

**ASSESSMENT OF INSTITUTIONAL SUPPORT SERVICES
FOR TECHNICAL ENTREPRENEURSHIP
DEVELOPMENT IN SOUTHWESTERN NIGERIA**

BY

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BEING A THESIS SUBMITTED TO THE

AFRICAN INSTITUTE FOR SCIENCE POLICY AND INNOVATION

FACULTY OF TECHNOLOGY

OBAFEMI AWOLOWO UNIVERSITY

ILE-IFE, NIGERIA.

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DOCTOR OF
PHILOSOPHY DEGREE IN TECHNOLOGY MANAGEMENT

2014.

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CERTIFICATION

This is to certify that this research work titled ***Assessment of Institutional Support Services for Technical Entrepreneurship Development in Southwestern Nigeria*** was conducted by Felicia Solayide ADEYEMO for the award of degree of Doctor of Philosophy (Technology Management) in the African Institute for Science Policy and Innovation, Faculty of Technology, Obafemi Awolowo University, Ile-Ife, Nigeria:

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DEDICATION

This research work is dedicated to the Almighty God for His divine protection, guidance and wisdom to complete this work, and to my husband – Pastor Reuben Akinniyi Adeyemo for his unwaivering support and encouragement.

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ACKNOWLEDGEMENTS

I give all glory and praise to my creator, the Almighty God, the Beginning and the Ending, who is glorious in goodness. I praise Him for giving me the enablement to start and complete this Ph.D. programme.

I greatly appreciate my supervisor, Professor M. O. Ilori for his efforts, inspiration, encouragement and thoroughness in his supervision of this work. His wealth of experience was reflected in the quality of his contributions at all the stages of this work. I also acknowledge the useful and immense contributions of my co-supervisor Professor A.S. Bamire, who in spite of his tight schedule was painstaking in supervising this work. The technical contributions of Dr. I. O. Abereijo to this work are highly appreciated.

I acknowledge the support and encouragement of the Director of African Institute for Science Policy and Innovation, Prof. O. O. Jegede, as well as Professors J. B. Akarakiri, T. O. Oyebisi and F.E. Ogbimi; Drs. I. A. Irefin, G. O. Binuyo, B. A. Oluwale, T. O. Olaposi, Messrs P. O. Ayoola and I. A. Oyebola, as well as all the administrative staff of the Institute for their love, support and encouragement.

I greatly appreciate the Director-General of the Federal Institute of Industrial Research, Oshodi – Dr. (Mrs.) G. N. Elemo, the Director of Planning, Technology Transfer and Information Management - Mrs. I. O. Adesegha and all the members of the Management Committee for their moral and financial support and for giving me the opportunity to undertake this programme.

I am grateful to Mr. R. K. Ogundeji and Mrs. O. S. Davies who painstakingly edited this work and made useful corrections to ensure that the work is successfully completed

I appreciate my colleagues in the Technology Transfer Division for their moral support during the course of the study. I wish to thank Mrs. G. I. Iroakazi, O. O. Oludoun and Oluremi Okunola who had in various ways assisted me in the course of this study.

Words cannot express my heartfelt appreciation to my sisters and prayer partners – Revd. (Mrs.) C. C. Aaron, Dr. (Mrs.) E. N. Dike and Deaconess E. O. Orekoya for their prayers, concern and support, they have been wonderful to me.

The immense contributions of the respondents in the various institutions providing support services to entrepreneurs in the country is greatly recognised, especially during the field work of the study. I appreciate the technical entrepreneurs for their cooperation in the prompt completion of the questionnaire.

I greatly appreciate Mr. A Olayinka for his assistance and encouragement during the course of this study. He is like a brother to me.

I will not forget to thank Miss. Temitope Olumoroti for her love, care and support, she is a wonderful daughter to me. I appreciate Mr. N. A. Shofoluwe who through selfless efforts analysed the data for this study.

I am very grateful to Elder H. A. O. Ola of the Department of Computer Science and Engineering, for word processing this manuscript, I appreciate him for spending sleepless nights to ensure speedy completion of the work.

I acknowledge the care, prayers, encouragement and support of Professor A. M. Adeyemo, my brother-in-law and his wife during the course of the study.

My friend, partner, confidant, pastor and crown – Reuben Akinniyi Adeyemo, for his total support, encouragement and untiring effort in my academic pursuit. I appreciate him for the prayers, financial, moral and physical support throughout the course of the study. I equally appreciate my children – Olumuyiwa, Olufunke, Olusegun and Oluwatobi for their patience, love, moral and financial support all through the study.

Finally, I am also grateful to all those who participated at seminar sessions held on this study for their very useful observations, comments and suggestions.

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ABSTRACT

The study identified the various technological and non- technological support services provided by institutions in Southwestern Nigeria to technical entrepreneurs; assessed the level of entrepreneurs' awareness of the institutional support services and examined the methods of accessing the support services. Furthermore, it determined the factors influencing the provision and accessibility of the support services, and evaluated the impact of the support services on the performance of technical entrepreneurs. This was with a view to assessing the relevance and contribution of the support services to entrepreneurship development

The study covered 14 institutions established to provide support services to technical entrepreneurs and 300 technical entrepreneurs beneficiaries. Data were collected using two sets of questionnaire. The first set was administered to 42 respondents from the 14 institutions to obtain information on the type of technological and non-technological support services provided, level of awareness creation to entrepreneurs and support services delivery mechanism. The second set of questionnaire was administered to 300 selected technical entrepreneurs beneficiaries from the institutional support services. The questionnaire elicited information on types of support services received, method of receiving the services and their impacts on the performance of the entrepreneurs on production output, sales turnover, profitability and product quality. Data were analysed using descriptive and inferential statistics.

The results showed that 5 main support services were provided by institutions to technical entrepreneurs. These include technical (64.3%), information (64.3%), human resource development (53.3%), financial (50%) and general services (50%). The level of entrepreneurs' awareness of these support services was high as 66.7% of the institutions assisted more than 90% entrepreneurs with one form of support service or the other. The methods of accessing the support services by entrepreneurs were mainly through workshops/seminars (57%), application for support services (25.3%), guarantor/collateral (6.8%), interviews (5.0%), and cooperative arrangement (3.6%). The results further showed that the factors that significantly influenced the provision of support services were: awareness of the support services ($F=3.77$, $p<0.05$), attitude of beneficiaries of support services ($F=4.03$, $p<0.05$), number of support services in a particular location ($F=10.56$, $p<0.01$) and location of the support service providers ($F=4.27$, $p<0.05$). The significant factors influencing the accessibility of support services by the

entrepreneurs: location of the support service providers ($F = 3.04, p < 0.05$), cost of services provided ($F = 2.46, p < 0.05$), educational level of the entrepreneurs ($F = 2.57, p = 0.05$), age of enterprise ($F = 3.40, p < 0.05$), and scale of operation ($F = 3.37, p < 0.05$). The technical support services provided had significant impact on production output ($F = 3.74, p < 0.05$) and sales turnover ($F = 3.00, p < 0.05$) of the entrepreneurs. Financial support services had significantly impacted production output ($F = 2.29, p < 0.010$) and sales turnover ($F = 2.53, p < 0.05$). Information services significantly impacted reduction in maintenance cost ($F = 2.580, p < 0.05$) and product quality ($F = 3.37, p < 0.05$) while human resource development had significant impact on profitability ($F = 2.68, p < 0.05$) and product quality ($F = 5.65, p < 0.01$).

The study concluded that institutional support services had positive impact on technical entrepreneurship development in Southwestern Nigeria.

Supervisor: Prof. M. O. Ilori

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Number of Pages: 200.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Entrepreneurship is a major catalyst that drives the economy of most nations (Say, 1824; Schoof, 2006). It is also the engine that engenders the introduction of new approaches in business and market place (Wood, 2005; Olatunji, 2010). Entrepreneurship guarantees job and wealth creation as well as economic returns from diverse forms of activities. Entrepreneurship is the vehicle ridden by innovation which is the application of knowledge in production activities (Ubom, 2003). Entrepreneurs are considered as “champions” especially for converting raw materials into products and services that ultimately create wealth and reduce unemployment. Hence, today entrepreneurship is an agent of job creation and an approach for integrating the youth into the labour market in many advanced countries (Ubom, 2003).

Ronstadt (1996) defines entrepreneurship as the dynamic process of incremental wealth creation by individuals who assume the major risks in terms of equity, time, and/or career commitment of providing valuable product and/or technical services. The product or technical service itself may not be new or unique, but value is usually infused by the entrepreneur through the allocation of required skills and resources.

Technical entrepreneurship is the act of building a business where technology is core to the business. The business can be manufacturing of products and/or provision of services for wealth creation. Technical entrepreneurship can utilize creation of a new company including the expansion of an existing one based on the commercialisation of a new product or process from scientific research or technology development (Ilori, 2010).

Agencies established by government or private organisations serve as supporting institutions that provide technological or non- technological support services to entrepreneurs for industrial development. These support services include technical, financial, information, human resources development among others for technical entrepreneurship development in any economy.

In Nigeria, with a population of 145 million (NPC, 2006), the high unemployment rate of 38% (ILO, 2014) is quite a burden. This is so when one considers the generally accepted entrepreneurship indicators such as: increased productivity, growth in gross domestic product, availability of new products, employment generation and increased income among others (Ubom, 2003). Today, the Nigerian market is flooded by imported goods both standard and sub-standard due to low productivity. The tertiary institutions in Nigeria turned out 705,232 and 754,100 graduates in 2006 and 2007 respectively and these graduates were in need of employment (Akinyemi, Ofem, and Ikuenomore, 2012). A lot of youths are roaming the streets or hawking imported products on the highways, while many graduates have turned commercial motorcyclists, tricyclists, rather than engaging in productive activities that could aid the industrial and economic development of the nation and especially for their own economic empowerment (Olatunji, 2010).

1.2 Statement of the Research Problem

The Nigerian business environment offers many entrepreneurship opportunities. Various programmes and policies have been put in place by both the federal and state governments, and other organisations to encourage entrepreneurship development. The establishment of research institutes and technology incubation centres (TICs), the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), National Directorate for Employment (NDE) including the promulgation of the Nigerian Enterprises Promotion Decree (NEPD) of 1972 which was revised in 1977, are some of the

means through which the Nigerian government has encouraged entrepreneurship development in the country (Ubom, 2003).

Conversely, the extent to which the Nigerian entrepreneurs have taken advantage of the numerous support services offered by various organisations to boost entrepreneurship development in the country remains worrisome. This is especially so if one considers the rate of unemployment that keeps increasing over the years in the country. Nevertheless, the contributions of entrepreneurship to the economic growth of most advanced countries have been tremendous, especially in the areas of overall employment generation and gross domestic product (GDP) (Trading Economy, 2011 and World Bank Report, 2013). Small and medium enterprises (SMEs) contribute as high as 78%, 40% and 59% to overall employment in Germany, India and Malaysia respectively.

In some developing economies, the percentage contributions are 85%, 77% and 70% in Ghana, Senegal and Nigeria respectively. In advanced economies, SMEs' contributions to GDP are as follows: Germany \$3.428 trillion (78%), India \$1.842 trillion (17%) and Malaysia \$305.033 billion (33%). While the percentage contribution to GDP in some developing countries are: Ghana \$40.711 billion (70%), Senegal \$14.046 (15%) and Nigeria \$262.397 billion (47%). This shows that one way to address the problem of unemployment and grow the economy of any nation is to target entrepreneurship development.

In addition there are laid down strategies of accessing various support services made available by supporting institutions, such as: financial institutions, technology providers, among others. Unfortunately, while some studies claim easy access to some of these support services others claim uneasy access, especially, the conventional loan from financial institutions required for start-up and sustainability of entrepreneurship ventures'

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