

ENTREPRENEURSHIP AND SELF-RELIANCE: BUILDING AN ENTREPRENEURIAL ECONOMY

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INTRODUCTION

With the collapse of the last vestiges of the socialist economic system in 1991, virtually the whole world has embraced free enterprise economic system. Entrepreneurship is the cornerstone and at the heart of the free enterprise economy.

Entrepreneurship is a recent field of study but its practice has been with us over generations. But what is entrepreneurship? Since this is not an academic paper, the definition of entrepreneurship by Wennekers and Thurik (1999, p.46) is comprehensive and suffice us here. They define entrepreneurship as “the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations, to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product market combinations) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions”. This definition supports Schumpeter’s (1961) entrepreneurial creative disruption thesis which stipulated the carrying out of new combinations through five different cases, viz:

- The introduction of a new product or good
- The introduction of a new method of production
- The opening of a new market
- The conquest of a new source of supply of raw materials or half-manufactured goods
- The carrying out of the new organization of any industry.

The human societies over generations have always craved for better and more comfortable means of existence and sometimes, survival. The basic needs to cloth, feed and shelter give way for demand for products and the need for production. This phenomenon has graduated to a level of sophistication in virtually all areas of human existence to do things better and cheaper, to live more comfortable lives, to get to our destinations faster, to store and protect our assets and even to fight wars with more decisiveness and less human casualties. In an attempt by man to live a more decent, and sometimes, more sophisticated life, he embarks on adventurous maneuverings and experimentations and in the process, discovers new and better ways of production and product/service delivery. Entrepreneurs make us live better. Can you imagine the world without motor vehicles, ships, airplanes, electricity, telephones, clothes, shoes and sandals, books, just name it, from the basic items to the complex ones.

Entrepreneurship makes all these possible and we have now taken them for granted. Thus an entrepreneur organizes the other factors of production such as land, labour and capital to deliver products in form of goods and services. An entrepreneur is a risk taker; he marshals resources in the face of risk to pursue an opportunity, the needs of the market place. He creates an operating business organization, either alone or with others, to implement the opportunity-motivated business idea. And in an attempt to create wealth and meet personal and corporate objectives, he satisfies the effective needs of the market and the consumers.

It is important to note that the factors of production can be owned either by government or private individuals and entities. Experience has shown that free enterprise, which encourages entrepreneurship, self reliance and private ownership of factors of production, makes society moves faster and human beings more prosperous than when government owns and controls the factors of production. Essentially, economic growth and development are achieved faster under a free enterprise economic system. This is because business creation holds the key to economic growth and development or to prosperity in a free enterprise economy. And the creative destruction going on in the world propelled by innovation and fuelled by information and communication technology has made entrepreneurship interesting and a topical issue in most part of the world.

There is no doubt that as an entrepreneur, there are many benefits in making production possible in collaboration with others, or on your own. You are your own boss. You enjoy the profits from your efforts and experience financial independence. There is a sense of pride in your business and you will create wealth and employ people. You enjoy flexibility in your work schedule. You may actually be engaged in your passion, doing what you like and enjoy. You will be able to contribute to the upliftment of the family and the larger society. However, owing and/or running a business also has its own stress. You may need to put in long hours. You need money and skill to start and grow. You will have to keep up with government rules and regulations. You may, from time to time, have to make hard decisions of hiring, firing, etc. Above all, you may lose money. But the benefits of being entrepreneurs or self-employed far outweigh the challenges.

ENTREPRENEURIAL EFFORTS IN NIGERIA

The 2012 Global Entrepreneurship Monitor (GEM) has empirically identified Nigeria as one of the most entrepreneurial countries in the world. The study shows that 35 out of every 100 Nigerians (over a third) are engaged in some kind of entrepreneurial activity or the other. The only countries that have better records in sub-sahara Africa are Malawi (36%), Uganda (36%), Ghana (37%) and Zambia (41%).

This revelation should not be surprising. An average Nigerian is entrepreneurial in nature and in action. An average Nigerian adult would have tried his/her hand on a trade, business, contract or deal in a lifetime, for the purpose of wealth creation, no matter what he or she does for a living. Quite a lot of those who are not full time entrepreneurs or in self-employment have one or two business initiatives running by the side. A statistical evidence has been established through research to corroborate this position.

Entrepreneurial Activities in Nigeria compared with Taiwan and Malaysia

Countries	Perceived Opportunities (%)	Perceived Capabilities (%)	Fear of Failure (%)	Entrepreneurial Intention (%)
Nigeria	82	88	21	44
Average for Sub-Saharan Countries	70	76	24	53
Taiwan	39	26	38	25
Malaysia	36	31	36	13
Average for Asian Countries	30	32	41	17

Source: GEM Global Report, 2012

In 2012, according to the GEM report, Nigeria led the whole world in terms of the desire to explore available opportunities for starting a business and for possessing the self confidence to start one. The survey shows that Nigerians have high perceptions about the presence of good opportunities for starting a business and also believe that they have the skills and knowledge necessary to start a business. The study confirms that more Nigerians pursue entrepreneurial activity due to perceived opportunities than out of necessity. Nigeria also exhibited one of the lowest levels of fear of failure in the world indicating the readiness to start and run a business without fear of failure.

It is interesting to note that Nigerian youths are excited about entrepreneurship and entrepreneurial opportunities. About 82% of Nigerian youths perceive a good opportunity for starting a business while 86% believe that they have the skills and knowledge necessary to start a business.

The Nigerian experience is an interesting phenomenon. As a country endowed with abundant natural resources, one would have expected a leaning towards the theoretical postulation that entrepreneurial efforts and activities tend to be low in a natural resource-abundance economy, as there is always no incentives to strive. But this seems not to be the case for Nigeria. Furthermore, the rate of interest in entrepreneurship may have to do with the level of economic development. Development economists contend that entrepreneurial activity declines with the stages of development. It may therefore be the case that entrepreneurial activity is high because of our level of development.

WHAT IT TAKES TO BUILD AN ENTREPRENEURIAL ECONOMY

But here is the paradox. The World Bank in its May 2013 Nigerian Economic Report highlighted that the number of Nigerians living in poverty was increasing too rapidly. It also said that Nigeria's annual GDP growth rates of 6 to 8 per cent, as impressive as it looks, is not capable nor sufficient to reduce poverty in the country. This description is corroborated by statistical evidence. For example, while 28.1 per cent or about 17.7 million Nigerians were in poverty, earning less than the proverbial one dollar a day by 1980, this had moved to 67 per cent or 112 million people by 2012. Nigeria is afflicted with quite a lot of other paradoxes. If a typical Nigerian is inclined towards starting and running a business irrespective of his primary employment and if a typical Nigerian is excited about entrepreneurship and has relative confidence in starting and running a business, why is the rate of unemployment high and the rate of poverty on the rise? After all, entrepreneurship and self-employment are meant to promote wealth creation and employment opportunities.

The above phenomenon may not be unconnected with the absence of enabling factors which make entrepreneurship to thrive. There are minimum requirements to succeed as an entrepreneurial nation. It is not sufficient that citizens are passionate about working for themselves and striving to be successful entrepreneurs. They must be empowered. Nigeria is confronted with the challenges of its level of development, poor state of socio-economic infrastructure, high level of corruption and low quality of governance, low financial and credit penetration, multiplicity of levies, taxes and charges, etc. All these conspire to make it difficult for interested persons to successfully start and run their businesses. The 2012 GEM report showed that in Nigeria, only 16 per cent of new businesses survived beyond 42 months.

GEM classifies economies as factor-driven, efficiency-driven or innovative-driven. This categorization is based on the World Economic Forum (WEF) Global Competitiveness Report, which identifies these three phases of economic development based GDP per capital and the share of exports comprising primary goods. Nigeria is classified a factor-driven economy, dominated by subsistence agriculture and extractive businesses with a heavy reliance on unskilled labour and natural resources with the attendant implications.

For entrepreneurship to meet the aspirations of our political leadership of serious wealth creation, employment, poverty alleviation and value-reorientation, a lot still needs to be done. But as an economy trying to imbibe and uphold the tenets of western democracy and with a posture of free enterprise, we do not have many options; we just need to do the basic.

The Doing Business 2014 exposed the weak nature of our situation. Enumerating the overall ease of doing business among 189 economies in the world, Nigeria ranked 147. South Africa (41st), Botswana (56th), Ghana (67th), Ethiopia (125th) and Kenya (129th) all fared better from the sub-Saharan Africa. In specific, the 2014 position showed that in starting a business, Nigeria ranked 122 out of 189 economies as it takes an average of 28 days and compliance with about eight procedures. Access to reliable and affordable electricity, is vital for business. Yet in Nigeria, Doing Business 2014 finds that getting electricity requires eight procedures and takes an average of 260 days, placing Nigeria at 185 out of 189 economies ranked on the ease of getting electricity. These indices point to the fact that starting a business is characterized by costly, duplicated and cumbersome processes.

Significantly, Nigeria did not witness material improvement over the last ten years in most of the indices except in access to credit. Nigeria had an impressive growth in access to credit by ranking 13 out of 189 economies on the ease of getting credit. The availability of credit information and the continuous strengthening of legal rights for borrowers and lenders make this possible.

As a developing economy, we need to provide certain infrastructure and enable certain environment that would make entrepreneurship to thrive. These include favourable business policies and regulations. Our unacceptable low level of unfriendly environment in galvanizing entrepreneurship is captured by the 2013 Doing Business Index in registration days, legal issues, access to capital, etc.

Though Nigeria is doing a lot in the area of promoting access to finance, Nigeria's credit penetration rate is still abysmally low, among the lowest in the world. In the same vein, the depth of our capital market is low and unable to support financing small and medium enterprises. To overcome these, there is the need to fast-track the reform process in the financial services sector including deepening and strengthening the credit bureau infrastructure; it also requires the introduction of collateral registry. In addition, securing creditor rights and promoting an efficient judicial system is imperative.

The 2012 GEM Report confirms Nigeria as an entrepreneurial nation. Most of Nigerians believe and see opportunities in entrepreneurship and are ready to start and run a business. This provides ample opportunity for government and policy makers, at all levels of government, to use the promotion of entrepreneurial activities as a strategy for poverty eradication, wealth creation, employment generation and sustainable development. Issues relating to policy formulation, business development, capacity building and funding options are recommended to be given priority to be made available to as many Nigerians as possible. It also provides ample opportunity for research into various aspects of issues relating to entrepreneurial activity and development.

Entrepreneurship can help to address the challenge of high rate of unemployment. The solution to unemployment would have to be tackled by formulating policies and programs that would lead to job creation in the short and long run. Job opportunities should come in two main ways to the teeming unemployed - gainful employment by established businesses and government, and self-employment or entrepreneurship.

In the short run, Nigeria needs to promote those sectors with the growth prospects for them to perform to their greatest potentials. Agriculture, Information Technology, Solid Minerals, Oil and Energy as well as the Service sectors are good examples where right policies can drive transformation that would lead to huge productivity and employment opportunities especially of young Nigerians.

A good agricultural policy should drive agriculture away from subsistence farming, to large scale commercial farming, use of technology rather than manual implements and ability to plant, cultivate

and preserve products throughout the year. Beyond this, agriculture has a robust value chain which, if well structured and with the right policies, can lead to Nigerians engaging in all the different activities along the chain. The policies would include incentives to produce raw materials and process them rather than exporting raw agricultural products; they would also include measures to discourage importation of all sorts of semi-processed agricultural imports. The re-introduction of the successful farm settlement schemes of the post-independence era should help in this agricultural re-awakening. These are practical ways to make agriculture become attractive to the educated youths.

The Information and Technology industry is a service industry and it holds a lot of growth potentials. Presently, IT assimilation is very low at internet penetration of 22.1 per 100 people, broadband penetration of 6.1 per cent and a mere 3.5 per cent contribution to the nation's GDP. Yet, this is one sector that can employ a lot of young Nigerians without heavy start up costs and working right from their homes. It would be interesting to enhance IT usage in government and in the rural areas. This way, quite a lot of youths can find meaningful employment opportunities in the information and communication sector.

The oil and gas and minerals sector is another sector of our economy with high prospect of employment generation. Presently, we record jobless growth in the oil and gas industry because Nigerians are shut out of active participation in the sector and also because our crude oil is sold as crude rather than as refined products. We need to diligently implement the provisions of the Petroleum Content Act to enable Nigerians increase their stakes in the industry while petroleum refining should be given a priority. These windows of opportunity are capable of generating wealth and enduring entrepreneurial opportunities.

Apart from oil, Nigeria is blessed with so many other natural resources. Nigeria has thirty four unexploited minerals apart from oil and gas. Opening up this area would generate huge entrepreneurial opportunities for Nigerians. For instance, the exploitation of the vast deposit of bitumen alone will result in the twin benefit of generating massive employment and affordably improving our road transport infrastructure, with the attendant multiplier effects on the economy.

The housing sector is another area where significant job creation can be achieved while also addressing the social problem of severe shortage of decent accommodation among our teeming population, and

this calls more for policy intervention to promote long-term housing finance than the half-hearted measures dotting the entire sector. Similarly, the fashion tastes of Nigerians are such that support the domestic textile industry whereas infrastructural constraints have made this sector largely extinct. Given its backward integration to agriculture and huge employment it offers by the labour intensity of its operations, and of course the large domestic market offered by the country's population, this sector also has the potential to contribute substantially to job creation.

In most of the growing and exciting sectors, including in services and professional callings, franchising has become a valuable tool to explore to start and run a business with ease. Franchising always provide the required products and services to meet international quality, give opportunity for marketing support and give technical and capacity support to adapt and manage the products and the business. With the efforts to improve the environment and provide infrastructure, security, stability, right policies, etc, a lot of good international brands are looking for credible Nigerian entrepreneurs to do business with.

Improving the availability of electricity alone has been identified as, perhaps, the most important factor that can lead to a leap in our productivity, wealth creation and job creation. In the midst of myriads of challenges like weak infrastructure, low skills level of human capital; low levels of national outputs are the eventual result. The right fiscal policy is required to support accelerated infrastructural provisioning which on its own can be source of direct employment but, more importantly, bring down cost of production.

In the medium and long term, we have to carry out an overhaul of our educational curriculum to make it more entrepreneurial and to improve its quality. We need to produce university graduates who can really bring a lot of skills in to the labour market. We must produce 'opportunity entrepreneurs' from the products of our tertiary institutions who would see opportunities in our huge population, demographics and the natural resources that we are endowed with and be ready to start and run their own businesses. We also need to bring back the vocational schools, the skills acquisition centres and technical colleges to produce quality artisans and professionals like painters, plumbers, furniture makers and the like, who can compete with their professional colleagues from any part of the world.

CONCLUSION

This is one of the best of times to pursue self-employment and entrepreneurship. Nigeria is one of the very best countries now offering more paths to wealth creation than many others.

Nigeria's GDP growth rate of between 6-8 per cent in the last ten years shows the country as one of the fastest growing economies in the world. The implication is that any good business established is capable of generating unusual and above average returns. It is one of the few countries with the highest returns on investment anywhere in the world –money market, capital market, mutual funds, real estate and property, entrepreneurship, etc.

Nigeria is the most populous country in Africa with an estimated population of about 170 million; and increasing at the rate of 2.379% on annual basis would make us the fourth populous country by 2050. We are the largest economy in West Africa contributing 62.38% of the region's GDP and 53.5% of the region's economically active population. We are about to overtake South Africa as the largest economy in Africa. Nigeria is the largest producer of crude oil in Africa and also the second fastest growing grass producer in the world.

Furthermore, a lot of efforts, actions and commitments have gone into enhancing the investment environment to make the economy be driven by the private sector. Few examples of these include special funds in form of grants and loans with low finance charges, some pockets of government policies to incentivize interest in certain specific sectors, privatization, some legislations, and fiscal incentives in some states and at the federal level, etc. These phenomenal enlarge free enterprise. We are in the wake of an economic renaissance with an array of policies to modernize farming and make it commercially viable, the reforms in the financial services industry towards financial inclusion and promotion of financial infrastructure, the new attempt on power reform, sustainable democratic governance, positive demographics, high foreign direct investment inflows, various efforts in building capacity and providing funds for self-employment and entrepreneurship, etc. As a factor-driven economy, Nigeria is striving to migrate to an efficiency-driven economy. It is an economy with high growth prospects and still far away from maturity. Those going into entrepreneurial activities and self-employment now are going to be the major beneficiaries of the changing business climate, the array of government incentives and initiatives, the enhanced demand and the possible effects of globalization.

Moreover, we are currently living in the best time in all of human history for achieving financial independence and success. As a result of new information and knowledge, technological innovations, globalization and increasing customer demand, there are more opportunities today than it has ever been for me and you to achieve financial independence and become wealthy. And most nations, go through this experience, only once in a generation. As chartered accountants, pure brain power can today lead you to wealth. Our services are required as accountants, auditors, consultants in taxation, strategy, business formation and combination, training, etc. We are in the best profession equipped to benefit maximally from the array of opportunities provided by the economic and political environment and our stage of development. Just as the legal profession has benefitted immensely from our return to

democracy, professional accountants are best positioned to benefit more than any other professional, from the opening up of the economic and commercial environment.

A significant number of us run our firms, as full owners, thereby embracing self-employment. I believe we will grow faster and have more sustainable and successful firms, if we encourage ourselves into partnership and move away from 'silo paradigm'. As knowledge workers and as a service industry, partnerships make it easy to gather competence, broaden expertise, raise funds, and acquire quality franchise and international collaboration and much more, to win big profitable deals and engagements.

Besides, as accountants, we are trained to make a success of any business either in terms of general management or in structuring. We should therefore not limit ourselves to the opportunities that abound to practice in the broad areas of accountancy but to go into other areas such as agriculture, education, housing, ICT, tourism, oil and gas, etc.

I hope you are ready to take advantage of the gathering momentum. I wish you all the best as you do.

Thank you for your attention.

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