

Impact of Entrepreneurship in Small and Medium Enterprises (SMES) in Nigeria: A Study of Entrepreneurship in South East State of Nigeria

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ABSTRACT

Entrepreneurship education is design in order to support graduates, existing and potential entrepreneurs to create and run their own business rather than expecting employment from government, private or Non Governmental Organizations (NGOs). Entrepreneurship determines the growth of small and medium scale business in South Eastern States of Nigeria. The results of these studies showed that there were relationship between entrepreneurship and small and medium scale business in South Eastern States of Nigeria.

Keywords: Entrepreneurship, employment, international, graduates and Nigeria.

INTRODUCTION

The new value systems introduce includes inter-industry relationship, restructuring of production and distribution processes, recognition of micro and macro enterprises, a new role assign to development of entrepreneurship, enhance international competitive power, economic restructuring, industrial development and employment generation strategies. These were targets to improve the citizenry's standard of living. Entrepreneurship is therefore a process that involves a willingness to rejuvenate market offerings, innovate, risks taking, trying out of new and uncertain products, services, markets and being more proactive than competitors towards exploring new business opportunities [1] [2]. It has been recognize as the driver of employment and economic growth [3], [4]; [5].

To ensure adequate development and competitiveness in entrepreneurship, considerable research has examined the participation of woman in venturing in business activities, particularly those reports to have personal dreams of entrepreneurship This category has rapidly joins hands together to achieve success in business and enterprise development [6]. Women entrepreneurs

make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses [7]. Their interests and activities in the economic growth and development especially in the area of Small and Medium Enterprises (SMEs) have receives outstanding interest of researchers. Global Entrepreneurship Monitor [8] confirms that women participate in a wide range of entrepreneurial activities across the 37 GEM and their activities in different countries have paid off in form of many newly established enterprises for job and wealth creation. This notwithstanding, entrepreneurship is usually seen from the perspective of men driven economy [9], [10] due to its complexity, particularly its gender issues, the role of women entrepreneurs has not been properly documented. While women's entrepreneurship is a central aspect of economic development and public policy concern in most countries, scholarly research about their entrepreneurial activities is comparatively scarce. Women entrepreneurs require confidence, leadership and managerial skills for their accessibility to new enterprises.

Statement of the Problem

Entrepreneurship education is design in order to support graduates, existing and potential entrepreneurs to create and run their own business rather than expecting employment from government, private or Non Governmental Organizations (NGOs). So as to develop entrepreneurial culture to all groups of the society, entrepreneurship is given in different countries including South Eastern States of Nigeria.

Objectives of the study

- i) To ascertain if entrepreneurship determines the growth of small and medium scale business in South Eastern States of Nigeria.
- ii) To examine the relationship between entrepreneurship and small and medium scale business in South Eastern States of Nigeria.
- iii) To obtain the rightful characteristics of Entrepreneurship in Small and Medium Scale Enterprises (SMEs) in South Eastern States of Nigeria?

Conceptual Framework

The function that is specific to entrepreneurs is the ability to take the factors of production, namely land, labour and capital and use them to produce new goods or services. The entrepreneur perceives opportunities that other business executives cannot see or do not care about. Some entrepreneurs use information that is generally available to produce something new like inventing a new product in a new hand way. Other entrepreneurs see new business opportunities such as adapting a company's existing products to create new ones. Basically, the entrepreneur sees a need and then brings together the man, power, materials land and capital required to that need [11]. The entrepreneur is a keynote in most free enterprise economy. He discovers new ideas and business opportunities, brings together funds to establish a business, organizes the business and often manages its operations to provide economic goods and services for the public.

Without doubt, much of the economic success of the United States of America

has resulted from the vast energy and innovations of its entrepreneurs operating in an environment of private enterprise. The originators of new business ventures, such as sole-proprietorship, partnership, limited liability companies are all entrepreneurs. Also the small business owners are in every way an entrepreneur. Usually, the entrepreneur organizes even the smallest aspects of his business. He also takes risk. Sometimes, the profit may be small or initially non-existent. However, the psychological satisfaction the owner derives from the business often rival the profit satisfaction at the initial stage.

The Nigerian Bank for commerce and industries (NBCI) for the purposes of its revolving loan scheme for small scale industries, defined small scale enterprises as those investing not more than N500,000.00 (excluding the cost of land but including, working capital). The industrial research unit of Obafemi Awolowo University, Ife and defined small scale business as one, whose total assets in capital equipment, plant and working capital are less than N250, time workers [12]. It is important to recall that the term medium scale is fairly recent in Nigeria. Because of this, there is limited number of definitions of medium scale enterprises in Nigeria however. [13] after reviewing the prevailing definition of small scale enterprises in Nigeria claimed that we all know that a medium scale enterprise is bigger than small scale enterprise but not large enough to be classified as large. However, for an enterprise to be eligible for assistance under the Nigerian Bank for Commerce and industries (NBCI) World Bank assisted loan scheme for small and medium scale enterprises, its total assets should not exceed one million naira (N1m).

Concept of Entrepreneurship

There seems to be lack of consensus on the definition and meaning of the word entrepreneurship. This makes it imperative for researchers to provide a clear statement on the meaning of entrepreneurship when used. As [14] rightly observe that lack of a common

conceptual framework for the concept of entrepreneurship affects the researchers in having concession on its definition. The concept of entrepreneurship has a complex tradition within economic theory and any attempt to formulate a succinct definition will inevitably exclude a valuable element of this history [15]. The definition of entrepreneurship therefore lacks a common language. Different authors, institutions and agencies define entrepreneurship differently based on the circumstances and fundamental issues surrounding the person/institution. [16] was right when he asserted that “there are almost as many definitions of entrepreneurship as there are scholars and books on the subject”. They define entrepreneurship as encompassing “acts of organizational creation, renewal, or innovation that occur within or outside an existing organization”. [17] in support of entrepreneurship as organizational creation affirms that “it is the creation of an innovative economic organization (network of organizations for the purpose of gain or growth under conditions of risks and uncertainty”.

Classification of Small and Medium Scale Enterprises (SMEs)

The International Labour Organization [18] distinguished four types of enterprise models. These include; pre-entrepreneurial activities or survivalists, micro-enterprises, small enterprises; and

medium enterprises. These enterprises can further be classified into survivalists or informal operators and formal enterprises. Survivalists or informal operators engage in entrepreneurial activities for the purpose of generating enough income for day-to-day consumption and not for business growth for the generation of sustainable stream of income. [19] opine that survivalists or informal operators usually do not distinguish between business and personal finances, do not keep records, do not pay taxes and are not registered with any authority. Money from sales or services rendered is predominantly consumed immediately for private purposes (same day, week or month). A micro enterprise grows business for both personal consumption and for generating sustainable stream of income, they keep records to some extent, do not pay tax and most of them are not registered with authorities. Small enterprise on the contrast has some degree of formality. This might include operating a business bank account, formal work contracts for employees, have a physical address with contact details, registration with receivers of revenue and other authorities and so forth.

The Small and Medium Scale Enterprises (SMEs) challenges can be summarized in the table below:

Table 1: Challenges faced by Small and Medium Scale Enterprises (SMEs)

Area of Challenges	Challenges faced by Small and Medium Scale Enterprises (SMEs)
Access to Finance	Service companies face difficulties due to the nature of their businesses. Cost of capital relative to other countries
Access to Markets	Access to quality, up-to-date information: Contacts through personal networks Small size of businesses
Access to Training	Technical training: Training on World Trade Organization (WTO) and trade policy and requirements
Access to Infrastructure	Need for reliable physical infrastructure (road transportation, air transportation). Need for predicable trade support infrastructure (knowledgeable bureaucracy, supportive government mechanisms, etc.)

Source: Field Study, 2020

Characteristics of Small and Medium Scale Enterprises (SMEs)

The peculiar characteristics of SMEs have helped in determining their performance in the Nigerian economy. By their nature, Small and Medium Scale Enterprises (SMEs) constitute the most viable and veritable vehicle for self-sustaining industrial development. They possess common capability to grow an indigenous enterprise culture more than any other strategy [20]. [21] enumerated the following as the peculiar attributes of SMEs; creativity, provision of inputs and or material components for large enterprises, they are mainly found everywhere especially in the local communities and fastest tools for job creation. [22] in his work identified simple management structure result from the fusion of ownership and management by one man as another characteristic of Small and Medium Scale Enterprises. [23]; [24] in their opinion says that small and medium scale enterprises (SMEs) are characterized by labour intensive production processes, centralized management, have limited access to long term capital, use local resources, and closely attached to the products that launched them. [25] described the Small and Medium Scale Enterprises as a vital sub-sector which is often an under rated sector though it harbours most enterprises in the Nigerian economy. [26]; [27] further enumerated the main elements and characteristics of Small and Medium Scale Enterprises to include' (i) easy entry into the economic activities (ii) reliance on indigenous resources such as finance and materials; (iii) It is a family-owned enterprise (iv) small scale of operation (v) labour intensive depending mainly on family and labour adopted; (vi) technology; skills to operate the business are required outside formal school system and (vii) there exists an unregulated and competitive market. The peculiarity of Small and Medium Scale Enterprises in enhancing economic development can be best described in this statement; "Small and Medium Scale Enterprises constitute the most dynamic

segment of many transitional and developing economies. They are more innovative, faster growing, usually of family/individual ownership, subjective in decision making and possibly more profitable as compared to larger sized enterprises [28]; [29]"

Contributions of Small and Medium Scale Enterprises (SMEs) to Economic Development

The contributions of Small and Medium Scale Enterprises to economic development of both developed and less developed countries have been obvious in these nations' Gross Domestic Product (GDP) industrial output, employment generation, poverty alleviation and export promotion. Statistically, the Nigerian GDP by sector shows that agriculture contributes about 32%, industry 41% and service 27% [30]. In most cases, of the industry figure, Small and Medium Scale Enterprises usually dominate all other sub-sectors.

Government Policies on Small and Medium Scale Enterprises (SMEs)

A number of monetary, fiscal, and industrial policy measures have been introduced by the Nigerian Government over the years, for the exploitation of established and potential benefits of Small and Medium Scale Enterprises. These policies are either changed or modified from time to time to suit the economic intentions and objectives of a particular government in administration. [31]; [32]; [33] [34] says that some of the prominent of these measures include:

(i) Setting up and funding industrial zones as a means of reducing overhead costs. The objectives of establishing these Industrial Development Centers is to provide Small and Medium Scale Enterprises services which include technical appraisals for loans applications, entrepreneurship training, management of product development, production planning and control.

(ii) Provision of local finance through government agencies including the Central Bank of Nigeria (CBN), the Federal Ministry of Industries, (FMIs) and the Nigerian Industrial Development Bank

(NIDB), which was established in 1964 to provide credit and other facilities to industrial enterprises in the small, medium- and large-scale category. For example, in 1971, the Small Industries Development Program was set up to provide technical and financial support to the Small and Medium Scale Enterprises. According to [35] this later led to the establishment of the Small Industries Credit Commission (SICC), and the associated Small Industries Credit Fund (SICF). Decree number 2 of 1986 established the National Economic Reconstruction Fund (NERFUND), with the main objective of providing soft, medium- to long-term loans to wholly Nigerian-owned Small and Medium Scale Enterprises in manufacturing and agro-allied enterprises, mining, quarrying, industrial support services, equipment leasing and other ancillary services. Under the provisions of the decree, Small and Medium Scale Enterprises with 'fixed assets plus cost of new investment' (excluding real estate) not exceeding N36 million (and who source not less than 60% of raw material inputs locally, in the case of manufacturing) are eligible for loans with interest rates significantly lower than going market rates, which are required to remain fixed for the duration of the loan.

(iii) Facilitating and guaranteeing external finance through the World Bank, African Development Bank (ADB) and other similar institutions with interest in, and capability of assisting the Small and Medium Scale Enterprises. To ensure effective performance and contribution of Small and Medium Scale Enterprises to Nigerian economic and industrial development, many financial and monetary initiatives have been introduced by the Federal Government at different times. This led to the establishment of government schemes and institutions for financing small and medium scale enterprises. The purpose of these schemes is to ensure that funds are available to Small and Medium Scale Enterprises. The Federal Government has since 1970s continued to play pioneering

and active roles in financing and stimulating the emergence of Nigerian entrepreneurs in Small and Medium Scale Enterprises. [36] identified these roles to include provision of strong institutional support, ensuring easy access to credit facilities at reasonable rates, provision of industrial banks, provision of continuous training, research, development and provision of enablement monetary and fiscal policies. To harness these efforts, quite a number of institutions and schemes have been established to ensure that these objectives are fulfilled. These schemes include:

a) Central Bank of Nigeria's Support and Schemes for Small and Medium Scale Enterprises (SMEs) Financing: The Small and Medium Scale Enterprises as the bedrock of the industrial development have many advantages which have been mentioned to include means of employment for both skilled and unskilled labour, serving as a training ground for entrepreneurs, provision of local materials for large scale industrials etc. Moreover, if well managed, the Small and Medium Scale Enterprises can gradually transform into the giant corporations of tomorrow. These contributions thus explain why Governments, local and International agencies mobilize efforts towards the realization of sustainable industrial growth and the creation of mass employment through the rapid growth and development of the small-scale enterprises. However, the Small and Medium Scale Enterprises have had limited access to institutionalized credit facilities due to factors such as; risky nature of the business, the biasness of the financial and other lending institutions in extending credit to small and medium entrepreneurs, inability to keep up to date accounting records for their businesses, inability to provide collateral security and so many other challenges. In recognition of these constraints and in order to ensure the realization of the potential benefits of virile Small and Medium Scale Enterprises in the economy, the Central Bank of Nigeria has remained committed

to the growth and development of the small and medium scale enterprises in Nigeria. This stance has been successively reflected in the Bank's policies over the years.

In particular, the CBN has through its credit guidelines over the years, and until very recently, required that all commercial banks should reserve stipulated minimum credit to the Small and Medium Scale Enterprises involved in agriculture and manufacturing activities. For instance, in 1979/1980, the CBN stipulated 10% as a minimum total credit for indigenous borrowers in Small and Medium Scale Enterprises (in real sectors). This figure was increased to 16% and 20% of total loans and advances in 1980 and 1989, respectively [37]; [38]. Where any bank defaults, the same percentage figure will be deducted at source from the bank's deposits with the CBN and such amount will be given to the sector in question through one of the development banks.

b) National Economic Reconstruction Fund (NERFUND): The inception of SAP in 1986 which resulted to the devaluation of the Naira worsened the Small and Medium Scale Enterprises (SMEs) access to financial institutions credit for both startup capital and capital for expansion of their businesses. The Federal Government in collaboration with the CBN in January, 1990 established the National Economic Reconstruction Fund (NERFUND), purposely to bridge the resource gap between Small and Medium Scale Enterprises (SMEs) and the financial institutions. The main purpose of establishing NERFUND is to provide relatively long term loans (of period between 5-10 years), to Small and Medium Scale Enterprises (SMEs) at a reduced rates of interest so as to enhance the Small and Medium Scale Enterprises (SMEs) development for economic growth and development. Record shows that between 1990 and 1998, NERFUND had disbursed US\$144.9 million (Foreign Exchange) and N681.5million (Naira) to finance 218 projects. However, since its inception, NERFUND activities have been constrained

mainly by the devaluation of the Naira coupled with the inability to service the loan by the borrowers. By 2001, NERFUND, the Nigerian Bank for Commerce and Industry (NBCI) and the Nigerian Industrial Development Bank (NIDB) were merged to form the Bank of Industry (BOI).

c) World Bank -Assisted Small and Medium Scale Enterprises (SMEs) II Loan Project:

In order to further expand credit allocation to Small and Medium Scale Enterprises (SMEs), the Federal Government in collaboration with World Bank agreed in 1989 to complement other sources of funding the Small and Medium Scale Enterprises (SMEs). In line with this, a loan facility of US\$270 million was to be made available for lending to Small and Medium Scale Enterprises (SMEs) through eligible participating banks. The CBN in order to administer the credit components and other related activities of the World Bank loan in 1990 established an Small and Medium Scale Enterprises (SMEs) Apex unit so as to facilitate the project's proper implementation.

d) Community Banks: Community Banks were established in 1991 by the CBN mainly to promote of rural development through the provision of financial and banking services to communities that have not been adequately supplied with such services. To ensure that the objective of the community bank is accomplished, it was meant to come under the surveillance activity of the Central Bank of Nigeria and their activities are therefore received adequate guidance from the CBN. The Community Bank reform of 2006 ensured that by December 2007, all community banks have been converted to microfinance banks and institutions.

e) Nigerian Industrial Developmental Bank Ltd (NIDB):

The Nigerian Industrial Developmental Bank was established to lend long-term loans for investments in industrial activities. To ensure that the SMEs benefit from the service of NIDB, special units were established which are focused on rendering financial assistance

to them. NIDB has a unique feature that it should have equity participation in the paid up share capital of the company which it is financing. Nigerian Industrial Development Bank was able to disburse a total sum of N174.6m, to Small and Medium enterprises during the period of 1980 -1988. For the effectiveness of NIDB, it was merged with other financial institutions that operate in the same class with the bank to form Bank of Industry (BOI).

f) Nigerian Bank for Commerce and Industry (NBCI): In order to provide financial services to the indigenous business community in SMEs, The Nigerian Bank for Commerce and Industry (NBCI) was established in 1973. The NBCI administered the SME I World Bank loan scheme as an apex financial body for SMEs. Between 1973 and 1986, the NBCI approved 797 projects that were valued at N965.5million and a total of sum N141.82 million was also disbursed between 1987 and 1988. The bank also financed projects under the World Bank loan scheme and a total of 126 projects were financed. Just like other financial institutions, the NBCI encountered administrative and operational problems, which frustrated its major objectives and led to restructuring of the bank to form part of the BOI.

g) Agricultural Credit Guarantee Scheme Fund (ACGSF): To facilitate the accessibility of credit to the agricultural sector, in 1978, the Agricultural Credit Guarantee Scheme Fund was introduced. For the effective administration of the scheme, a lump sum amount of N100 Million was provided to be subscribed to by the Federal Government and the CBN at the ratio of 60% and 40% respectively. To ensure that there was enough coverage by the scheme, this figure was increased to N3 Billion in 2001. The ACGSF was mainly for the provision of guarantee in respect of loans granted by the commercial and merchant banks with regard to agricultural purposes to increase the level of banks' credit to the agricultural sector. To ensure that the money collected was not misused by the borrowers, it was

agreed that the scheme should settle the suppliers directly where the loans are used to purchase livestock, machinery or farming equipment and the supplier will be made to send a document to the bank as evidence that the items for the borrower have been duly delivered. Since its inception, the scheme has made an impact as long as credit extension to the Agricultural sector is concerned and over N3.3billion had so far been granted to different beneficiaries.

h) Small and Medium Industries Equity Investment Scheme (SMIEIS): Bothered by the persistent decline in the performance of the industrial sector and with the realization of the fact that the small and medium scale industries hold the key to the revival of the manufacturing sector and other productive sectors of the economy, the Central Bank of Nigeria successfully persuaded the Bankers' Committee in 2000 to agree that each bank should set aside 10 percent of its annual profit before tax for equity investment in small and medium scale enterprises. To ensure the effectiveness of the programme, banks are expected to identify, guide and nurture enterprises to be financed under the scheme. The activities targeted under the scheme include agro-allied, information technology, telecommunications, manufacturing, educational establishments, services, tourism and leisure, solid minerals and construction.

i) Nigerian Agricultural, Cooperative and Rural Development Bank (NACRDB): Nigerian Agricultural, Cooperative and Rural Development Bank (NACRDB) were established in October 2000 as an amalgamation of the Peoples Bank of Nigeria, Nigerian Agricultural and Cooperative Bank and the Family Economic Advancement Programme (FEAP). The primary aim for setting up this bank is to finance agriculture as well as small and medium enterprises. It is structured to accept deposits and offer loans /advances in which the interest rates are usually in proportion to the reason for taking the loan mainly to Nigerians and their business. Other

services offered by the NACRDB include target savings; Loan for start - up ventures and smallholder loan schemes.

j) **Bank of Industry (BOI):** The Bank of Industry (BOI) was established in 2001 as an amalgamation of the former Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry (NBCI) and the National Economic Reconstruction Fund (NERFUND). The main objective for setting up BOI is to provide credit to the industrial sector, including the SMEs.

k) **Micro finance Regulatory Framework and Policy in Nigeria:** Microfinance is an organized economic development strategy that offers several types of financial services aimed at assisting large numbers of low income people establish/grow their small and medium businesses in order to generate sustainable income for the reduction of poverty and achievement of quality life [39]. Microfinance refers to small loan packages supported with financial services provided to the poor. It is usually conducted through the intermediation of a financial institution with the specific objectives to enhance the capacity of the poor to access financial services and to enable them expand their businesses and increase their income to ensure a sustainable livelihood [40]. The journey to the establishment of microfinance regulatory framework and policy started in 2000, when a National conference on Microfinance organized by the Federal Government of Nigeria and the World Bank recommended that the Central Bank of Nigeria should take up the responsibility of developing an appropriate policy as well as regulatory and supervisory for the operation of MFIs. To ensure an appropriate framework and policy for the administration of microfinance in Nigeria, in November, 2005, the Citi-Group Foundation, Nigerian commercial banks, the CBN and United Nations Development Program (UNDP) held the first edition of the Nigerian Edition of the Global Micro - Entrepreneurship Award, in Abuja. The microfinance policy in Nigeria is meant to

provide the required window of opportunity and promote the development of appropriate saving products which will attract rural clients and in turn improve the savings level in the economy. To ensure that microfinance is adopted by both developed countries (DCs) and less developed countries (LDCs), the World Bank has issued numerous papers on the subject and set minimum standards of reporting from microfinance institutions. In this regard, the CBN and UNDP in November 2005 commenced a reinvigorated campaign in Nigeria to jump start the Micro Finance sub-sector of the economy [41].

Non Governmental Organizations as Business Support Services to Small and Medium Scale Enterprises (SMEs)

There are several Non Governmental Organizations established mainly to support women entrepreneurs in Small and Medium Scale Enterprises (SMEs) in Nigeria. These organizations according to the SEED working paper No. 58 (2001) reported by [42], [43], [44], [45] include:

i) **Nigerian Association of Small and Medium Enterprises (NASME):** The Nigerian Association of Small and Medium Enterprises is a private business organization established mainly to promote Nigerian men and women-owned Micro, Small and Medium Enterprises. NASME is established to achieve the following objective; (i) to promote the growth of micro, small and medium enterprises (ii) to coordinate the activities of SMEs and relates agencies in Nigeria. NASME is to pursue these objectives through the following activities (a) advocacy (b) exchange of information (c) training (d) financial and technical advice (e) credit delivery (f) business support services (g) capacity building. NASME has seven sub-sectors these include food processing, timber and furniture, wearing apparel, leather products, non-metallic mineral products, cottage industry. NASME renders its services in form of support services for existing members its; business start-up services and promotion of self-help capacities to its members and the public.

ii) **Nigerian Association of Small Scale Industrialists (NASSI):**

Nigerian Association of Small Scale Industrials was established in 1978 by the Land Perpetual Succession Act as a non-governmental organization. NASSI has two major groups which include; (i) Manufacturing, mining and processing (ii) Services industries. The objectives of NASSI include: (a) establish and maintain an association for the exchange of ideas and techniques on issues relevant to the development of small scale industries; (b) establish contact with government, its institutions and other non-governmental organization for the advancement and promotion of small scale industries (c) contact, consult, confer and co-operate with foreign agencies, institution and organization within and outside Nigeria for the purpose of enhancing the growth and development of small scale industries in Nigeria; (d) develop a computer based information and document of the small scale industries; (e) source, provide and facilitate credit delivery to small scale as well as offer library services for Nigerian men and women-owned Small and Medium Scale Enterprises (SMEs).

iii) **Family Economic Advancement Programme (FEAP):** The Family Economic Advancement Programme was established by the Nigerian government in 1988 in reaction to the increasing level of poverty occasional multilateral and bilateral lending institutions in Nigeria. FEAP is a micro credit scheme whose primary goal is to provide investment opportunities that will lead to economic growth. FEAP major goal is establish SMEs that are based on the available raw materials are considered ways in which this could be accomplished.

iv) **Lift above Poverty Organization (LAPO):**

LAPO was established in 1987 and in 1993 it was formally incorporated as a nongovernmental organization (NGO). Its main objective is to promote self employment among the less privileged of Nigerian citizens through access to microfinance. LAPO has the intention of establishing its branches in the main cities of all the states of Nigeria and its clients are among the poorest people in the urban and rural areas of which women have the largest population. LAPO uses indicators such as assets base of the clients, their level of education and family size, conditions for determining its client eligibility for granting of credit facilities. Apart from having microfinance as its lead program, LAPO believes that the provision of financial services should be supplemented with social development programs, for meaningful impact in the economy. The following semiautonomous institutions were established over the years to provide social development services under the umbrella name of LAPO. LAPO Development Centre (LADEC) - undertakes programs aimed at addressing social injustice and manages a publication unit called the LAPO Information Resource Centre. LAPO Health implements health awareness programs among the poor and women. LAPO Services is a consultancy unit, which offers specialized microfinance services to individuals and organizations. LAPO is one of the first non-profit institutions in Nigeria that work in collaboration with Gramen Foundation in providing micro credit to women and other poor entrepreneurs.

THEORETICAL FRAMEWORK

Sociological Theory: The theory of sociology is another underlying factor behind the study of entrepreneurship. In furtherance of McClelland's need theory, [46] was more concerned with socio-historical process which produces the psychological 'needs' behind the entrepreneurial disposition and less with the specific casual connections between

such needs and the recruitment of performance of entrepreneurs. He also shows greater awareness of the gap between motivational disposition and actual behaviour. Sociological theorists of entrepreneurship were preoccupied with the analysis of need distribution among members of a society but strongly criticized the notion that the most

fundamental causal factors behind the emergence and performance of entrepreneurs are psychological. This is based on the argument that the psychological approach is too simple and misleading especially when it is applied to the explanation of business performance.

(c) Anthropological Theory:

Anthropological factor, according to [47] concentrates on social and cultural processes. They further argued that “the outcome and the degree of entrepreneurial activity depend on opportunity structure, which consists of both objective structure of economic opportunity and a structure of different advantage in the capacity of the system participants to perceive and act upon such opportunities. Cultural norms and beliefs can positively influence an individual’s value system and help him to develop an entrepreneurial skill for economic vitality. Socio-cultural factors however are subject to personal skills and ability to take decisions in a particular environment. The value a woman places on her cultural values has a way of motivating her entrepreneurial behaviour and performance.

Other Contributors to the Theory of Entrepreneurship

The theory of entrepreneurship can be looked at from the perspective of the contributions made by some theorists towards entrepreneurial development. These include:

(i) Max Weber (1846- 1920) (Socio-Ethical Theory of Entrepreneurship): Max Weber is of the view that religious ideas can stimulate entrepreneurial spirit which leads to economic development. He emphasized its occurrence in the context of religious belief system, thereby suggesting that the belief systems of

some do not encourage entrepreneurship. Max Weber suggested a direct relation between ethics and economic system as both interacted intensively. The role of cultural-socio-religious factors has been debated for its role on the economic development, which can be extended to entrepreneurship development as well. He maintained that certain teachings and attitudes prevalent in the society are a crucial prescription for economic growth. He used the Protestant ethics to support his claims which he substantiated with a practical example from Mexican villages.

(ii) Frank Knight (1921): This is also known as “Knightian entrepreneurship”. It is based on expression of self-confidence in one’s abilities to forecast the future, undertake and secure the factors that will help someone to start and manage successfully an enterprise towards production of goods for an unknown future demand by consumers, with superior opinion in the face of uncertainty [48]. The focus of this theory is on making decision for production of goods/service in a state of uncertainty. Uncertainty and risk are the basic building blocks in [49] definition of entrepreneurship. Knight discussed what will happen if uncertainty is introduced to the economy. “With uncertainty present, the actual execution of activity, becomes in a real sense a secondary part of life; the primary problem or function is deciding what to do and how to do it”. Knight emphasized the “forward-looking of action in the face of uncertainty (“imperfect knowledge”) of the future as the cause of entrepreneurial profits as the excess of the return on sales in the future, which cannot be perfectly known, over the contracted price of factors in the known present.

CONCLUSION

We concluded that entrepreneurship determines the growth of small and medium scale business in South Eastern States of Nigeria.

That there are relationship between entrepreneurship and small and medium

scale business in South Eastern States of Nigeria.

That there is rightful characteristics of Entrepreneurship in Small and Medium Scale Enterprises (SMEs) in South Eastern States of Nigeria?

RECOMMENDATIONS

We recommended that government should help to see that entrepreneurship in South Eastern States of Nigeria should grow very well by rendering any help to them.

We also recommended that government should give grant to them to start the business and let there be no refund for the grant.

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