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Financing Entrepreneurship in Nigeria: Surmounting the Hurdles!

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ABSTRACT

Entrepreneurship development has become a rallying cry in the policy, academic and industry mises en scene in Nigeria. Over the years, government has put in place a phalanx of banking and non-banking institutions, agencies, programmes and initiatives to prime existing potentials in the entrepreneurial sector. These organisations/initiatives were designed to liberalise access to government support, facilities and incentives and provide a kaleidoscope of financial products to more entrepreneurial firms in the country. These efforts further complemented existing financing channels for entrepreneurs like credit from commercial banks to their customers. Paradoxically, a major challenge to the success of entrepreneurship in Nigeria is lack of finance. Since existing and fledgling entrepreneurs cannot access soft loans for their business projects, efforts for entrepreneurship development are frustrated. Lack of access to capital, therefore, remains an albatross to the whole entrepreneurship project in Nigeria. Extant policies meant to support entrepreneurship have failed due to embedded internal and external contradictions within the polity. These contradictions border on the frequent policy transmutation, government's lack of political will and commitment to the implementation of its programmes, corruption, ethnic and partisan considerations in the distribution of resources, among others. Using the theory of financial intermediary, this paper has identified existing hurdles affecting entrepreneurial finance and suggested proactive measures that government and financial institutions can take to spur entrepreneurial firms in the country. The authors contend that without liberalising access to capital and addressing embedded contradictions in place, entrepreneurship development efforts may remain mere rhetoric at best and at worst failed projects of government in Nigeria.

Keywords: Entrepreneurship; Entrepreneurship Development; Government; Financial Intermediaries; Banking and non-banking institutions.

Introduction

There is a general, strong and growing consensus that entrepreneurship development is the engine of economic growth and industrial development in developing and developed societies. This position finds a common resonance within the policy, academic and business mises en scene (Adewale, 2005; Ewiwile, Azu & Owa, 2011; Imhonopi & Urim, 2012; Kerr & Nanda, 2009). Through entrepreneurship, small firms have become the seedbed for more innovations, inventions and employment more than large firms