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Entrepreneurship and Disruption Innovation for Sustainable Economic Development

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Abstract: This paper which is based on systematic review of literature examines the concept of entrepreneurship and disruptive innovation as crucial factors that drive the economic growth and development of a nation. Several literatures on entrepreneurship and economic development have shown how entrepreneurship has decreased the level of poverty and improved the standard of living of some transition or emerging countries. This paper however argues that, it is not all forms of entrepreneurship that bring about changes in terms of restructuring and the diversification of economies for sustainable economic development. The paper compares disruptive innovation with Schumpeter's theory of 'creative destruction' economic miracle for the restructuring of poor economies. The paper recognizes the role of knowledge- based entrepreneurial firms or start-ups in the introduction of new products, services, processes and innovation and the challenges faced by these firms, which stand as barriers to disruptive innovation.
Key words: Entrepreneurship, Disruption Innovation, Sustainable, Economic Development

1. Introduction

Entrepreneurship has come to be recognized all over the world as a factor that drives economic development and national growth. This is because entrepreneurship is perceived to be involved with the discovery of new products and services (Invention), improvement on already existing goods and services (innovation), wealth creation, job creation, income empowerment and general economic development. Greenwood and Holt (2008) noted that economic development occurs when there is a broadly based increase in the standard of living or quality of life. 'Quality of life', according to Streimikiene and Barakauskaite- Jakubauskiene (2012) can be addressed in terms of people health, the state of economy, employment, infrastructure development, crime and environment. Streimikiene and Barakauskaite-Jakubauskiene (2012) are of the view that these indicators of quality of life are interrelated as economic development creates preconditions to maintain public health, develop social and technical infrastructure, to increase employment, to ensure quality of environment and to tackle crime. Economic development may thus be referred to as an increase in living standards, improvement in self-esteem needs and freedom from oppression as well as a greater choice. It implies an increase in the per capita income of every citizen, alleviating people from low standards of living into proper employment with suitable shelter (Todaro & Smith, 2011). The role of entrepreneurial firms in economic development cannot be over emphasized as these small firms make formidable contribution to economic development. They account for vast majority of businesses in most countries and are responsible for about half of the private gross domestic product; thus they are indeed critical to any economy (Westhead, Wright & McElwee, 2011; Deakins & Freel, 2006).

Naude (2011) in his study on entrepreneurship and economic development noted that entrepreneurship has significantly reduced the level of poverty of most countries in the world. Naude affirms that the impressive growth of these emerging countries (Brazil, Russia, India and China), which also has positive effect on the standard of the living of the citizens of these countries is as a result of veritable entrepreneurial revolution. Amongst these emerging countries, China has come to be reckoned with as a great force in the global business economy. This global recognition of China is substantiated by the fact that China's brand of state-led capitalism was found to be reliable and more credible than the American style of capitalism, following the global economic crisis of 2008 (Huang, 2009). Huang (2009), based on his analysis and findings from the Chinese government survey data and government documents at the central and local levels emphasized that, property rights and private entrepreneurship provided the dominant stimulus for high growth and lower levels of poverty in China.

This paper examines the theory of entrepreneurship and disruption innovation as drivers of sustainable economic development. Over the years, entrepreneurship has become a hot topic as several studies show the impact entrepreneurs make by creating new ventures that helped changed the rules of the game. A very significant example of how entrepreneurship has changed the rules of the game is the case of the education sector in Nigeria and in some other developing African countries, where educational entrepreneurs have practically changed the rules of the game in the provision of educational services to the populace. The entrepreneurial model which the educational entrepreneurs have brought to bear in the education market has to a large extent bridged the gap in public education provision occasioned by the poor performance of the government-owned public schools. Even though entrepreneurship takes a variety of forms and appears in both small and large firms, in new firms and established firms, in the formal and informal economy, it is central to the functioning of market economies. Entrepreneurs are agents of change and growth in a market economy and they act to accelerate the generation, dissemination and application of innovative ideas thereby expanding the boundaries of economic activity (Westhead, Wright & McElwee, 2011). Entrepreneurial innovations based on unique on technological knowledge create the industries that promote and sustain economic development. The theory of disruptive innovation is thus a powerful way of thinking about innovation-driven growth as many leaders of small, entrepreneurial companies as well as many executives of large, well-established organizations praise disruptive innovation as their guiding star (Christensen, Raynor & McDonald, 2015).

This paper however argues that, it is not all types of entrepreneurial activities that will make significant impact for sustainable economic development, as not all entrepreneurial activities lead to disruptive innovation. To substantiate this argument, the paper examines the concept of entrepreneurship and the main divide of entrepreneurship against the backdrop of disruptive innovation. The paper also examined the concept of economic development, the role of entrepreneurship in economic development as well as the challenges that entrepreneurial firms encounter which tend to stifle disruptive innovation – 'the economic miracle' for restructuring poor economies.

2. Literature

2.1 The Concept of Entrepreneurship and Disruptive Innovation

The concept of entrepreneurship means different things to different people, different culture, race countries and disciplines. These different views and perceptions of the concept of entrepreneurship have made it a very difficult concept to define. Hence there is a lack of consensus on the definition of entrepreneurship (Kuratko, 2009; Shane & Ventakaraman, 2000). The definition of entrepreneurship continues to evolve as Kuratko (2009) affirms that definitions of entrepreneurship are abounding as there are researchers and writers who try as much as possible to define the concept differently from a previous writer. Kuratko however suggests that there is a need to broaden the definition of entrepreneurship as entrepreneurs are doing many things in recent times. A few of these different definitions of entrepreneurship will be reviewed in this paper. Pride Hughes and Kapoor (1999) refer to entrepreneurship as how to come up with new solutions or filling the needs of society by providing technical innovation, providing employment and providing competition for other business. By this definition, entrepreneurs provide hands-on or practical origination of new goods, services and processes which disrupt the stability or equilibrium in the market as the presence of these new goods and services bring about tension in the market as they try to displace older or other existing businesses through competition. Shane and Ventakaraman (2000) defined entrepreneurship as the discovery, evaluation and exploitation of profitable opportunities. By this definition, these authors emphasize that entrepreneurship has two parts which are; opportunities and individuals who strive to take advantage of them. Thus for them, entrepreneurship is the examination of how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited. Also Kuratko (2009) views entrepreneurship in the light of innovation and development as he refers to an entrepreneur as one who recognizes and seizes opportunity, converts these opportunities into workable/marketable ideas, adds value through time, effort, money or skills, assumes the risks of the competitive market place to implement these ideas and realizes rewards from these efforts. Stam and Van Stel (2011) define entrepreneurship as a factor that creates wealth by combining existing production factors in new ways. Taking a closer view of all these definitions of entrepreneurship, one can see that the definition of entrepreneurship is still evolving, however, the recurring terms or words that these different definition have in common are 'discovery', 'conversion' and the 'creation of something new'.

One of the earliest definitions of entrepreneurship which is most relevant to the theme of this paper with regards to disruptive innovation is the definition proffered by Joseph Schumpeter (1883-1950), an Austrian born economist. Schumpeter gave the most sophisticated explanation of the concept of entrepreneurship (Formaini, 2001) which has continued to be of great influence in contemporary discourse of entrepreneurship. Schumpeter (as cited in Katz & Green, 2011) defined entrepreneurship as the creative destruction of equilibrium through innovation and discovery of opportunities by introducing new products and processes. This model of creative destruction simply refers to the way that newly created goods, services or firms can "hurt" or "destroy" existing goods, services or firms as people will usually want to try a new product or service provided by a new firm and this will cause older or existing firms to lose business temporarily or permanently (Katz & Green, 2011). Schumpeter's explanation of the concept of entrepreneurship explicitly suggests that innovation is a pre-requisite for genuine entrepreneurship (Westhead, Wright & McElwee, 2011). Thus, it is important to emphasize such words as creativity, discovery, original, new or novelty when defining innovation.

Entrepreneurial activity is generally assumed to be an important aspect of the organization of industries most conducive to innovative activity and unrestrained competition (Van Stel, Carree & Thurik, 2005). In current debates about globalization and competitiveness, innovation is often represented as providing opportunities and conditions for developing countries to participate in the world economy. Thus, Nelson and Winter (as cited in

Voeten, Haan & Groot, 2011) have defined innovation broadly as a portmanteau to cover the wide range of variegated processes by which man's technologies evolve overtime. Value creation, profitability and commercialization are key aspects of innovation in virtually all the definitions of innovation since Schumpeter (Voetan, De Haan & Groot, 2011)

The definition of entrepreneurship proffered by Schumpeter broadly captures the concept of disruption innovation. Disruptive innovation, a term coined by Clayton Christensen describes a process by which a product or a service takes root initially in simple application at the bottom of a market and then relentlessly moves up market eventually displacing established competitors (Christensen, 2019). According to Christensen, Raynor and McDonald (2015) disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses. As older and more established businesses focus on improving their products and services for their most demanding and profitable customers, they exceed the needs of some segments and ignore the needs of others. Entrepreneurial firms or entrants that prove disruptive begin by successfully targeting those overlooked segments and thus gain a foothold by delivering more-suitable functionality frequently at a lower price. Incumbents, chasing higher profitability in more-demanding segments, tend not to respond vigorously, while entrants on a disruptive trajectory improve the performance of their offerings and move upmarket where profitability is highest for them, thus challenging the incumbent older businesses (Christensen, Raynor & McDonald, 2015). Westhead, Wright and McElwee (2011) noted that one of the characteristic features of smaller entrepreneurial firms is their flexibility as a result of loose firm structure which allows them to make quick decisions to seize opportunities that require low price product or service delivery as well as quick speed of service or product delivery. These entrepreneurial firms thus create competitive advantage by perceiving or discovering new and better ways of creating a product or service and bringing them to market, which is what innovation is about.

Having examined the concept of entrepreneurship from the point of view of different authors, Schumpeter's view of entrepreneurship as the creative destruction of equilibrium may be likened to the concept of disruptive innovation, as coined and described by Clayton Christensen, as both processes involve the displacement of established competitors by smaller and new firms. For Schumpeter, creative destruction involves episodes of discovery and the introduction of new products or services through the transformation of existing technology; and during these episodes, economies grow strongly and experience booms, but the diffusion of these innovations encourages imitators into the market who help to establish the new order as a new equilibrium for the economy until another set of pioneering revolutionary entrepreneurs disrupts the equilibrium by the replacement of old technologies with the introduction of new ones (Pride, 2012). Schumpeter viewed disequilibrium as the driving force of capitalism due to the dynamic pattern in which innovative upstarts unseat established firms through a process he referred to as creative destruction (Hart & Milstein, 1999).

2.2 Divide of Entrepreneurship and Innovation

In recent times, innovation and entrepreneurship are at the forefront of academic debates in economics, business administration and other related fields of study; they seem clearly inter-related and the role of the entrepreneur can only be understood if it is placed against the background of the theory of innovation (Voeten, Haan & Groot, 2011). There are substantial differences in the types of entrepreneurial activities across countries (Baumol, 1990; Acs et al, 2008) especially in the divide of necessity and opportunity entrepreneurship (Brixiova, 2010). A defining factor as it relates to the subject matter of this discourse is the extent to which the entrepreneurial activity involves disruptive innovation. Acs and Varga (2005) maintain that individuals who are involved in entrepreneurship out of necessity are not likely to be involved in the process of self-discovery and their actions are not likely to make significant positive effect on development. This means that the activities of necessity entrepreneurs will not make any impact in the restructuring and diversification of poor economies since the reason for engaging in entrepreneurship is solely as a means of survival. According to Brixiova (2010) opportunity entrepreneurs prevail in high income countries and the more educated entrepreneurs are based with the opportunity based firms. The less educated entrepreneurs dominate the low income or developing countries of the world and are involved in entrepreneurship out of necessity. Stam and Van Stel (2011) opine that entrepreneurs in the least developed countries engage in entrepreneurship due to necessity as the lack of job opportunities and rise in poverty levels in the developing and least developed countries leave these individuals with few options other than to engage in entrepreneurial activities to earn a living. Mani (2011) contends that, it is important to distinguish between necessity entrepreneurship and opportunity entrepreneurship. Mani argues that opportunity entrepreneurship is an active choice to start a new enterprise based on the perception that an unexploited or under-exploited business opportunity exists. This type of entrepreneurship has a positive and significant effect on economic growth because it essentially involves innovation. This is quite unlike necessity entrepreneurship, where one has to become an entrepreneur because there is no better option for the person involved and thus it has little or no effect on economic growth. The importance of productive or opportunity entrepreneurship for growth, job creation, innovation and competition has been confirmed by the experiences of transition economies in Central and

Eastern Europe where successful transition to market (innovation) is hinged on dynamic private sector, especially new entrepreneurial firms(Huang, 2009; Naude, 2011).

For Schumpeter (as cited in Westhead, Wright & McElwee, 2911), entrepreneurs with unique scientific or technological knowledge create radical innovations that can lead to the creation of new industries, which can promote economic development associated with the creative destruction of some old industries. In the past few years, terms such as knowledge society and knowledge economy are often used in conventional applications. Opportunity entrepreneurs dominate the knowledge-based firms. A very significant and contemporary instance of disruptive innovation, especially in the developing countries is in the evolution and development of educational entrepreneurship. The educational standards in most developing countries of the world are at low ebb due poor budgetary allocations and out right neglect of the educational sector by the government. In Nigeria for instance, the deterioration in the public schools created a gap in educational development as well as an opportunity for educational entrepreneurs (Opportunity entrepreneurs) to start up private schools or institutions; motivated by the goal to bring about sustainable transformation of the public education.

Smith and Petersen (2006) define education entrepreneurs as rare breed of innovators whose characteristics and activities may lead to the transformation – not merely the slight improvement of the public education. According to Paul (2012), education entrepreneurs aim to disrupt education in productive ways to introduce tools that will transform the way scholars learn just as other technologies have transformed the way we communicate and the way we entertain ourselves in the society. This disruptive innovation in the educational sector is much more prevalent in the primary education level and then in the secondary education; and is also fast gaining recognition in the tertiary level as more and more parents and guardian who earlier had doubts about the suitability of private universities are jettisoning the once good-old government owned universities, due to their lack-luster as a result of government neglect. Several studies on private education show that the private primary schools, secondary schools and the universities are now preferred to the government owned schools in spite of their high fees and this is due to innovation in physical facilities, medium of instruction, flexible enrolment policies amongst other innovative business models that the private school offers (see Adebayo, 2009; Goldring & Rowling, 2006; Oguntimehin & Oni, 2010; Onuka & Arowojolu, 2008; Tooley, Dixon & Gomathi, 2007). Also in a study by Hilmi (2016) on disruptive innovation in education, the result show that the introduction and the adoption of massive open online courses is seen as a strong technological force that is influencing the educational landscape. Hilmi noted that this adoption of new innovation in technology has brought about dynamic changes in education and the structure of colleges and universities, as existing institutions are being displaced because of their inertia towards the adoption of new innovation. It is imperative to note here that education plays a very important role in national economic development. Orji and Job (2013) in their discourse stressed the fact that a nation develops in relation to its achievement in education, as contemporary world attention has focused on education as an instrument of launching nations into the world of science and technology, and with consequential hope of human advancement in terms of living conditions and development of the environment.

Christensen (2019) argues that an innovation that is disruptive allows whole new population of consumers at the bottom of a market have access to a product or service that was historically only accessible to consumers with a lot of money or skill. This fact was noted by Naude (2011) who affirms that entrepreneurship will increasingly play a more important role as the managed economy of the 1970s – 2000s, characterized by reliance on big business and mass production has given way to a so-called entrepreneurial economy, where knowledge –driven goods and services are now more flexibly provided by smaller firms. These smaller entrepreneurial firms that are able to challenge these bigger established incumbent businesses or that prove disruptive are able to do so through creative thinking and thus are able to penetrate the market despite the established presence of the bigger businesses. As Sturm (2015) puts it, these smaller entrepreneurial businesses can dream up and offer up wildly new ideas that get people excited, and lead to innovative pivots and launches. Thus for disruptive innovation to occur - for something new to be introduced to the market, there is need for the entrepreneur to think differently, unconventionally and creatively – 'thinking out of the box'. Entrepreneurial firms or entrants that prove disruptive are the firms where the business leaders are more likely to be opportunity entrepreneurs, who think differently and creatively as compared with necessity entrepreneurs, and the firms are knowledge-based as both conceptual and technical skills are required to pull the new product or service through. Thinking out of the box, a catch phrase commonly used in business environment and by management consultants requires thinking creatively, freely and off the beaten path. It is the most effective kind of original and innovative thinking, where the entrepreneur sees beyond current challenges or any form of constraint (Sturm, 2015). It is this form of thinking that generates new ideas which are translated new products and services that disrupt already established markets.

2.3 The Concept of Economic Development

According to Mansell and When (1998), economic development generally refers to the sustained, concerted actions of policymakers and communities that promote the standard of living and economic health of a specific area. Mansell and When also refer to economic development as the qualitative and quantitative changes in the economy which involves development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy and other initiative. Nwoye (2011) defined economic development as a process which involves the transformation of raw materials and allied resources of a nation from their original state to the state desired for consumption or further production of goods and services for the improvement of quality of people's life. From the definition proffered by Nwoye (2011), it clearly evident that for economic development to take place, there must be a transformation from one state to another – transformation of raw materials, processes, or industry, which is what happens in the process of creative destruction as well as disruptive innovation. Sen (as cited in Stam & Van Stel, 2011) refers to economic development as a broad concept which entails the raising of human capabilities. Szirmai, Naude and Goedhuys (2011) opine that economic development requires sustainable and shared increases in per capita income accompanied by changes in the structural composition of an economy towards higher value added goods and more efficient production methods.

Economic development is a normative concept; this means that it applies in the context of people's sense of morality (right and wrong, good and bad). Economic development is an increase in living standards, improvement in self-esteem needs and freedom from oppression as well as a greater choice. The most accurate method of measuring development is the Human Development Index (HDI), which takes into account the literacy rates and life expectancy which affects productivity and could lead to economic growth. It also leads to the creation of more opportunities in the sectors of education, health care, employment and the conservation of the environment. It implies an increase in the per capita income of every citizen as people are alleviated from low standards of living into proper employment with suitable shelter (Todaro & Smith, 2011). Economic development is generally measured in terms of jobs and income, but also includes improvements in human development, education, health, choice, improved standard of living and environmental sustainability (Greenwood & Holt, 2008; Streimikiene & Barakauskaite-Jakubauskiene, 2012; Todaro & Smith, 2011)

2.4 Entrepreneurship and Economic Development

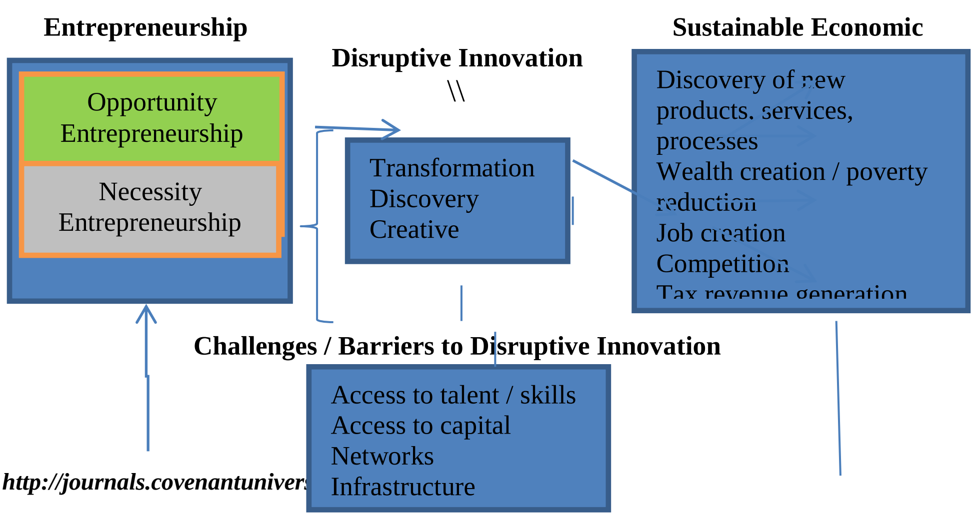
The role of entrepreneurship in economic development involves more than just increasing per capita output and income. It involves initiating and constituting change in the structure of business and society (Hisrich, Peters & Shepherd, 2008). Entrepreneurs by their actions - responding to opportunities, threats, uncertainties and incentives emanating from the economic environment in which they operate, put entrepreneurship at the heart of economic growth, development and catch-up. By innovating and commercializing inventions and by adopting innovations developed by others, entrepreneurs affect the rate of technological change and the structural transformation of the economy (Szirmai, Naude & Goedhuys, 2011). Van Stel, Carree and Thurik (2005) opine that entrepreneurship fails to be a well-documented factor in the empirical growth literature because of difficulties defining and measuring entrepreneurship. However, Audretsch, Keilbach and Lehman (2006) are of the view that it is a virtual consensus that entrepreneurship revolves around the recognition of opportunities along with the cognitive decision to commercialize those opportunities by starting a new firm. Becker, Knudsen and Swedberg (2011) in their review of the impact of Schumpeter's Theory of Economic Development (TED), threw more light on this theory, which is considered to be the founding work in the literature on entrepreneurship and economic evolution by highlighting the core ideas Shumpeter presented in TED. This core idea focuses on the general theory of entrepreneurship as a new combination of already existing material or immaterial component and the idea that resistance to entrepreneurship plays a crucial role in blocking economic development and that only a very strong forceful individual can break through this resistance.

Entrepreneurship in general is receiving greater attention from policy makers and experts in developed and developing countries. New dynamic enterprises contribute to economic development in several ways; as an important channel to convert innovative ideas into economic opportunities, as the basis for competitiveness through the revitalization of social of social and productive networks, as a source of new employment and as a way to increase productivity. The link between entrepreneurs and economic growth, theoretically speaking looks reasonably straight forward. Entrepreneurs create new businesses and new businesses in turn create jobs, intensify competition and may increase productivity through technological change (Mani, 2011). Schumpeter suggests that continuous creative destruction – (the introduction of new goods and services, opening of new markets, creation of new organizations and the introduction of new technology, processes and production) is what constitutes a sustainable economic development. Agri et al (2018) in their study noted that the continuity of an enterprise is sustained through innovation. They pointed out that community stakeholders in the business environment are interested in a profitable business enterprise that can guarantee jobs, generate tax revenue, assist in community services and projects; thus they maintain that unemployment is structurally caused by inadequate innovation. Van Stel, Carree and Thurik (2005) pointed out that entrepreneurial activities by nascent entrepreneurs has a positive impact on economic growth, which is however dependent on the level of per capita income in that economy. As noted earlier in this discourse, opportunity entrepreneurs are with the knowledge based firms, which engage in productive entrepreneurship. Wealth creation depends on the generation and exploitation of Knowledge embodied in people and technology - knowledge of practice as well as science and technology which are required to create economic value (Gibbons et al. 1994), which is fundamental for economic development. Audretsch, Keilbach and Lehmann (2006) stressed that entrepreneurship makes a unique contribution to economic growth by permeating the knowledge filter and commercializing ideas that would otherwise remain uncommercialized. They went to argue that entrepreneurial opportunities are not at all exogenous or given in the knowledge spillover theory of entrepreneurship, rather they are endogenously generated by the extent of investments in new knowledge. They maintain that a context rich in knowledge will generate more entrepreneurial opportunities than a context with impoverished knowledge.

In Africa's least developed countries (LDCs), escape from poverty and convergence to living standards of more advanced economies depends critically on structural transformation and the emergence of productive entrepreneurship that would accelerate growth and job creation (Brixiova, 2010). Agri et al (2018) suggest that the educational and private sectors in Nigeria should play a leading role in indigenous technology incubation, innovation, adoption and transfer. They contend that innovation and entrepreneurship will increase employment for Nigeria, if only the institutional environment and capacities to support innovation are strong.

Figure 2.4.1 is a framework that summarizes the relationship or the link between entrepreneurship (productive or opportunity entrepreneurship), disruption innovation and sustainable economic development

Figure 2.4.1. A model of productive entrepreneurship, disruptive innovation and sustainable economic development



2.5 Challenges of entrepreneurial firms and barriers to disruptive Innovation

It is important to identify the factors in the institutional environment that hinder entrepreneurial firms and their capacities to break new grounds, make new discoveries and create new goods, services, processes or technologies that make for sustainable economic development. In as much as many countries have begun to realize the importance of entrepreneurship and new venture creation, they are aware that starting a business is expensive and that the challenge can be quite exhilarating (Schramm, 2011). Starting and operating a new firm is not easy as there are myriad of issues and factors that a business owner has to contend with. Dyer (1992) identified issues such as finance, expertise, materials, technology that may pose some challenges when starting up a new firm. National Commission on Entrepreneurship (2002) identified some factors which have consistently ranked at the top in terms of importance to new and growing businesses. These factors which may act in favour of, or against new and growing businesses, depending on their availability or non-availability in the business terrain include; access to talent, access to capital, networks and infrastructure.

Access to talents represents one of the key challenges facing entrepreneurs, as acquiring and retaining talented and highly skilled personnel at all levels is very difficult. NCOE (2002) noted that these personnel challenges faced by entrepreneurs (i.e. shortage of qualified workers) are part of a larger economic transformation. The Commission stated that the reason for this is that knowledge workers are now becoming the key ingredient to business success and regional economic development. Leading high technology growth regions are now characterized by high concentrations of knowledge workers and an ability to attract and retain these workers.

Access to capital or finance has always been a major and primary problem facing entrepreneurial firms or businesses. While some regions and business sectors still have trouble accessing capital; in recent time, nonetheless, the overall environment for funding start-up businesses is fairly positive. According to the National Commission on Entrepreneurship (2002), this trend or development of having access to capital has been undermined by concerns over human capital, quality of life and other issues. However, the picture is not completely rosy as certain categories of entrepreneurs, especially women and minorities still find it difficult to access funds.

Network is another issue that poses a challenge to entrepreneurs or new businesses. Networks are essential because they are the links to potential sources of capital, new employees, strategic alliance partners, and service providers — such as lawyers, accountants, and consultants. These links are absolutely essential if a growing company is going to travel successfully at entrepreneurial speed (NCOE, 2002). However, in some cases, owners of entrepreneurial firms seeking to maintain ownership and control may retard venture performance and innovation by being resistant to external monitoring, which could improve firm performance. Some owners are reluctant to consider and/ or apply for external expertise required to ensure enterprising behaviour and venture development (Westhead, Wright & McElwee, 2011).

Another challenge that retards entrepreneurial activity and innovation is that of infrastructure. Public infrastructure, like a constant supply of electricity; good highways, proximity to airports and seaports, and high-speed internet access, are absolutely necessary for the smooth running of a business, especially electricity, as it is used to power practically all industrial equipment and machines. The level and availability of this local institutional support – infrastructure, is a major concern to most entrepreneurial firms in the developing countries.

Westhead, Wright and McElwee (2011) summarized the broad types of negative barriers to enterprise to include;

- Attitudinal barriers – which includes reluctance to select a career in enterprise; to establish a firm for independence as well as the reluctance to move outside the management comfort zone and the desire to remain small.
- Resource barriers – which includes limited information, finance, infrastructure, skilled labour and machinery.
- Operational barriers – such as lack of imagination, creativity and appropriate administrative, management and production systems, inability to protect the product, service or brand as well as skills and capabilities deficiencies.
- Strategic barriers – which includes focus on low price strategy rather than premium price strategy, inability to introduce market as well as technological differentiation, inability to create new sources of competitive advantage and to proactively adapt to constantly changing market.
- Government failure – here, government supports firms that do not require assistance, while some government regulations make it difficult for Start-up firms to find their feet.

Ferrell, Hirt and Ferrell (2011) also noted that entrepreneurial firms or new businesses face many challenges ranging from insufficient funds or undercapitalization, managerial inexperience or incompetence, inability to cope with growth and the burdens imposed by government regulations. Thus, half of entrepreneurial firms that are unable to cope with these challenges fail within the first five years (Ferrell, Hirt & Ferrell, 2011).

2.5.1 Policy implications of these challenges

The economic contributions of entrepreneurial firms with regards to job creation, poverty reduction wealth creation cannot be overemphasized. Thus there is the need for the government and policy makers alike to create an enabling environment for entrepreneurial activities and firms to thrive. Promoting entrepreneurship and the supply of entrepreneurs through entrepreneurship education training programmes for skill acquisition will go a long way to developing the needed technical skills required for creativity. Abubakar, Ibrahim and Yazeed (2018) are of the view that there is the need for the government to inspire and instill the spirit of innovativeness in the students in addition to providing entrepreneurship education as this will deliver a direct effect as well as strong interaction with entrepreneurship education which influences student's entrepreneurial intention. Provision of adequate infrastructure as well as the development and implementation of favourable financial policies that allows Start-ups to have access to seed capital from the credit market at investment-friendly rates will encourage the creation and dissemination of new products and services that will increase the level of disruptive innovation needed for sustainable economic development. Viatonu, Muse and Suluka (2018) in their study concur that there is the need for the government to provide an enabling environment for entrepreneurship to thrive through the provision of social amenities such as electricity as well as tax breaks, especially to budding entrepreneurs.

There is also the need for the business leaders of entrepreneurial firms to engage in creative thinking (thinking out of the box) so as to come up with something new and original. As Sturm (2015) puts it, 'If you till the same soil that everyone else tills, plant the same seeds they plant, and use the same water, you'll get the same garden'. To eliminate imitation as much as possible, it is advisable for entrepreneurial firms to engage in continuous creative destruction- introduction of new goods and services, opening of new markets, creation of new organizations and the introduction of new technology, processes and production for sustainable economic development. This task of eliminating the barriers that hinder entrepreneurial firms is up to the policy makers and practitioners alike in the different economies of the world, especially the developing countries, who understand the economic benefits of entrepreneurship.

3. Conclusion

This paper started by noting the lack of consensus in the definition of entrepreneurship despite the role of entrepreneurial firms in the creation of new jobs, wealth creation, reduction of unemployment , reduction of poverty and general economic development. However, literature shows that there are substantial differences in the types of entrepreneurial activities across countries especially in the divide of necessity and opportunity entrepreneurship. While necessity entrepreneurship has little or no effect on economic growth, opportunity entrepreneurship on the other hand has significant effect on economic growth as it drives innovation. Hence the role of the entrepreneur can only be understood if it is placed against the background of the theory of innovation. The importance of productive or opportunity entrepreneurial firms, which are basically knowledge - driven and truly innovative in their activities for sustainable economic development cannot be overemphasized. Entrepreneurial firms with unique scientific and technological knowledge are the initiators of radical and disruptive innovations as they create new industries, new products, services and process innovation that promote sustainable economic development. However, there are some pitfalls within and outside the business environment –

lack of talent or limited knowledge, inadequate infrastructure and venture capital amongst others, which are barriers to enterprise and disruptive innovation. To create an enabling business environment that will increase the ease of doing business and promote creativity and innovation, there is need for the government to encourage entrepreneurship and the entrepreneurs through entrepreneurial and vocational training program to increase knowledge as well as technical skills required for radical innovation. Government intervention should also include the provision of adequate infrastructure by collaborating with property developers to provide business premises at subsidized rates. Government should also focus more attention on the construction of network of roads, seaports, airports, railways and the provision of constant supply of electricity. All of these can increase the flow of resources to new and growing firms and also reduce the high cost of doing business. There is also the need for the government to provide stable micro economic environment to encourage entrepreneurial initiatives through the implementation of favourable financial policies that allow entrepreneurial firms to secure loans from the credit market at investment-friendly rates. In conclusion, public policies should generally be devoted to creating and developing an enabling environment that allow for innovation, employment and growth of the economy.

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