The paper observed the increasing interest of researchers and policy makers in entrepreneurship and its link with economic development. It is also noted that a good number of studies have established positive relationship between entrepreneurship and employment generation, poverty alleviation and economic development. The paper gave this interest as the
reason for government policies in the past three decades at addressing the problem of unemployment through policies to enhance entrepreneurship. Having observed the failure of such policies to achieve the desired results, the paper attempted to identify the causal factors that have militated against the effectiveness of government efforts at entrepreneurship development. Thus, major government programs were examined to identify inherent weaknesses. Supported by empirical and theoretical literature, the paper asserts that the treatment of all small businesses as entrepreneurial constraints to the development of entrepreneurship in Nigeria and other developing economies, as policies and programs are implemented across board. It canvasses a distinctive categorization to distinguish entrepreneurial firms from non-entrepreneurial small businesses and the development and implementation of policies and strategies that are suitable for each class of small businesses. While all small businesses need support, entrepreneurial firms need higher level of support to enable them play their catalytic role in employment generation and economic development. The study, also recommends that other challenges identified by empirical studies which militate against the development of small businesses, entrepreneurial and non-entrepreneurial, should be properly addressed. These include environmental hazards, infrastructural inadequacies, high level of insecurity, and the incidence of wide-spread corruption.

Theoretical Framework
The Study adopts the theory of Schumpeter (1999). In this theory, Schumpeter (1999) views entrepreneurship as innovation and not initiation. This innovator as an economic and social leader does not care much about economic profits and only the joy he gets from being an innovator and a server to his society. Thus, Schumpeter's entrepreneur is an innovator in the entrepreneurship arena. In the Schumpeterian theory, the entrepreneur moves the economy out of the static equilibrium.

Sources of Data and Analysis
Data source from secondary materials are hereby analyzed by content analysis in the following sequence:

Research Question One (1): How relational in nature are the Nigeria Federal Government policies on entrepreneurship.

Sometimes, government policies do not adequately address the needs of certain sectors of the economy. As a result, such policies may not be very effective. In Nigeria, entrepreneurial forces are relatively strong as lack of jobs and a rise in poverty leave few other options for the Nigerian people. Governments in Nigeria, “have put in place confidence for building successful programs in different parts of the country” (Owualah, 1999). In this regard, the Federal Government plays key role towards entrepreneurial development in Nigeria. The policy implementation saw the introduction of entrepreneurship programs (EDP) in Nigeria. “these programs are usually targeted at owner-managers of small business firms as well as those identified to possess potentials for self-employment” (Owualah, 1999). For instance, participants in Nigeria’s National Directorate of Employment (NDE) and similar programs in the country are expected to undergo EDP training. According to Amaeshi (2015), this usually include entrepreneurial tools which range from the preparation of a business plan with
emphasis on finance, marketing, management and production, identification of new business opportunities, alternative suppliers and market, sources of finance, cash flow analysis and record keeping to training people to think and act in an entrepreneurial way.

The Federal Government Roles in boosting entrepreneurship development in Nigeria are made manifest in some selected programs as follows:

**Bank of Industry (BOI):** This institution was established by the Federal Government of Nigeria in 2000 through a merger of the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry (NBCI) and National Economic Reconstruction Fund (NERFUND). “BOI combines the functions originally performed by the three merged institutions (Central Bank of Nigeria, 2001). NERFUND was specifically established to provide medium and long term credit to small and medium scale enterprises.


The framework provided for the transformation of former community banks to unit microfinance banks on meeting specified requirements aimed at solving the problem of urban bias and provision of affordable financial services to small scale businesses and active poor, to create employment opportunities, increase their productivity and uplift their standard of living (Central Bank of Nigeria, 2011).

**The National Directorate of Employment (NDE):** This agency was legally empowere by NDE Act, CAP250 of the law of the Federal Republic of Nigeria. It has the responsibility to design and implement programs to combat mass unemployment in Nigeria. Its programs include – vocational skills acquisition training, employment counseling and job linkage, entrepreneurial training and enterprise creation, amongst others.

**Small and Medium Enterprises Development Agency of Nigeria (SMEDAN):** The agency was established by the small and medium enterprises development Agency Act of 2003. It had the mandate to stimulate, monitor, and coordinate the development of micro, small and medium enterprises (MSME’s) in Nigeria, by initiating and articulating policies, programs, instruments and support services for the development of MSMs subsector.

**Establishment of Entrepreneurship Development Centres (EDCs):** The National Entrepreneurship Development Centres was established in a bid to provide institutional support for the development of entrepreneurship. This centre has also been established in the nation’s tertiary institutions where entrepreneurship has become a compulsory course.

**Youth Enterprise with Innovation in Nigeria (YOUWIN):** This initiative of the Federal Government of Nigeria aims at developing entrepreneurship in Nigeria. It is defined as “an innovative business plan competition aimed at job creation by encouraging and supporting aspiring entrepreneurial youths in Nigeria to develop and execute business Ideas” (YOUWIN, 2013).
These programmes outlined above indicate the role and efforts of the Federal Government in Nigeria towards the enhancement of entrepreneurial development in the country. The programmes have been carefully articulated in relation to the needs and yearnings of business (small, medium and large) to enhance creativity, innovation and entrepreneurship. The study by Idam (2014) provides a strong empirical evidence of government's role in encouraging entrepreneurship. The paper asserts that “the treatment of all small business as entrepreneurial, constrains the development of entrepreneurship in Nigeria and other developing countries, as policies and programmes are implemented across board”.

**Research Question Two (2):** To what extent are the Nigerian Federal Government policies on entrepreneurship holistic in approach?

Following the sixty-ninth session of the United Nation's General Assembly (2014) on “Entrepreneurship for development”, the report by the Secretary General was presented highlighting the need for countries to adopt the Entrepreneurship Policy Framework and Implementation Guidance prepared by the United Nation's Conference on Trade and Development. The framework which is structured around six priority areas, stressed the importance of a holistic approach towards a coherent policy that connects different areas of private sector development. It highlighted recent efforts to develop entrepreneurship policy through a bottom-up approach, building on inputs from sub-national regions, cities and all types of communities as well as on institution-building and the participation of a broad spectrum of stakeholders in policy making.

It is heartwarming to note the observation in the report that, in an effort to strengthen their local productive capacities, several countries including Costa Rica, the Dominican Republic, Nigeria and Singapore, have adopted a holistic approach to entrepreneurship policy development. This has resulted in a coherent policy approach that interlocked different areas of private sector development including industrial policy, investment promotion, trade facilitation, export promotion, small and medium-sized enterprise promotion as well as fiscal policy. The report went further to give examples of programmes to support entrepreneurship to include: Ecosystem development, high-growth enterprise development, the startup movement, and the UNCTAD entrepreneurship Policy Framework and Implementation Guidance. In this vein, the Nigerian Government revisited its national policy on small and medium-sized enterprises and its entrepreneurship strategy following a review process led by the Federal Ministry of Trade and Investment. The trade policy reflects recommendations made by UNCTAD.

Empirical studies on the role of government on entrepreneurship development in Nigeria abound. In the study of government policies and entrepreneurship development in Nigeria, Erinnne (2017), highlighted the fact that government entrepreneurial development policies have immensely improved entrepreneurial organizations which have in turn contributed a lot towards economic and national development especially in the areas of reducing unemployment and generating income. The paper observed that most important incentive given to entrepreneurs by government is finance. It however, observed that challenges also exist in the areas of technical and managerial know-how, employee training and development,
inadequate infrastructure. In a related development, Osiemeke (2012) investigated, “Entrepreneurial Development and Interventionist Agencies in Nigeria”. The paper examined the critical stages or spheres of development required of the entrepreneur in order to enable him perform his strategic functions in the organizational strategic movement in Nigeria. It posited that, though, there is widespread knowledge of the efficacy of entrepreneurial development mix, integrated entrepreneurial development efforts indicate that several of the institutions established by government concentrated on a partial approach to entrepreneurial development in Nigeria.

Perhaps, the most clearest and concise presentation of the role of the Federal Government in entrepreneurship development in Nigeria is manifest in the paper presentation by Igun (2016). The paper summarizes and itemizes government's role as follows:

Entrepreneurship ecosystem within which entrepreneurship operates includes government programmes and services which promote entrepreneurs. Entrepreneurship resources include:

a) Business incubators and seed accelerators,

b) Entrepreneurship education

c) Training and

d) Financing (e.g. loans, venture capital financing, and grants)

1. Governments at all levels are known to facilitate the promotion of entrepreneurship in Nigeria.

2. The agencies of government established to promote entrepreneurship, can be classified according to the following roles-

a) Participatory

b) Regulatory and

c) Facilitatory

3. Participatory Agencies who provide goods and services that are subsidized in a bid to encourage entrepreneurship include, PHCN, NEMA, FERMA, FAAN.

4. Regulatory Agencies- mandated for regulating business through inspections and testing include standards organization of Nigeria (SON), National Agency for Food and Drug Administration and Control (NAFDAC), Federal Environmental Protection Agency (FEPA), National Drug Law Enforcement Agency (NDLEA).

5. Facilitating Agencies whose functions may or may not include specialized funding to facilitate the establishment of Micro, Small and Medium Enterprises. (MSMEs)

a) The Industrial Training Fund (ITF)

b) Bank of Agriculture (BOA)

c) Industrial Development Centre (IDC)

d) National Directorate of Employment (NDE)

e) Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).

Others are NAPEP, NEPC, etc.
All agencies above have existed for decades. Their existence conforms with the UNCTAD framework for the promotion of entrepreneurship and sustainable development.

Findings
The analyses in this study have led to some interesting revelations.

1. There is the global consensus that entrepreneurship development would enhance the process of sustainable development. This is due to the fact that it is capable of job creation and reduction in the level of unemployment, poverty alleviation, food security, etc.

2. Due to its potential benefits, the need to enhance entrepreneurship development has led to the evolution of framework for entrepreneurship development by the United Nation’s Conference on Trade and Development (UNCTAD)

3. Countries like Nigeria, Costa Rica, Singapore are known to have keyed into the framework and ensured the alignment of most of their entrepreneurship and developmental policies in this regard.

4. Government role in advancing the course of entrepreneurship in Nigeria are manifested in the entrepreneurship policies and strategies which gave rise to the establishment of agencies like, the Bank of Agriculture, NAFDAC, NDE, FEPA, NEMA, etc., to mention but a few. These policies and agencies function in various complementary capacities as participatory, regulatory, facilitator, financial, etc. In their functions, they ensure the involvement of all stakeholders at various levels as well as cover all sectors of the economy, ensuring a holistic approach to entrepreneurship development.

5. The above policies and agencies would not have come into being in the absence of good governance in trying to address the needs of its citizenry, ensures the adequate participation of all stakeholders in the policy making process to evolve a robust, holistic and relational programmes for overall improvement.

6. It is on record that the role of the Federal Government in entrepreneurship development has led to a general improvement in the economy and not only on entrepreneurship.

Conclusion
Governance recognizes the capacity to get things done without relying on the power of government to command or use its authority. Governance is good when it involves the active productive cooperation between the state and citizens, and the key to its success lies in the powers of participation in decision-making. This scenario often plays out across countries in their quest to achieve better living conditions for its citizenry. In recent times, to a large extent, developing countries have adopted this approach in addressing the challenges facing them. Unemployment has constituted one of such challenge and nations have come to realize that one effective way of tackling this menace is through entrepreneurship development. Due to its potential benefits, entrepreneurship development has caught the attention of the global community and the United Nations as an organization has been on the forefront of finding a lasting solution to the problem. The organization has used the medium of the United Nations Conference on Trade and Development to introduce an entrepreneurship development
framework which countries like Nigeria have adopted whole and entire. The adoption of the framework has enabled the country to enunciate policies and strategies to stem the tide of rising unemployment through entrepreneurship development. Thus, agencies like NAFDAC, NDE programme, Bank of Agriculture, etc have been reeled out to boost small and medium-sized enterprises which now constitute the outlet valve from rising unemployment. In as much as few studies reveal the partial approach to entrepreneurship development in Nigeria by the Federal authorities, many other studies uphold that the approach has so far been holistic and comprehensive- a fact to which the global body has attested.

Recommendations

1. The Nigerian democracy should be enhanced to ensure an improvement in governance since this is the beginning of mass participation in every decision/policy making.
2. The fact that Nigeria has been listed alongside Costa Rica, Singapore, etc as countries that have adopted the global framework for entrepreneurship development should not be taken for granted. There should be a regular revisit of her policies and programmes to fine-tune them to meet with emerging realities.
3. Funding to various agencies should be improved to enable them function at optimal capacity.
4. Training of personnel of these agencies must be improved upon for maximum performance.
5. Sustainable entrepreneurship development necessitates robust, relational and holistic approach. There is no limit to what can be achieved through sustainable and holistic policies. Governments should make effort to make its policies more relational and holistic.
6. Food security is a vital component of sustainable development. It is a springboard to the attainment of other goals and government should make it a priority within priorities.


