

Analysis Of Critical Factors Influencing Entrepreneurial Development: Experience From Entrepreneurs In SMEs Section Of Nigeria

Akande Olusola O. (Ph.D.)

Department of Management and Accounting,
Faculty of Management Sciences,
Ladoke Akintola University o Technology,
Ogbomoso, Oyo State, Nigeria

Abstract: *This study examined the critical factors Influencing Entrepreneurial Development in oyo state, Nigeria. Both Primary and secondary data were employed in this study. A total of two hundreds (200) questionnaires were distributed amongst the selected Entrepreneurial in SMEs section of oyo state purposively. but only one hundred and fifty (150) were filled-in and returned, representing 75% of total questionnaire distributed. Data collected were analysed using descriptive statistical tool like Table, Percentage, Standard Deviation and Ranking Mean while the formulated Hypothesis were tested through Regression Analysis. The result of tested hypothesis indicate that Entrepreneurial development is significantly related to all identified factors. the result also show that there is significant difference in the effect of factors influencing entrepreneurial development in Oyo state, Nigeria with ($R^2 = 0.97\%$; $Adj R^2 = 96\%$; $P < 0.05$). Based on the finding it was recommended that Entrepreneurs in Oyo state should adapt its strategies to a rapid change of business Environment and Government, Non-Governmental Organizations should have a responsibility to facilitate entrepreneurs in terms of necessary capital required to enhance entrepreneurial developments in the nation.*

Keywords: *Entrepreneurial development; Entrepreneurs; National Policy on Business Classification; SMEs*

I. INTRODUCTION

Attainment of development for any nation base on industrialization, gainful and meaningful employment because these are the important indices used as a measurement of economic development. Nigeria is naturally endowed with entrepreneurship opportunities; however the realization of the full potential of these opportunities has been dampened by the adoption of inappropriate industrialization policies at different times. Several policy interventions that were aimed at stimulating entrepreneurship development via small and medium scale enterprises promotion, based on technology transfer strategy, have failed to achieve the desired goals as it led to the most indigenious entrepreneurs becoming distribution agents of imported products as opposed to building in-country entrepreneurial capacity for

manufacturing, mechanized agriculture and expert services (Thaddeus, 2012). Moreover, studies by UNIDO-Nigeria, 2012 show that Micro, Small and Medium Enterprises (MSMEs) has the propensity to drive the Nigerian Economy, and data reveal that there are currently over 17 million MSMEs employing over 31 million Nigerians. MSMEs account for over 80% of enterprises that employ about 75 % of the Nigeria's total workforce, and therefore formulating and effectively implementing MSMEs friendly policies represents innovative ways of building the capacity to engage in entrepreneurial activities and creating job opportunities thus, playing a central and valuable role in helping Nigeria realize its quantity advantage.

Nigeria has been faced with multifaceted problems ranging from low capacity utilization, massive graduate unemployment, poverty, insecurity, collapse of infrastructural

facilities and poor macroeconomic policy management. There is no doubt; Nigeria is blessed with abundant human and natural resources which could have been used for its economic growth and development. However, with enduring corruption, the nature of the economy culture and the dominant role of the public sector, the country lost open opportunities for growth and development. The prevailing economic situations in Nigeria and other developing countries is enough to make its citizens see the benefits of looking inwards in terms of setting up businesses that will generate jobs and increase revenue generation. Unemployment in Nigeria today is no respecter of the educated or uneducated thereby making entrepreneurial development an important phenomenon for economies that are ready to move on. Emerging economies like China, India, Malaysia and Indonesia recorded enviable successes in the 90's because they rated entrepreneurial development as an engine of economic transformation.

Entrepreneurship is fast becoming the household name in Nigeria. This is as a result of the fact that the so called white collar jobs that people clamor for are no longer there. Even the banks and the manufacturing industries known to be the largest employers of labor are now the down turn following the consolidation crises and fraudulent practices of the high and mighty in the sector. The companies are folding up as a result of erratic power supply, insecurity, and persistent increase rate which has led to high cost of production and this undermines their profit making potentials. This has resulted in massive unemployment which is detriment to the economic development in the country. Entrepreneurship as to do with dynamic process of creating incremental wealth (Shailesh et al., 2013). This wealth is created by individuals who take the major risks in terms of equity, time and carrier commitment of providing value to some product or services. Whereas entrepreneurs are individuals or persons, entrepreneurship is a process. Entrepreneurs are often both owners and employees and a considerable number of them are Owners or Managers of small and Medium business. Entrepreneurs are risk takers, creative, innovative, independent, hardworking and possess other qualities that are driving force behind any entrepreneurial activities in the economy.

Furthermore small and medium scale enterprise has been recognized as a feeder service to large-scale industries (Fabayo, 2009). In Nigeria in particular, despite the support and incentive programs to small and medium scale enterprises, Akabueze, (2002) succinctly stated that it would seem reasonable to expect that small and medium enterprises would grow and flourish, but the rate of business failure continues to increase because of the obstacles affecting business performance which include: lack of financial resources, lack of management experience, ineffective laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. Others include: handicap in obtaining finance, inadequate competent personnel, inability to control costs and problems of dumping of cheap foreign products, limited access to long-term capital, poor partnership spirit, dearth of requisite managerial skills and capacity, over-dependence on imported raw materials and spare parts, and inefficiency in the administration of incentives that discourage rather than promote Entrepreneurship,

dwindling consumer purchasing power, incidence of multiplicity of regulatory agencies and taxes that have always resulted in high cost of doing business and poor corporate governance and low entrepreneurial skills arising from inadequate educational and technical background for many SME promoters (Nwachukwu, 2012; Akande 2010).

STATEMENT OF THE PROBLEM

Despite all the abundant natural and human resources, Nigeria is still falls far short of the economic and social progress required to impact the well being of the average Nigerian given that over half of Nigeria's population live on less than one dollar a day. In addition, Nigeria remains off track on achieving the Millennium Development Goals (MDGs), including the goal of reducing the number of people who live in extreme poverty. The economic reforms have not been sufficient to reverse years of economic decline, deteriorating capacity, weakened institutions and inadequate infrastructure investment while the recent dramatic stock market decline and banking crisis, and the global economic crisis have accentuated the situation (Oteh, 2009). The relevance of entrepreneurial development in Nigeria cannot be overemphasized especially in a period where the prices of oil in the international market keep falling considering Nigeria's over dependence on oil as major source of foreign earnings. Therefore, there is still a need to inquire more into the causes of poor entrepreneurial development and to identify those factors as well as finding a lasting solutions to those challenges facing the SMEs sectors in the country. Although, Federal Government Administration have often said that if industrial and productive enterprises, particularly SMEs, have responded positively and appropriately to the various interventions, incentives schemes and support systems put in place by Governments, the scale of industrial output and capacity utilization, and hence the performance of the sub-sector, should have been higher than the current position. On the other hand, a section of the organized private sector contends that the various policies, incentives and strategies, so far put in place for the industrial sector, have either not been implemented or have been inconsistent or are inappropriate, to address the problems of the SMEs sub-sector, or to stimulate growth and enhance performance of the SMEs. The effectiveness of all these policies on Entrepreneurial Development worth exploring. This paper remains germane by investigating the strategic factors affecting entrepreneurial development in Oyo State, Nigeria with a view to proffer solution to the problems and posing the following questions:

- ✓ What are the critical factors influencing Entrepreneurial development?
- ✓ Is there any significant difference in the effect of these factors on entrepreneurial development?

The following Null hypotheses will be tested to achieve the objectives of the study H_0^1 : There is no significant difference in the effect of factors influencing Entrepreneurial development.

II. LITERATURE REVIEW AND CONCEPTUAL UNDERPINNING

There is a growing trend of global acceptability of Entrepreneurship as enhancer-factor toward economic growth through deployment various micro, small and medium entrepreneurs.

Entrepreneurship is the act of being an entrepreneur or "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods" (Shane, 2003). Agu (2010) posits that entrepreneurship can be viewed from different perspectives. Most time when we talk about entrepreneurship people think we talk straight about business. They believed that outside business there is no entrepreneurship but that is not true. For instances, there is entrepreneurship in the school, because a teacher can be an entrepreneur. There is entrepreneurship in religion, because a priest can be an entrepreneur. There is also an entrepreneurship in business. Again even when we come into this issue in reality, some people believe generally that there are no entrepreneurs in Nigeria. Many believe that what we have in Nigeria and some others Asian countries are creative imitators not entrepreneurs. They are creative imitators because they think and consider only those who are inventing and they are those qualified to be called entrepreneurs. Others are saying that those who are inventing and those innovating, that is, those that are taking this invention to the market are those qualified to be entrepreneurs. In that regard, if you are not in these two categories you are actually not supposed to be called an entrepreneur. Countries like ours and in fact the merging market in Africa and some Asian countries actually are not classified based on that definition. Business people from these parts of the world are not called entrepreneurs but are rather called creative detectors.

According to Oteh (2009), an economist views entrepreneurship in the context of the combination of resources, labor, materials, and other assets such that their value is greater together than individually. From a management perspective, entrepreneurship would entail the introduction of a change, an innovation, or a new order. To a psychologist, an entrepreneur would be analyzed as a person typically driven by the need to obtain or attain a specific goal, to experiment, to accomplish, or perhaps to escape the authority of others. There is very little consensus on the definition of the term entrepreneur both within and across disciplines, most definitions nonetheless highlight qualities such as competitiveness, creativity, and the ability to grow a business (Wennekers & Thurik, 1999).

ENTREPRENEUR

Schumpeter in his theory of economic development perceived the entrepreneur as the mechanism for economic change. It was indeed Schumpeter who differentiated that the entrepreneur is not a manager who supervises the production process, carrying out routine activities on the basis of past experience without any exploration of change but one who risks uncertainty and engages in activities that have not been undertaken before. In other words, the entrepreneur is one who makes "new combinations" in production. An entrepreneur

then, is one who fills the role of an entrepreneur outside the organization. The entrepreneur dreams, invents, creates and figures out how to convert an idea or dream into a profitable reality. The entrepreneur is an agent of change and societal hope for tomorrow. This is a person who demonstrates the capability to see and evaluate business opportunities, to gather the necessary resources to take advantage of them and initiates appropriate actions to ensure success. The entrepreneur is action oriented, highly motivated and takes calculated or moderate risks to achieve goals.

Drucker (1985) defined entrepreneur as one "who always searches for change, respond to and exploits it as an opportunity. Specifically, Carland et. al. (1984: 358) defined an entrepreneur as: "an individual who establishes and manages a business for the principal purposes of profit and growth". However, a closer look reveals that the question could actually be stated as: "Why does an entrepreneur start a venture?" - which was stated as a failure of trait theoretic approaches in Gartner (1989: 47). Since the principal purpose of a venture is to add value through profit and growth, it has to be innovative to gain the so-called abnormal profit or economic rent that may simultaneously be a necessary condition for growth. Thus the answer to why question is clear-cut: an entrepreneur expects economic rents to be available in the future. Hebert & Link (1989: 47) concludes that entrepreneur is a person, not a team, committee or organization. Their view is that this person has some comparative advantage in decision-making either because he or she will have better information or different perception of events or opportunities. They also argue that entrepreneurial actions are performed in all societies by individuals whose judgment differs from the norm (Virtanen, 1996: 2).

ENTREPRENEURIAL DEVELOPMENT

Entrepreneurial Development has been conceived by successive government as a program of activities to enhance the knowledge, skill, behavior and attitude of individual and groups to assume the role of entrepreneurs. Taking this into consideration, they have put in place confidence for building successful program in different parts of the country Entrepreneurial Development aims to enlarge the base of entrepreneurs in order to hasten the pace at which new ventures are created. Entrepreneurial Development focuses on the individual who wishes to start or expand a business. Furthermore, it takes place within a framework of forces that constitute the system environment, which are either internal or external. A critical issue in the entrepreneurial development and growth is firm's ability to adapt its strategies to a rapidly changing system environment to which the entrepreneurs' role is critical to the success or failure of such firm Entrepreneurial success is simply a function of the ability of an entrepreneur to see opportunities in the market place, initiates changes (or take advantage of change) and create value through solutions.

DEFINITION AND NATURE OF SMALL AND MEDIUM ENTERPRISES (SMES) IN NIGERIA

From the available literature, there appears to be a lack of consensus on a single definition of small and medium scale

enterprises. Each definition has usually been made to suit a particular requirement of business and the level of industrial development of a particular country. The definition itself is thus used in relation to the objective of the business the analyst has in mind and the period in time.

There are three approaches to the definition of small and medium scale enterprises, that is to say:

- ✓ Quantitative measure, based on such things as employment and capital investment;
- ✓ Functional definition on the basis of characteristics; and
- ✓ Administrative control which determines the eligibility of business to Government patronage and other privileges.

Our approach shall, however, be to examine the three approaches with a view to suggesting an adaptable definition.

In Germany. Small and Medium Scale Enterprises is limited to two hundred and fifty (250) employees while in Belgium it is limited to one hundred (100) employees. Recently, the European Union (EU) has standardized the concept by categorizing enterprises with less than ten (10) employees as 'micro' and those with fewer than fifty (50) employees as 'small' while those with fewer than two hundred and fifty (250) employee as 'medium'. In the USA, any business with fewer than one hundred (100) employees is classified as 'small' while medium scale business refers to a business with fewer than five hundred (500) employees.

In Nigeria, According to (SMIEIS, 2005) defines SME as any enterprises with a maximum asset base of N200 million excluding land and working capital and with a number of staff employed not less than 10 or more than 300. The Industrial Research Unit of University of Ife, defined a small scale enterprises as "one whose total assets in capital equipment, plant and working capital are less than N50,000 and employing fewer than 50 full time workers. It includes a factory or a non factory establishment. It may or may not use motive power," and medium sized industry as "one investing not less than N50,000 but not more than N500,000 operating with motive power in a factory employing not fewer than 50 nor more than 250.

Ubong (2013), describe small scale enterprises as one employing 10-100 workers and medium scale enterprises as one employing 101-300 workers while micro or cottage is defined as one employing 1-10 workers. Ubong further identified measurements or criteria for determining and classification of small and medium enterprises as follows:

- ✓ value of capital – initial capital investment, plant and machinery, inventories, work-in-progress, land and building
- ✓ sales turnover
- ✓ value added – difference between sales and cost of purchased materials and supplies.

Ogunleye (2004), in another breath, accepted the need for differences in classification and definition of small and medium enterprises. He however pointed out that any differences in definition noticed between industrial sectors are ascribed to differences in capital requirements, while the differences among countries could arise as a result of levels of industrial development. Thus, what may be defined as SME (Small and Medium Enterprise) in a developed country may be regarded as LSE (Large Scale Enterprises) in a developing

country considering such parameters as capital investment and employment of labour. It is therefore important to realize that definition of SME (Small and Medium Enterprise) changes overtime, and even among developing countries. Olumide (2004) in the same vein concede to the differences in definitions and changes of such definitions over time and among countries. It may however be recognized that even though the definition and classification changes over time and among countries, the basic definitional parameters are the same; namely: the number of employees; assets base; turnover; financial strength as the definition and classification of SME (Small and Medium Enterprise) in any setting is a mix of these parameters varied by local factors, conditions and variables. In all the definitions given by these authors, Small and Medium Enterprises (SME) are identified to broadly cover production, buying, selling and provision of services, while Small and Medium Industries (SMI) are mainly concerned with manufacturing activities.

NATIONAL POLICY ON CLASSIFICATION OF MICRO, SMALL AND MEDIUM ENTERPRISES IN NIGERIA

The National Policy on Micro, Small and Medium Enterprises (2007), published by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), considered its classification and definition of SMEs from the point of view of national policy and posited that MSMEs may be classified by size, sector, organization, technology and location. It stated that these variables interact with one another in complex ways which must be recognized in understanding the nature, characteristics, performance, problems and challenges of business enterprises. The usual factors and criteria for classification and definition of SMEs include one or more of the following: - employment, turnover, assets, and paid-up capital. However, for the purpose of coherent national policy, it is necessary to establish a standard definition in order to provide a common object of reference by stakeholders. In view of the foregoing and based on assessment of existing national perspectives on the MSMEs, the National Policy on Micro, Small and Medium Enterprises adopted classifications and definitions based on dual criteria: employment and assets (excluding land and buildings), as follows:

S/NO	SIZE CATEGORY	EMPLOYMENT	ASSETS (N million)
(excluding land and buildings)			
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 – 49	5 less than 50
3	Medium enterprises	50 – 199	50 – less than 500

Table 1

The National Policy document provides that where there exists a conflict in classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7m) but employs 7 persons), the employment-based classification will take precedence and the enterprise would be regarded as micro. Employment-based classification, says the document, tends to be relatively more stable definition, given that inflationary pressures may compromise the asset-based definition. It is safe to assume that in choosing these definitions, the Policy makers would have taken into cognizance all possible factors, including international comparisons and peculiarities of the various sub-

sectors and enterprises groupings. From the foregoing, it is evident that no definite agreement has existed among writers, organizations or even countries on the definition of medium and small scale industries. It is also apparent that there exists a thin veil between what can be regarded as small and medium sized businesses especially when reference is made to upper limit of small scale and the lower limit of medium sized business. In the light of the foregoing, a small sizes industry is classified and defined as one investing not less than N5million but not more than N50million in assets excluding land and buildings and employing between 10- 49 persons while medium sized industry can hereby be defined as one investing not less than N50million but not more than N500million in assets excluding land and buildings and employing between 50- 199 persons.

FACTORS INFLUENCING ENTREPRENEURIAL DEVELOPMENT IN NIGERIA

The analysis in this Section is directed towards the problems that confront Entrepreneurs in small and medium business in Nigeria. The importance of analyzing the problems is to enable us understand the implication these will have on their growth, development and survival. Most of these problems affect the level of operation of the business as they are mostly not within the control of the industry. Therefore, understanding their nature is quite important as we geared towards the development of small and medium sized enterprises in Nigeria.

Some of the factors responsible for poor entrepreneurial development in Nigeria among others include:

- ✓ Inadequate infrastructural facilities.
- ✓ Lack of adequate security.
- ✓ Exposure to modern technology.
- ✓ Financial constraints.
- ✓ Problems with policies, incentives and operating environment.

INADEQUATE INFRASTRUCTURAL FACILITIES

Infrastructure facility refers to social overhead capital which the governments provide and are available to both the ordinary consumers and the industrial sector.

They include such things as:

- ✓ Supply of Electric Power.
- ✓ Water Supply.
- ✓ Good Post and Communication Lines.
- ✓ Transportation Systems.

The level of our business development ensures that most of the facilities required for smooth functioning of the sector are not there. For example, shortage of electric power, the timing of supply, which is usually erratic, and then high rates at which power is supplied lead to under-utilization of installed capacity. In fact, MAN in its half yearly report for 1999, reported severe energy crisis that prevailed during the year 1998 and 1999 and indeed even now. This factor, coupled with the fact that companies purchase their generating sets, increases the cost of production. This situation was earlier confirmed by Bulama (1985), that 88 percent of the small and medium sized industries provide their generating sets to

forestall power failure. Another aspect of this problem is the lack of industrial estates equipped with basic Infrastructure, such as Roads, Electricity, Water and Telecommunication. If Industrial Estates are provided, industrialists can lease portions of the Estates while on the other hand, money which could have been invested on infrastructure, can be made available for other uses. One advantage with industrial estates, as pointed out by Olusoga (1986), "is the elimination of the rather cumbersome process of land acquisition, and title perfection" which usually scare potential industrialists. As of now, most of the industries in Oyo State are scattered, and where they are localized, it is usually in the congested residential areas. The importance of the infrastructure to SME cannot be overemphasized.

LACK OF ADEQUATE SECURITY

No meaningful development can take place without a stable and safe environment and entrepreneurial development cannot be achieved in a chaotic environment and as such it is important for government to create enabling environment for the actualization of these. Once an environment is safe and habitable, expatriates will come into the country leading to adequate knowledge transfer and the inflow of foreign direct investment will be guaranteed.

EXPOSURE TO MODERN TECHNOLOGY

The extent of technological advancement of any country determines the success of entrepreneurs. Nigeria is said to be emerging technologically and once technological apparatus are in place to encourage the big and the small entrepreneurs, then it will be possible to move at a faster pace like China, Korea, Malaysia and Singapore.

FINANCIAL CONSTRAINTS

The small and medium sized industrialist needs funds for both expansion and working capital. It is obvious also that the company cannot satisfy this requirement without assistance from owners or some financial institutions. To obtain the necessary funds for expansion and working capital, SME will have to compete in the financial market with large and more reputable companies for funds. From the records, SMI are denied required funds /loans because of their doubtful ability to repay the loans in time, and where they could obtained the loan or finances, it is usually at higher costs. The peculiar problems of these industries have made them unattractive to banks which rather than meet the statutory minimum investment/lending to the sub-sector, prefer to pay the penalty for non-compliance enforced by the Central Bank. Besides, banks usually demand for collateral on any advance which sometimes the SME cannot provide.

Much as the SME have little chances with banks, it similarly cannot avail itself of the stock exchange. Firstly, it cannot meet the requirement of public ownership of its share, which is a pre-condition for operating on the Stock Exchange, and even if it can, the floatation costs will be enough deterrent.

It is in recognition of the importance of the medium and small industries that various Governments have been making

policy pronouncements on the problems of funding of this sub-sector. For example, the small scale credit guarantee scheme was set up in each State to give loans to small businesses with capital not exceeding N150,000 in machinery and equipment. The amount is to be used for expansion, working capital and establishment of new ventures. It is also in recognition of the difficulty in obtaining finance by this sub-sector that the Nigerian Industrial Development Bank and the Nigerian Bank for Commerce and Industry, were established with primary objective of making credit available to finance viable industrial and commercial projects. In January, 1989, the Decree establishing the National Economic Reconstruction Fund (NERF) to finance small and medium scale enterprises in the country was promulgated. To support the programme, the World Bank agreed to provide 270million dollars, the African development Bank 230 million dollars, and Czechoslovakia, 50million dollars while the Federal military Government and the Central bank of Nigeria would provide an initial sum of 300 million dollars. The New Nigerian Development Company (NNDC), an industrial conglomerate owned by the Northern States of Nigeria, one time reportedly sought about 24 million dollars (about N238 million) loan from the European Investment Bank based in Brussels to finance small and medium scale industries in the country. September, 1999, the Nigerian Association of Small and Medium enterprises solicited the support of the Federal Ministry of Economic Affairs to help secure the release of US Dollars N5million grant given by the Indian Government for the importation of raw materials and equipment and for manpower training.

Due to past failures, a new approach to financing SMEs has recently been adopted. The new approach recognizes the weaknesses of SMEs; the need for financial support programme, and financial products and services that are unique to SMEs as against larger firms. Some of these approaches are as follows:-

- ✓ Venture Capital: This is capital funds provided by crop of investors in form of equity to finance new, high risk enterprises but with great potential for high returns. Venture Capital is popular in Asian Countries but is only beginning to emerge as viable financing window for SME.
- ✓ Small and Medium Industries Equity Investment Scheme (SMIEIS). This is a private sector initiative of the Bankers Committee for creating a long-term resources for funding of micro, small and medium enterprises. The scheme requires all banks to commit 10% of their annual pre-tax profit towards funding of equity investments in SME. As at April 2004, N22.3 billion has been pooled by 83 banks out of which N9.8 million has been disbursed to 185 projects in the SME sector.
- ✓ National Credit Guarantee Scheme (NCGS). This is a form of insurance cover to loans granted by Banks to SMEs and helps to alley the fear of the banks against granting credit to MSMEs which are perceived as high risk ventures. According to the guideline issued by Federal Ministry of Industry, the guarantee scheme will cover 80% of loan principal and interest risk and lending Bank to cover only 20%.

- ✓ Funding by Multilateral Agencies. In February 2004, the Federal Government signed a Micro, Small and Medium Enterprise (MSME) project with the World Bank. The project is funded by local resources totaling USD 26.5 million, International Development Association Credit of USD32 million and International Finance Corporation Credit of USD1.5 million. The Scheme is to undertake specific pilot investments over five years 2004 – 2009, and is intended to increase performance and employment levels of MSME in selected non-oil industries in three (3) States, namely: Lagos, Abia and Kaduna.

PROBLEMS WITH POLICIES, INCENTIVES AND OPERATING ENVIRONMENT

SMEs immensely require conducive policies, package of good incentives and operating environment to perform and produce products that are competitive locally and internationally. A

Government that is genuinely committed to the promotion and development of SMEs would make sure the following frameworks, including others, are in place.

- ✓ Stable fiscal and monetary setting with reasonable interest and exchange rates, financial markets and moderate tax rate.
- ✓ Policies that minimize the cost of business.
- ✓ Policies that facilitate business such as infrastructure and security.
- ✓ Diligent implementation of policies and incentives schemes

Asmelash Beyene (2002), in a survey undertaken in 13 countries, including Nigeria, revealed that in Nigeria, inspite of favorable policies, incentives, operating environment and regulations, enforcement and implementation of these conditions were lacking due to weak political will. Support programmes for SME were diverted to unintended parties due to corruption. USAID assisted study on “Assessment of Micro, Small and Medium Enterprise Sector in Nigeria” report that “at the state and local levels, incentives are given to SMEs on adhoc basis leaving room for corruption. In addition, the number of regulatory agencies, the multiple taxes at various levels of Government, the cumbersome importation procedures and high port charges continue to exert burden and hardship on the operation of the SME. Consequent upon this, the Manufacturer Association of Nigeria has always blamed Government policies and incentives and unconducive operating environment as being responsible for closure of 500 companies with attendant lost of jobs and increase in unemployment.

III. METHODOLOGY

This study is focus on Entrepreneurs of Small and Medium Enterprises in Oyo State with the intention to explore the critical factors Influencing Entrepreneurial development. Primary data was collected through a questionnaire designed and administered on the study sample. A total of two hundreds (200) questionnaires were distributed amongst the selected Entrepreneurial in SMEs section of oyo state purposively. But

only one hundred and fifty (150) were filled-in and returned, representing 75% of total questionnaire distributed. Ranking and Regression Analysis was used to analyse the identified strategic factors and Its effect on Entrepreneurial development.

IV. RESULT AND DISCUSSIONS

IDENTIFIED FACTOR MILITATING AGAINST ENTREPRENEURIAL DEVELOPMENT

Table 1 showed the descriptive analysis of factors Militating against entrepreneurial Development as elicited from sampled Entrepreneurs. Based on the analysis of result each stated factor indicated the following means 3.58 Inadequate infrastructural facilities; 3.41, Lack of adequate security; 3.27, Non Adaption to modern technology; 3.79, Financial constraints; 3.39 Problems with government policies; 3.62, Problem with Incentives and operating environment. The above results showed that all the six identified variable are part of factors influencing entrepreneurial Development. The overall results however ranked Financial constraints highest (3.79), followed by Problem with Incentives and operating environment (3.62), Inadequate infrastructural facilities (3.58) and Lack of adequate security (3.41) while 3.39 Problems with government policies and Non Adaption to modern technology.(3.39; 3.27 respectively) ranked least. Therefore in the Entrepreneurial context Financial constraints, Problem with Incentives and operating environment, Inadequate infrastructural facilities and Lack of adequate security were the major factors influencing entrepreneurial developments.

S/N	Identified Factors	Mean (X)	Std. Dev (STD)	Min	Max	Rank
1	Problems with government policies.	3.39	1.080	1	5	5 th
2	Lack of adequate security	3.41	1.081	1	5	4 th
3	Non Adaption to modern technology.	3.27	1.174	1	5	6 th
4	Financial constraints.	3.79	.8458	1	5	1 st
5	Inadequate infrastructural facilities	3.58	.9643	1	5	3 rd
6	Problem with Incentives and operating environment.	3.62	.9740	1	5	2 nd

Source: Field survey 2017

Table 1: Factors influencing Entrepreneurial Development

TEST OF HYPOTHESIS

REGRESSION ANALYSIS OF FACTORS INFLUENCING ENTREPRENEURIAL DEVELOPMENT

As shown in Table 2a, A unit increase in the following identify variable such as: Lack of adequate security, Problem with Incentives and operating environment, Inadequate infrastructural facilities, Financial constraints, Problems with government policies and Non Adaption to modern technology will reduce Entrepreneurial Activities by (4.4 units, 1.0 unit, 5.6 units, 22.8 units, 8.6 units and 5.5units respectively). This show Lack of adequate security, Problem with Incentives and

operating environment, Inadequate infrastructural facilities, Financial constraints, Problems with government policies and Non Adaption to modern technology has a significant influence on entrepreneurial activities. The analyses indicate that Entrepreneurial development is significantly related to all the six identified variables at 0.050 percent, 0.003 percent, 0.044 percent, 0.000 percent, 0.055 percent and 0.013 percent respectively. The result indicate that an increase in all these variable will diminish entrepreneurial development.

Following the result of the analysis (Table 2a), the null hypothesis that there is no significant difference in the effect of factors influencing entrepreneurial development is rejected. Given the coefficient of determination (R²) of 0.9657 (approximately 97%) and also supported by high value of Adjusted (R²) significant at 0.9611 (approximately 96%), the result indicates that independent variables incorporated into this model proved otherwise. Therefore there is significant difference in the effect of factors influencing entrepreneurial development. The constants and coefficients are statistically significant making for rejection of null hypothesis and acceptance of the alternative hypothesis. Furthermore in table (2b), the result of heteroschedacity support the significance of the model since Prob>chi2 is 0.000 with chi2(6) at 60.31.

S/N	Variables	Coefficient	Std.Err	T	P>{T}
1	Lack of adequate security	-.4469923	7.185079	-0.06	0.050
2	Problem with Incentives and operating environment	-1.018057	8.353543	-0.12	0.003
3	Inadequate infrastructural facilities	-5.663332	3.856251	-1.47	0.044
4	Financial constraints.	-22.8862	5.192346	-4.41	0.000
5	Problems with government policies	-8.611643	4.453019	-1.93	0.055
6	Non Adaption to modern technology.	-5.533591	3.465675	-1.71	0.013
Constant		-42.02642	4.726441	-8.89	0.000
Prob>F=		0.0000	R²=	Adj- R² =0.9611	
		0.9657			Root MSE =
				8.5695	

Source: Field survey 2017

Table 2a: Regression test Analysis on Factors Militating against e-commerce adoption by

Ho: Constant variance

Variables: All (6) Identify Factors incorporated into the Model

Chi2(6)	60.31
Prob>chi2	0.000

Source: Field survey 2017

Table 2b: Heteroskedacity Test

V. CONCLUSION AND RECOMMENDATION

This study examined the critical factors Influencing Entrepreneurial Development in oyo state. Findings revealed that Identified factors like Inadequate infrastructural facilities, Lack of adequate security, Non Adaption to modern technology, Financial constraints, Problems with government

policies and Problem with Incentives and operating environment influence entrepreneurial development. the result from finding signify that in an Entrepreneurial context Financial constraints, Problem with Incentives and operating environment, Inadequate infrastructural facilities and Lack of adequate security were the major factors influencing entrepreneurial developments .The result of tested hypothesis indicate that Entrepreneurial development is significantly related to all the six identified factors. Also the result of tested hypothesis show that there is significant difference in the effect of factors influencing entrepreneurial development. In line to the finding the following recommendation arise and these includes

- ✓ Entrepreneurs in Oyo state should adapt its strategies to a rapid change of business Environment.
- ✓ Government, Non-Governmental Organizations should have a responsibility to facilitate entrepreneurs in terms of necessary capital required to enhance entrepreneurial developments in the nation.

REFERENCES

- [1] Akande, O.O. (2010) Performance Impact of Entrepreneurial Skills on Small Business in Lagos State, Nigeria. Unpublished Ph.D Thesis, LAUTECH, Ogbomoso.
- [2] Caree & Thurik, 2010 in Acs & Audretsch (eds.), Handbook of Entrepreneurship Research)
- [3] Ahmad N and Seymour R.G (2008); Defining Entrepreneurial Activity: Definitions Supporting Framework for Data Collection” OECD, Statistics working paper.
- [4] Akabueze,B.(2002). Financing small and medium enterprises (SMEs): The Small and Medium Industries Equity Investment Scheme (SMIEIS) Option.Lagos. Nigeria.
- [5] Carland, J.W.; Hoy, F.; Boulton, W.R. & Carland, J.C. (1984). Differentiating Entrepreneurs from Small Business Owners: A Conceptualization. *Academy of Management Review*, 9 (2), Pp354 - 359.
- [6] Drucker, P. (1985). Innovation and entrepreneurship practice and principles. Henemann U.K.
- [7] Fabayo, J.A. (2009) Small and Medium Enterprises development strategy: A critical Option for sustainable Long –Term Economic Development in Nigeria. A paper presented at the first Annual International Conference on: Effective Management of Small and Medium scale Enterprises for sustainable Economic Development held at Abraham Adesanya Polytechnic, Ijebu-Ode held from 25-27 August.
- [8] Hebert, R.F. & Link, A.N. (1989). In Search of the Meaning of Entrepreneurship. *Small Business Economics* 1: 39 - 49.
- [9] Nwachukwu, A. C. (2012). The Role of Entrepreneurship in Economic Development: The Nigerian Perspective. *European Journal of Business and Management*. Vol. 8, No. 4. Page 95-105
- [10] Ogundele, O. J. K. and Abiola, J. O. (2006). Entrepreneurship and National Development: A Proposal for Evangelistic Agenda. *European Scientific Journal*, Vol. 8, No. 6. Page 40-70
- [11] Ogunleye, Small and Medium Scale Enterprises as Foundation for Rapid Economic Development in Nigeria: Effective Implementation Strategies. The CIBN Press Limited, Yaba, Lagos. 2004.
- [12] Olumide, SME,s and Critical Examination of the SMEs. Small and Medium Enterprises Development and SMIE,s: Effective Implementation Strategies. The CIBN Press Limited, Yaba, Lagos. 2004.
- [13] Oteh, A. (2009) “*The Role of Entrepreneurship in Transforming the Nigerian Economy*”, a paper presented at the Seventh Convocation Lecture of Igbinedion University, Okada, Edo State, 4th December.
- [14] Virtanen, M. (1996). Entrepreneurial Finance and Venture Capital Advantage. Helsinki School of Economics Publications, A-113.
- [15] Shailesh, K., Gyanendra, S and V K. Yadav (2013). Factors Influencing Entrepreneurial Behaviour of Vegetable Growers; Indian Res. J. Ext. Edu. 13 (1).
- [16] Hisrich, D. R., Shepherd, A. D. and Peters, P. M. (2005) Entrepreneurship, 6th Ed: New York, McGraw-Hill/Irwin
- [17] Ubong, B, (2013). “Entrepreneurship and Nation Building in a Changing Environment”. *Mediterranean Journal of Social Sciences*. Vol. 4, No. 16. Page 114-134