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NEED TO DEVELOP THE CULTURE OF ENTREPRENEURSHIP*

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Introduction: Current Employment Situation in Nigeria

There is a saying 'let's get real', which loosely means to face the facts, know the reality or stop deceiving ourselves. It is important that we are realistic in our assessment of the current economic situation in Nigeria and consider the potential for the future. Today, we are going to 'get real' about the present situation facing students and graduates in Nigeria and consider how we can turn the rather bleak picture for future employment into entrepreneurial opportunities.

Nigeria has changed greatly in the last two or three decades. There was a time when potential graduates had their choice of employment opportunities before they had a degree. Many times, they could choose between academia, banks, research institutes or private industries. At the end of a career in public sector or good position in the formal private sector, one could live comfortably on his/her pension and gratuity. For many, it was upon retirement that they started a small business or production unit. But, things have changed.

International Labour Organization (ILO) estimated that in the early 1990s, over 70% of the university graduates in Nigeria were unemployed. Some estimates put the present unemployment rate to be as high as 90%. Even for those that get employed, most salaries are low. That is, neither the public

sector nor the formal private sector can provide jobs for the huge number of graduates produced every year in this country and the jobs that are available may not provide a reasonable standard of living. There is a limit to how far the public sector can be stretched. The difficulty for pensioners to receive their benefits also points to the problems resulting from total reliance upon employment to meet the livelihood needs of all members of the society. On the other hand, there is a great potential for expansion of the private sector, which is currently dominated by informal, small-to-medium scale enterprises (SMEs) and very small-scale operations.

The informal private sector in Nigeria is still very underdeveloped with little realization of the productive capacity. This country is a land of buying and selling. Carry out a mini-census of shops along the roadside and you will see that the vast majority of 'business people' are selling the same limited range of items biscuits, omo, sugar and sweets. How will anyone have an economic breakthrough if he / she is only doing what everyone else is doing? We need producers and service providers in areas where there are gaps that have to be filled to meet identified needs of members of the society. This may include products or services that are being currently secured only by importation from other countries, but which can be produced or developed in this country. Filling other gaps in meeting societal needs may also be based on an entirely innovative idea.

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It is important to develop one's entrepreneurial potential not only for the benefit of the individual, but also for the benefit of the society. The University of Ibadan has recognized this important component in the education of students to become useful members of the society. For this reason, the Centre for Entrepreneurship and Innovation has been established at U.I. We are still in the process of developing an effective system for cultivating the entrepreneurial potential in our students so that they will think beyond the scope of getting a certificate to get a job, to obtaining an education for their future success.

This presentation will focus upon the basic concept of entrepreneurship. This is not a long theoretical conceptual discourse, but rather a talk on the practical reality of Nigerian society and how people can prepare to make the most of the entrepreneurial opportunities in Nigeria. This is not designed to provide all the answers, but hopefully, we will begin to ask some relevant questions.

What is Entrepreneurship? And who is an Entrepreneur?

The common understanding of an entrepreneur is anyone that is 'in business'. In Nigeria, the concept of 'business' has a very loose connotation, ranging from anyone with a large production enterprise that hires many workers to a 'contractor' that has only a briefcase and a complimentary card. Many people in business are not entrepreneurs they only rely upon acquaintances and influence to secure contracts that they are unable to carry out. It should also be clearly understood that we are not including persons who try to defraud the society as entrepreneurs, even though they may have perfected the skill of duping people and may be obtaining money from their activities. In the case of this presentation, **entrepreneurs must carry out activities that contribute positively to the society.**

The concept of entrepreneurship has been defined by several scholars. Taking an overview of the definitions, one can view entrepreneurship as a characteristic of a person at the micro level of the individual or as an on-going process of transformation at

the macro level of the society. In general, entrepreneurship refers to the ability or the process of creating or adding value by organizing resources to take advantage of an identified opportunity. While it is the individual who takes the necessary steps to become an entrepreneur, a society can transform itself into an enabling environment that encourages entrepreneurship among its members. Entrepreneurship is not synonymous with money making, but it is the process of successfully exploiting an opportunity and properly utilizing resources which should result in significant economic gains.

Are entrepreneurs born or taught? The answer probably lies with a combination of both hereditary and environmental influences, but potential entrepreneurs who are not developed or encouraged will not actualize their potential. On the other hand, those without some entrepreneurial traits can develop such attributes through training and actualizing experiences. Not everyone can be an entrepreneur, however. Wishing to be one will not make it happen. People like to arrive at the destination, but they do not want to endure the journey. Perhaps 3-5% of any population actually has entrepreneurial qualities to make a big impact, but even without the attributes, one can become self-employed. An entrepreneur can be an innovative employee within an organization, but entrepreneurs are usually considered to be those who start their own businesses and then scale-up operations over time.

Entrepreneurial Qualities

In considering the concept of entrepreneurship from the viewpoint of the individual, different authors have come up with a number of qualities that indicate a greater likelihood that one can be an entrepreneur. The following sections discuss some of these qualities.

1. **Ability to identify an opportunity:** Many people cannot identify a place, problem, product or potential to exploit. An entrepreneur discovers an opportunity to excel where others only see the problem. The following story of George Washington Carver describes a man who identified a problem and turned it into an opportunity.

George Washington Carver: A Man who could identify a Need and an Opportunity

George Washington Carver lived from 1864 to 1943. He was born a slave in the U.S. When his parents died, he was raised by his former master (Emancipation Proclamation of 1865 meant he was no longer a slave.) At about age 10 or 12, George started school and graduated from high school at the age of 21. He went on to receive a bachelor's degree in agricultural science in 1896 from Iowa State Agricultural College (later Iowa State University). He was the first black person to graduate from that university and to serve on the faculty. He later accepted the invitation to head the Department of Agriculture at the Tuskegee Institute in Alabama.

At that time, the farmlands in the southern part of the U.S. were devastated by years of planting only one crop cotton. Carver introduced groundnuts and sweet potatoes. The two new crops not only grew well, they also restored the fertility of the soil. The problem then arose of what to do with the groundnuts and sweet potatoes as farmers could not find sufficient markets for their produce. After much laboratory research, Carver eventually developed 300 derivative products from groundnuts and 118 products from sweet potatoes. Among these products were plastics, medicinal oils, inks, dyes, linoleum, cosmetics, flour, cheese, powdered milk, synthetic rubber, fertilizer and many more. As a result of Carver's work, agriculture and, therefore, the economy of southern U.S. was renewed. Before his work, groundnut was not even considered a crop. By the 1940s, it was the second largest cash crop in the region. Carver's fame spread all over the world.

How do you view a challenging or difficult situation? The majority of people will see it as a problem or inconvenience, but an entrepreneur will see it as an opportunity. George Washington Carver saw the agricultural conditions of the South like everyone else. But while others saw the problems, Carver saw the opportunity to change and improve them. I might add that Carver was also a man of prayer and credited his achievements to divine revelation. While not academically considered a quality of entrepreneurship, having some divine intervention helps in any endeavour!

One observation that one can readily make in Nigeria is that when someone ventures into a new area and is making progress and profit, everyone else decides to go into the same activity. One example is the establishment of private secondary schools. About twelve years ago, there were only 2 or 3 such schools in Ibadan. Now, there are far more than 100. Most private primary schools are now either having or planning to have a complementary secondary school. Because a few were

having a good return, many others followed. Eventually, however, those that are not firmly established and properly managed will not be able to attract patronage. An entrepreneur is a pacesetter, not just someone that follows the actions of others.

2. ***Be able to turn an opportunity into a workable plan:*** Many people have ideas, but they are unable to logically come up with a feasible strategy to accomplish their goals. To accomplish this step in the process taking advantage of an identified opportunity takes ability to apply theory to an empirical problem. This is one area that I find many people are weak. When the majority of students are taught a technique or procedure, they are often unable to apply it beyond the exact conditions they found in the class or lab. For example, students of statistics can perform certain tests of relationship for class assignments, but when it comes to their own projects, they cannot apply what they have learnt for an actual

analysis. In the same way, someone may work as an apprentice for several years, but when making his / her own decisions there may be difficulty in applying what has been learnt.

This was one reason why the Faculties of Agriculture in universities introduced the Practical Year Training Programme and other disciplines also have their industrial attachment or other practical training. The Student Industrial Work Experience Scheme (SIWES) became part of the NUC Minimum Academic Standards for several disciplines to ensure that students can practically carry out what they are taught. When students carry out the actual technical or production techniques, they can become practitioners. In this way, they learn the skills and find out first hand the problems they will face and requirements to meet to effectively handle the demands of the activity.

3. **Get knowledgeable about what success will require:** Certainly, anyone that goes into a venture is hopeful that it will be successful. Unfortunately, many people try to establish an enterprise without preparation and without understanding of what it will require to be successful. Many people fail to seek knowledge even when they know that what they propose to do is not in their area of expertise or it is a new experience for them. There are a number of aspects that one should become knowledgeable about before getting into the actualization of the idea:

- Determine the technical requirements and know-how to carry out the required enterprise,
- Know the financial requirements and how to get needed funds,
- Be knowledgeable about how to run a business and manage all resources physical, financial and human resources,
- Investigate market information talk to others in related activities, and
- Have a business plan.

4. **Follow through:** Having a good idea, a workable plan and the required knowledge are all necessary steps to take, but they are not sufficient unless they are put into action. Unless one now follows through and carries out the plan, there will only be another good idea or feasibility report sitting on the shelf. That will have no impact upon the person or the locality.

To follow through, it is necessary to mobilize needed resources. In the previous step of finding out what it will take to have success, the importance of determining what is needed was stressed. Once that has been ascertained, the entrepreneur should begin to mobilize the necessary financial, material and human resources. For effective implementation of a business plan, one should start out small and build up. Some people have a good plan, but they are not willing to begin on a small scale and gradually, but sustainably develop. If one is impatient and begins an enterprise with inadequate preparation and resources, the business is likely to fail.

5. **Possess relevant personal traits:** To be a successful entrepreneur, there are certain individual characteristics that are likely to enhance one's potential.

a) *Personal vision and passion for enterprise:* One will always put in greater effort and have greater commitment in an enterprise for which he/she has a personal vision and passion.

b) *Perseverance through difficult times:* There will nearly always be difficulties along the path of developing an enterprise. A successful entrepreneur must have determination to keep going and not allow discouragement to deter him/her. The following case study shows that having challenges and setbacks does not mean that one cannot eventually succeed. If one gives up during those times,

however, the dream will be lost. The following case study reports on the life of J.C. Penney, one of the early pioneers in establishing department stores in the United States of America.

J.C. Penney: A Man of Perseverance who 'Beat the Odds'

J.C. Penney is a name synonymous with department stores in the U.S. He first launched his chain of "The Golden Rule" stores in 1907. In 1910, his first wife died. Three years later, he incorporated as the J.C. Penney Company. In 1923, his second wife died giving birth to his son. In 1929, the stock market in U.S. crashed and he lost \$40 million. By 1932, he had to sell out to satisfy creditors. This left Penney virtually broke. Crushed in spirit from his loss and his health suddenly failing, Penney wound up in a Battle Creek, Michigan sanitarium. One morning he heard the distant singing of employees who gathered to start the day with God: "Be not dismayed, whatever betide, God will take care of you..." Penney followed the music to its source and slipped into a back row. He left a short time later a changed man, his health and spirit renewed and ready to start the long climb back at the age of fifty-six. By 1951, there was a J.C. Penney store in every state and for the first time, sales surpassed \$1 billion a year (Source: J. Woodbridge (ed) (1992) *More than Conquerors* Moody Press, Chicago: pp 340-343).

- c) *Ready to take risks:* Trying something new involves risks of varying types and may result in giving up certainty for uncertainty. For example, a civil servant may decide to quit his job to start a company, meaning he will not have his regular monthly salary to depend upon. If the company fails, he will not only lose his investment, he will lose a stable income. However, if the venture succeeds, he will eventually have a much better income and have a business of his own.
- d) *Willing to defer gratification:* A mistake made by many potential entrepreneurs is that as soon as they realize a bit of profit, they spend the money on luxuries or other things instead of reinvesting in the business. To build a successful enterprise may take many years during which some sacrifices will need to be made. A farmer that eats his seeds for the next planting season will have no harvest the following year. In the same way, with the first contract or delivery completed, many Nigerian business persons go out and buy a new car or otherwise spend the profit. When another business opportunity then comes, there is no working capital to implement it.
- e) *Achievement / goal oriented:* It is important to set goals so that one can monitor progress and later evaluate the results. Without having targets, an entrepreneur will not be able to know when certain goals have been met. It is necessary for entrepreneurs to be focused and concerned about their achievements.
- f) *Independent-minded:* Many people may try to dissuade one and give many reasons for why the idea will fail. If one is not able to make his/her own decisions, one is likely to accept the skepticism of others and drop the idea. There have been many cases of people becoming very frustrated after dropping an idea that someone else later picks up and makes it in a big way.
- g) *Optimistic / positive about possibility of success:* If someone is very pessimistic, one will never try something new or unusual because

Gender does not Determine Entrepreneurship

he/she would always be thinking about what can go wrong and not about the probability of success. A successful entrepreneur is someone who sees the positive side and does not concentrate upon the negative possibilities, even though they would have been studied during the earlier development stages.

- h) *Flexible / Ability to adjust to Changing Conditions:* While an entrepreneur should have a business plan, he/she should not be so rigid in following that plan if conditions change. It is important to be able to adjust to changes in policy or availability of materials or improved techniques.
- i) *Hard-working:* There is no substitute for hard work if one wants to be successful. It is necessary to carefully monitor what is happening and ensure that workers are carrying out their duties properly.

Some people believe that it is men that are more likely to be entrepreneurs. We should recognize that Nigerian women have always been economically active, although their contributions to their households, as well as to the local and national economy were overlooked for a long time. The major characteristic of most women's economic activities, however, is its small-scale nature. Mabogunje (1989) states that whether it is food production, food processing, trading or service provision, the vast majority of women's economic activities can only be described as 'petty'; that is, small-scale, small-size, low income base and low technological content.

Although most women may be unable to rise above subsistence level living, some women are able to take advantage of opportunities to get wealth without assistance. The following case studies present examples of women who saw opportunities and were able to act upon them.

A Nigerian Rural Woman engages in Transporting Farm Produce

Mrs. F.G. is a native of Ikereku town located in Oyo State, Nigeria. She is 38 years old, mother of six children and one of her husband's six wives. She is Yoruba, non literate and Muslim. Mrs. G. is a prosperous trader and sells cassava tubers in bulk by buying from the farmers who carry their cassava tubers from their farms to the town. She also grows cassava in large quantities. Due to the bad roads linking the farm to the market, she regularly charters a truck, transports the tubers to Ibadan and sells to retailers at markets. Mrs. G. recognized that the transport problems of most people limit their production since they will only plant and harvest what they can carry. While her transporting business is very profitable for her personally, it also assists other farmers to market their produce as well.

Source: Olawoye (2002)

Female Timber 'Converters' in Edo State, Nigeria

In Edo State, most timber contractors are men. After the contractors get the permit and secure the logs, however, timber 'converters' almost all of whom are urban women take over. They buy the logs from contractors, pay the sawmillers to cut them into specified sizes, that is, to 'convert' them and then the women sell the processed planks. "Business is good!" said one female converter. They have formed a state-wide 'Converters' Union' which is a registered cooperative with 55 members. The major problems with the business were identified as electricity irregularity and equipment breakdown. Lack of capital was not mentioned as a constraint. Converting seems to be a localized social innovation of females found only around Edo and Delta States.

Source: Olawoye (1997).

Constraints to Overcome

Lack of control over resources; One of the major determining factors for entrepreneurship is the ability to mobilize resources. This is problematic for many potential entrepreneurs who find they are unable to actualize their ideas and turn them into opportunities because they cannot gain control over productive resources land, labour and capital and do not have decision-making capability over the resources that they might secure access to (Olawoye, 2005). Sen (1981) presents the 'capabilities / entitlements' approach in which poverty conditions are often the result of the absence of some basic capabilities to function, thereby related to relative deprivation and social inequalities also referring to the denial of opportunities and choices.

Sources of resistance: On the individual level, there are a number of sources of resistance to the changes in livelihood strategies needed for entrepreneurs to turn their ideas into successful enterprises. The following sources of resistance may result in inaction by the potential entrepreneur:

- Socio-cultural resistance which occurs when the proposed action is in conflict with existing social norms, values or beliefs and people do not want to violate cultural prescriptions;

- Economic resistance that results from inability to secure the funds needed to carry out the project, demonstrating the importance of mobilizing needed resources, including financial resources;
- Psychological resistance where the individual fears the unknown or does not want to break established habits (this reaffirms the significance of entrepreneurs being willing to take risks);
- Technical complexity, again denoting the reason for gaining the knowledge needed to carry out the idea; and
- Vested interests in which the persons directly or indirectly involved in the project somehow perceive perhaps wrongly that the project will impact them negatively.

In agreement with the stated sources of resistance, Odejide (1990) concludes that the emergence of entrepreneurs on depends closely inter-linked economic, social, cultural, religious and even psychological variations.

Physical limitations poor health or lack of time: The importance of good health should not be under emphasized. To be active, productive and have a reasonable standard of living, good health is mandatory. As Sen (1989) has correctly stated, "Good health is an achievement in itself and also contributes to higher productivity and to an enhanced ability to convert incomes and resources into good living".

Poor health and lack of time are closely related. It is often because of overworking and taking on too many tasks that people have time constraints and exert themselves physically to the point that they become ill. Their time constraints also sometimes prevent them from taking advantage of other income-generating opportunities or expanding the scale of their current activities. Such scaling-up would entail increased time commitment that they may not be able to accommodate.

Exploitation by marketers or other service providers: One of the difficulties resulting from the lack of economic and social power is the possibility of being exploited by those who have such resources and influence (Olawoye, 2005). Combining the problem of low formal education with inaccessibility to facilities or services, many people may be at the mercy of marketers, transporters, credit and loan providers, input suppliers and other service providers who will often take advantage of the situation for their own economic gain.

Environmental Conditions: Another problem affecting entrepreneurs is the level of environmental degradation in many areas. Environmental problems including deforestation, erosion, desertification, oil spillage and drought have affected the quality of natural resources available for use in many productive or other enterprises.

Potential to Build Upon

While there are a number of constraints facing entrepreneurs, there are also several types of potential which will be discussed in the following sections.

Past business experience: Most Nigerians have some level of experience with enterprises whether it is from taking care of their grandmother's shop or managing someone else's business. This type of experience can be very important for establishing and building up one's own business. There are other types of indigenous

skills and knowledge that may be an important foundation for developing new and better ways of carrying out important functions crucial for entrepreneurial success.

Willingness to take on new or additional activities: Another avenue that can have potential benefits is the evidence of willingness to take on new or different activities once there is assurance that the activities will yield positive results. In numerous studies, it has been found that combining several income-generating activities to meet household responsibilities is a common livelihood strategy. With this common practice, introducing a new activity should be accepted quite readily.

Available social capital: While it is a fact that in many localities, most people are unable to take advantage of social or economic opportunities as individuals, yet social groups and social support networks assist persons to have access to opportunities through their groups. Use of groups has the advantage of mobilizing and assisting large numbers of people who would otherwise be marginalized. Existing groups have much stronger social networks and their integration into development programs will more likely result in sustainable benefits and successful ventures.

Conclusion

In conclusion, this presentation has touched on a number of relevant issues concerning the concept and action of entrepreneurship. It has looked at entrepreneurship from the point of the society conditions as they affect entrepreneurial potential, the steps to be taken to develop entrepreneurial ideas into opportunities and action as well as the individual characteristics that encourage the development of entrepreneurship. In viewing entrepreneurship, the presentation acknowledges the constraints to carrying out entrepreneurial activities, but at the same time points out the potentials available to facilitate the process.

Ultimately, the choice is left to each person. When a workable idea is formulated, it is up to someone to decide whether to take the 'safe' route of looking for a salaried job or to take a chance on becoming a job creator.

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