



AN OUTLOOK OF THE RECENT ENTREPRENEURSHIP AND
ECONOMIC PROBLEMS IN NIGERIA: AN EXPATRIATE PERSPECTIVE

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ABSTRACT

The aim of this work is to review entrepreneurship in Nigeria taking into account the determinants and how it can be improved in Nigeria. The study adopts the Narrative-Textual Case Study (NTCS) approach. The literature reviews and the empirical studies have shown that, over-dependence on crude oil and gas are contributing to the decline in the entrepreneurship in Nigeria. The study finds that there are difficulties associated with bank credits and high commercial bank interest rates which continue to rotate between 15 to 30% for micro and small enterprise development in Nigeria.

Keywords: Firm Choice, Growth, Financing, Investment, Banking; Crude Oil.
JEL Index Classifications: D92, E5, E22, G24.

1. INTRODUCTION

An entrepreneur can be defined as a person, a contractor, group of people, or an organization with a well-defined mission and vision that contributes to the wellbeing of humanity. It is on record that all over the world, entrepreneurs play vital roles in the socio-economic development of their respective nations and contribute to support the governments where they operate; be it democracy, military regime, capitalist or socialist state etc. Also an entrepreneur is someone that seeks, recognizes and acts upon any business opportunity that would attract people. It is the act of introducing a new business to the general public and make it known and accepted by the people. An entrepreneurship is the process of creating a new business like a shop that offers a wide variety of goods or a company offering a product, business or other services. Entrepreneurial opportunities often include planning and executing business design, acquiring human, financial and other useful resources and for it to be solely responsible for the success and failure of the business.

Most entrepreneurs are known to have extra-ordinary leadership skills that enables them to overcome different levels of challenges. They are known for setting high reaching goals and developing strategies that enable them to achieve their set targets and objectives. Entrepreneurs are like the engines that powers and drives any economy because on their own, independent of the government supports, most of them dare to tackle the most challenging problems of their times in different industries. From the transport industry, to agriculture, solid mineral mining, defence, education, environment to information technology; the world has witnessed different level of technological evolutions that are

spearheaded by entrepreneurs who risked everything in pursuit of their dreams. Most of them came out successfully with technological breakthroughs that have reshaped the world. Typical examples are Thomas Edison that invented the first commercial electricity bulb and thermal power plant. His idea is today transformed into a huge business empire call General Electric (GE). The same applies to Bill Gate, whose ingenuity has transformed the computer and information industry. His solutions have been transformed into multi-billion dollars corporation called Microsoft, employing thousands of persons with revenue in excess of 10 billion dollar per annum.

In Nigeria, some persons have distinguished themselves against all odds to be successful entrepreneurs. These includes but not limited to the likes of Aliko Dangote, the CEO of Dangote Group; Tony Elumelu, the Chairman of the Heirs Holding, United Bank for Africa (UBA) and founder of the Tony Elumelu Foundation and Jim Ovia, the CEO of Zenith Bank Plc respectively. Despite their aforementioned successes in their different walks of life, it is still surprising that on the global average, Nigeria is still ranked as one of the least countries that supports entrepreneurship because of challenges associated with accessing funding, inadequate infrastructures, insecurity and the issues of corruption that have ravaged the nation for several years.

In recent years, in spite of the aforementioned challenges, Nigeria has experienced an increase the number of entrepreneurs venturing into micro businesses, small-medium scale businesses and even large scale enterprises.

2. LITERATURE REVIEW

In early years, entrepreneurship was changed from its origins in for-profit businesses to introduce social entrepreneurship and political entrepreneurship. Entrepreneurship was initially referred to as "Intrapreneur" and it included various corporate ventures where large organizations form smaller organizations as subsidiaries. The entrepreneurs are managers willing to take risk and plan by taking advantage of market opportunities and employing resources (Akerledou 1975).

According to Paul Reynolds, "by the time they reach retirement years, half of all working men in the United States probably have a period of self-employment of one or more years, one in four may have engaged in self-employment for six or more years. In Nigeria, the effect of entrepreneur development and the problem of very high poverty and slow economic rate is inter-related. There is that general held assertion that entrepreneurship development holds the key to eradication of poverty to a great extent, the reduction of the high employment rates and also the answer to a rapid economic development. The Nigeria government in the past has put in place various measures to support entrepreneurship with agencies such as SMEDAN and other laudable initiatives like the Small and Medium Industries Equity Investment Scheme (SMIEIS). This scheme mandates each bank operating in Nigeria to set aside 10% of its yearly profit and tax specifically for financing and assisting Small and Medium Enterprises to reach their goals and objectives (Ekukinam 1977).

Another laudable initiative was the establishment of the Bank Of Industry (BOI). Though the bank specifically focuses on funding for much larger industrial establishments, it is still a good and commendable initiative all so as to support the growth of small and medium business in Nigeria. The entrepreneur sees business opportunities in line with his vision in a particular discipline, he then applies himself to achieve his visions and set goals, converting his know-how and experience into a profitable venture that his customers are willing to pay for (Management 1976).

The ambition of an entrepreneur propels him to venture into businesses with very high monetary returns. Most times the business may be risky with the entrepreneur

recording very huge losses. In Nigeria, different factors have influenced or contributed to determining entrepreneurship. These includes but not limited to self-determination to succeed in life, commitment to proffering solutions to challenging human problems and unemployment.

3. INDIGENOUS ENTREPRENEURSHIP

More than anything else, most Nigerians venture into entrepreneurship because of their self-determination to succeed and willingness to breakthrough in life. This is evident in their commitment to learn a particular class of trade over time until they gain good mastery. A typical example is the case of the Igbo ethnicity, who are predominantly wholesalers and retail traders in different parts of the country, with businesses spanning across America, Europe and Asia respectively. Most of the traders with different levels of education had to serve others to gain the necessary experience that would enable them startup their own businesses. In most cases this takes years between Three (3) to Ten Years depending on the type of trade such as shoe making, automobile spare parts, importation, wholesales and retailing of electronics, chemicals and other goods etc.

The aforementioned are challenging businesses that takes time to gain mastery and be independent. Nevertheless, most Nigerian successful businessmen and women have been able to establish themselves due to their self-determination to succeed. The same applies to those successful Nigerian Manufacturing Entrepreneurs who have ventured into different production lines. Some started from nothing, but out of self-determination to succeed in life, they were able to manage the tough times and are today successful in their different works of life.

A typical example is Aliko Dangote who started from basically nothing and is today the largest cement manufacturer in Nigeria and one of the biggest in West Africa. His company has diversified into different products such as salt commonly sold with the brand name "Dangote Salt" He is also into Sugar production with his production capacity in excess of 1.4 million metric tons per year. Today, motivated to succeed and contribute to the growth of the Nigerian economy and sustainable job creation, the Dangote Group is presently the largest private sector employer of labour in Nigeria, employing over 12,000 persons. With his new multi-billion dollar cement plants springing up in different parts of Africa, his business is set to also create employment for different unemployed Africans. In the financial sector, Nigerians have also made good progress with different success stories anchored on self-determination to succeed. A typical example is Tony Elumelu, CON, the Chairman of the United Bank of Africa (UBA) who was able to transform the bank into a new generation bank with several awards won. Today, UBA is rendering world class financial services and providing different financial products that are making personal and corporate banking successful.

4. THE CHALLENGES OF HUMAN PROBLEMS

Discussing factors that contributes to Entrepreneurship in Nigeria will be incomplete without mentioning the drive and commitment of Nigerians to proffer solutions to challenging human problems. A typical example is the challenge of mass transit, where people had a lot of challenges buying new cars. This was a problem and also an opportunity. A Nigerian named Mr. innocent Chukwuma, took the bull by the horn and ventured into automobile manufacturing using the brand name "Innoson Vehicle Manufacturing Company (IVM)" Today, his company manufactures Sports Utility Vehicles (SUVs), Buses, Trucks and special environmental trucks that contributes to Nigeria's Gross Domestic Products (GDP) while also creating hundreds of jobs for young

Nigerians. Today, Nigerians are able to buy their own brand new cars at affordable amounts compared to what they used to pay for imported fairly used cars. His successful entrepreneurship is a typical example of commitment of Nigerians to proffer solutions to challenging national problems confronting us. His quest to solve the problem is today turned into a large enterprise that is supporting other small and medium enterprises that are engaged in different value chains of his car company's manufacturing process.

4.1 Unemployment

Unemployment has also contributed to the development of entrepreneurship. For instance, consider a typical university graduate that studied mass communication and has not been able to get a job. He or she could decide to start doing public event Master of Ceremony (MC) as service to people using his training. As a result of unemployment and untold hardship, thousands of Nigerians have been forced to start their own business out of frustration. At the start, it may be very challenging, but in the long run, most of them end up establishing successful businesses.

5. METHODOLOGY

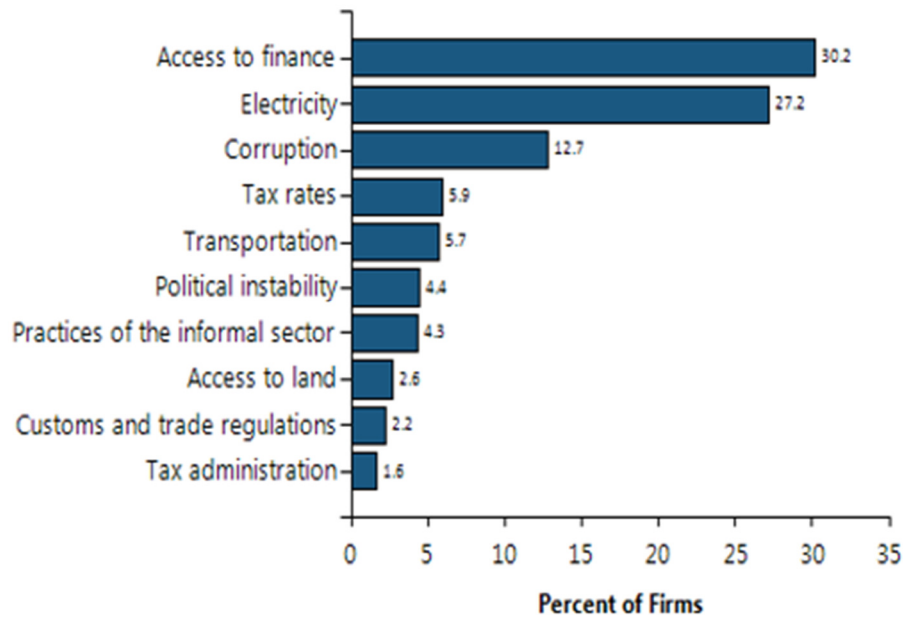
The Narrative-Textual Case Study (NTCS) method of analysis was used in the empirical evaluation. This method is preferred when there is no sufficient empirical data to do out a detailed statistical analysis (Abouzeedan and Leijon 2007). The NTCS method combines the use of quantitative and qualitative observations and the readily available statistics for problem-solving depending on the scope, aim and objectives of the study. The data used are purely derived from secondary sources mostly from previous published research, verified data, and other relevant materials on the same topic under review (Richtermeyer 2003).

6. RESULTS AND DISCUSSIONS

The studies shows that over-dependence on oil and gas is contributing to the decline in the entrepreneurship in Nigeria. Much was also said on the difficulty associated with accessing bank credits and high commercial bank interest rates that is between 15 to 30% for micro, small enterprises limits enterprise development in Nigeria (Aryo 2005). The inadequate infrastructures such as roads, water shortage and erratic supply of electricity adversely contributes to the development of entrepreneurship in Nigeria. It is on record that existing businesses have closed down with new ones finding it difficult to start. These contributes to the challenge of starting or expanding small and medium scaled enterprise also frustrates the development of different enterprises in Nigeria (Unachukwu 2009).

The study affirms previous empirical studies that quiet found that, a number of things are need to be put in place in order to improve the entrepreneurship issues as it relates to Nigeria. Issues such as access to finance/capital and the needed platform as provided by the government is vital in putting in place a system to ensure that each and every entrepreneur in Nigeria is supported to succeed.

Table 1: Ranking of the Top Business Environment Obstacle for Firms



Source: Enterprise Surveys (<http://www.enterprisesurveys.org>), The World Bank

Everywhere in the world, irrespective of the kind of government, be it the democratically elected, capitalist, socialist or even the much dreaded military regimes, entrepreneurship is the prime mover of the economies as shown in Table 1. However, in Nigeria, in spite of the achievements made by some self-determined individuals who took the bull by the horn, on average as a nation, the overall interests of entrepreneurs are not taken seriously in policy formulation that affects the development of the Nigeria. Different factors limits have been identified as constraints to entrepreneurship development in Nigeria. In every business venture, the chance of it failing always puts pressure on the entrepreneur running the business. There are so many other problems that an entrepreneur faces that he doesn't expect. The entrepreneur must fully be aware of the pitfalls and challenges that he might face in the course of running his/her business. In most cases, their attention becomes divided because they are out their running after another business idea or venture and loose focus on the already existing business because each sector has its own problems.

For several decades, the Nigerian economy has been largely dependent on oil and gas sector, with the aforementioned industry accounting for over 90% of the nation's foreign revenue. A review of Central Bank of Nigeria's record shows that Nigeria's oil revenue contributed about NGN 8.11 trillion in 2012 to the nation's foreign exchange earnings. Similarly, oil revenue earnings for the first quarter of 2013 was NGN 1.849 trillion, with the second, third and fourth quarters as NGN 1.813 trillion, NGN 1.623 trillion and NGN 1.538 trillion respectively. However in the year 2014, the Federal Government of Nigeria recorded sharp decline of about 40% in revenue as the first quarter revenue fell to NGN 622 billion Naira.

In spite of the decline in oil revenue, the cash-flow from the oil and gas sector has made the Federal Government of Nigeria not to pay serious attention to the development of other real sectors that would contribute or support the entrepreneurs in Nigeria. The over dependence on oil has discouraged most entrepreneurs from dedicated their time, energy and also investing in other sectors of the economy that would contributed to the diversification of Nigeria's economy.

Every entrepreneur has to have access to capital or finance for the running of the business or at its initial growth stage. The entrepreneur also needs to have the basic business knowledge of business finance and in moist cases, maintain a good working

relationship with his/her bankers or financiers. An entrepreneur needs to be prepared to have goods investors as the case may be, so in the event that he needs financial supports which is not forthcoming from the banker/lenders, he/she can easily fall back to this ready and willing investors who believe in the venture and are willing to stake in their investment in the form of equity capital or venture capital. He/she should also be very conversant with the basic accounting methods of cash management, accounting depending on the sophistication of the business.

For several years, the Federal Government has been budgeting to support different intervention funds aimed at supporting small and medium scaled enterprises. For instance, different successive Federal Governments had disbursed billions of Naira from the Central Bank of Nigeria (CBN) designed to support different enterprises. It is highly regrettable that these funds hardly trickle down to the target persons that are involved in the particular business that prompted the Federal Government to release the fund. Different reasons have been given, some attributing it to high level corruption in the Ministries, Departments and Agencies of the Federal Government of Nigeria.

It is on record that the high level of collaterals demanded by the Bank of Industry (BOI), the Bank of Agriculture (BOA) and other Commercial Banks in Nigeria makes accessing of loan a very difficult task. Most entrepreneurs in Nigeria struggle endlessly to access funds and end up being discouraged because of the difficulties associated in getting such funds.

As earlier stated, over dependence on the oil sector has contributed to the neglect of other sectors of the Nigerian economy such as agriculture, solid minerals and manufacturing etc. The negative impact is that insufficient investment was done in the aforementioned sectors, thereby making it difficult for entrepreneurs to process their different raw materials into finished goods. Millions of fresh tomato, vegetable, fruits, chicken and other fresh agro farm produces gets spoiled everyday due to inability of the farmers to process them into finished products with higher market value.

The same applies to the solid mineral sector where illegal mining is the order of the day and most miners export the raw materials abroad for processing. Management Problems is another challenge an entrepreneur faces. An entrepreneur has to be passionate about his business for it to be successful and stable. Thus, if personal issues get entangled with business issues, it would be hard for the entrepreneur to set goals and measure his performance in the business effectively. It is important to have all the necessary information needed that involves learning as much about the product business, managing, manning, leading and organizing before starting the business so as to avoid any failures along the way.

An entrepreneur needs his business to be successful and last long so he needs to market the business and products/services well so that he/she attracts the target segment for his/her products and services. When there is a problem with the marketing plan, the product won't be sold as expected. This involves effective advertising in order to attract people to the product/services.

The lack of support to small, medium and large scaled enterprises has negatively impacted on the development of entrepreneurship in Nigeria. For instance, power generation in Nigeria is a major challenge. With the overall power generation standing at less than 4,200 megawatts, whereas the daily power need is in excess of 30,000 megawatts. It is obvious that doing business in Nigeria is a difficult task. This is because, most entrepreneurs end up generating their own power to run their businesses. This puts the cost of production too high that they cannot even competitively export their products abroad. The same applies to road infrastructures. Most entrepreneurs end up constructing their factories access roads and also repairing of damaged roads to their business sites. This contributes to increasing the cost of manufacturing anything in Nigeria.

In the same vein, Nigerian entrepreneurs are practically responsible for their own security. They pay private security companies to secure their businesses, protect their personnel from kidnapping and vandalism of their industrial infrastructures. These and other factors have adversely limited the growth of entrepreneurship in Nigeria.

7. CONCLUSION AND RECOMMENDATIONS

This write has highlighted the determinants facing entrepreneurship in Nigeria and elaborated on the determinants. In Nigeria, we have a large segment of population that are gainfully employed by the government, most people tend to fend for themselves by starting up small enterprises or become government contractors in order to make a living. Though the public sector is the largest employer of labour, but even at that and with the rate at which graduates pass through the universities, There is urgent need to explore other avenues to create jobs for our teeming population most made up of the youths. I have clearly explained steps that should be improved up on by the government in order to make entrepreneurs more successful in their venture, by offering the necessary supports. An entrepreneur creates value and by creating value he or she grows a business, which in turns would offer employment opportunities for other to partake as the business grows (Thomas 2003).

It is thus, a consensus that entrepreneurs are the bedrock of a vibrant economy, and if we so desire to grow our economy and lessen the over dependence on crude-oil, we should look more inwards at creating and empowering more entrepreneurs. Entrepreneurship in Nigeria has improved reasonably, however, the nation has not reached where it is supposed to be and there is massive room for improvement and opportunities to contribute to economic growth. According to Onipede, different school of thoughts have enumerated diverse solutions to enhance entrepreneurship growth in Nigeria (Onipede 2003).

Several studies shows that, if the Federal Government of Nigeria would make funds available to entrepreneurs to start and expand their businesses, Nigeria would experience an unprecedented economic growth. This is because most entrepreneurs that were meant to be producing or manufacturing things in Nigeria have the challenge of getting loan, thereby contributing to high rate of unemployment, capital flight lost to importation of things that could ordinarily be produced in Nigeria etc. It implies that having better access to finance at a low interest rate would contribute to improving entrepreneurship in Nigeria. Increasing power generation, transmission and distribution in Nigeria could go a long way to enhance entrepreneurship in Nigeria. This is because, virtually everything produced uses electricity in one form or the other. All over the world, provision of electricity for the nation is the Government's responsibility which is either directly met or done through private investors.

With adequate electricity generation, transmission and distribution to the end users, that is entrepreneurs that own and operate different forms of small, medium and large scale enterprises; Nigeria could double or triple her Gross Domestic Product (GDP). This is because there will be more producing different goods and rendering various forms of services either for local market or export. Apart from electricity (power), there are different infrastructures that are necessary for efficient and smooth operations of entrepreneurs in any nation. In Nigeria, there is need for the Federal Government to also provide adequate transportation infrastructures such as railway system, road transport networks and also the airports respectively.

In addition, one critical infrastructure that the Federal Government of Nigeria must put in place is the seaport because this is the window through which the world accesses Nigeria and the means through which Nigeria exports to the entire globe. In Nigeria,

because intellectual properties and copy rights are not adequately protected, entrepreneurs find it difficult to invest in technology driven businesses. It is an established fact globally that innovation and technological development are two major components that contributes to the growth of any economy. In Nigeria, even the oil and gas sector is largely dominated by technological solutions that are sourced from abroad. If there are laws that protects innovations and intellectual properties, entrepreneurs would be committed to doing more innovative and technologically driven businesses that would contribute to the growth of entrepreneurship in Nigeria. Provision of adequate security for entrepreneurs and their various enterprises. All the aforementioned measures to improve entrepreneurship in Nigeria would be ineffective if there is no security. As part of the Federal Government of Nigeria's primary responsibility to secure lives and properties; all businesses require different levels of security to enhance their businesses. The assurance that there is adequate security in Nigeria would give the investors or entrepreneurs the confidence to establish their small, medium and large scale enterprise here in Nigeria (Idam 2014).

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