

Entrepreneurship in the Age of Globalization: Problems and Prospects

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Abstract

This paper is based on the general concept of entrepreneurship and the influence globalization has on entrepreneurship development in Nigeria. Globalization as an academic discipline is an aspect of developmental studies in the transformation of the rudiments of economic, technological, political, socio-cultural and spiritual upliftment of humankind in the industrialized and industrializing countries worldwide. The economic aspect is concerned with how globalization has been useful in making goods and services readily available to customers more than ever before since what one country cannot provide, another one can make it available. Therefore, governments of developing nations must as a matter of urgency encourage the establishment of new ventures and develop the existing ones to boost their nation's economies. Entrepreneurship preserves competitiveness in meeting some of the problems posed by globalization as well as the ability to encourage progress or change economic growth of a nation. Entrepreneurship is often conceptualized as the identification of opportunities and the setting up of a new venture/organization. The entrepreneur is one who is willing to take risks when he identifies new and better opportunity that has a chance of profit making; he is an innovator and would do anything in his power to succeed in his chosen venture. The role of entrepreneurship in economic development involves more than just increasing per capital output and income, it also involves initiating and constituting change in the structure of business and society. This paper therefore examines the concepts of entrepreneurship in relation to globalization, the benefits and influence of entrepreneurship development in Nigeria and ways it can be encouraged by the government for maximum benefits to the economy. It also viewed its problems and prospects. In this sense, the paper adopted secondary sources of data collection. It is understandable that entrepreneurship is frequently associated with something new (innovation), the creation of more jobs and wealth for the people particularly in the developing economies. This has seen the governments of developing countries most especially Nigeria more resolute in its efforts to promote entrepreneurial activities by encouraging creativity among youths especially graduates of tertiary institutions.

Keywords: Globalization; Entrepreneurship; Entrepreneur; Economy.

Introduction

Globalization is a process of increased integration and interrelationship in global civilization which encourages liberalization and intensifies global relationship among countries in terms of trade and the continuous movement of capital. In Nigeria, the term "globalization" became widely used in the late 1980s when the country became integrated into the globalization process with the introduction of the Structural Adjustment Programme. Different scholars from developing and third world countries are of the view that globalization has adversely affected the economies of less developed nations by threatening job security of employees in a number of these nations. The implication of this for entrepreneurship is the growing presence of foreign entrepreneurs and international capital in the productive sector in national economies. Entrepreneurship is believed to preserve competitiveness in meeting some of the problems posed by globalization as well as the ability to encourage progress or change economic growth of a nation, likewise, it is equally understood to be frequently associated with the introduction of something new (innovation), the creation of more jobs and wealth for the people particularly in the developing economies. This has made governments of developing countries most especially Nigeria, more resolute in its efforts to promote entrepreneurial activities by encouraging creativity among youths especially graduates of tertiary institutions.

Conceptual Definitions

Entrepreneurship is usually regarded as the act of starting one's personal (private) business or owning a business venture. Entrepreneurship involves identifying opportunities and making the best use of those opportunities. Different scholars have described entrepreneurship based on personal understanding and their fields of interest; hence, there is no universal definition entrepreneurship. For instance, Schumpeter (1934) in his definition emphasizes the combination of resources as well as equating entrepreneurship with the concept of innovation and applying it to the business environment. Nwachukwu (1990) is of the view that entrepreneurship is a process of identifying and assessing opportunities in business, collecting the required resources for its benefits and employs suitable action for the achievement of goals. While Okpara (2000) posits that entrepreneurship is the consenting and capability of a person to identify opportunities for investment in an environment and be able to use those identified opportunities to successfully set up and manage a business firm.

In his words, Leibenstein (1979) views entrepreneurship as "activities necessary to create or carry on an enterprise where not all markets are well established or clearly defined and/or in which relevant parts of the production function are not completely known". For Penrose (1963) entrepreneurship is viewed as an activity that involves identifying opportunities inside the economic system. Based on the definitions given above, it could be discerned that the identification of opportunities and willingness to take risk (innovation), the setting up and sustaining of a business venture were emphasized as activities that make entrepreneurship possible.

The Entrepreneur

The entrepreneur is generally regarded as any person with an innovation to market, and finding better ways to do them. The entrepreneur is seen as someone who establishes a business; provides jobs and creates employment opportunities, thereby reducing the level of poverty. In other words, he is seen as a wealth creator, and a risk taker. The word entrepreneur is derived from the French word "entreprendre" which means to "undertake". Cantillon a French economist, was the first to introduce the term entrepreneur, he defined him as "an agent who purchased the means of production for combination into marketable products" (Cantillon, 1931). Knight (1921), see the entrepreneur as a person who tries to forecast the markets and act upon those changes found within it. In his opinion, Schumpeter (1934) sees the entrepreneur as an innovator who introduces latest technologies or generates new products/services into the market, increases productivity and efficiency.

Say (1816) cited in Putari (2006) gives a more comprehensive definition of an entrepreneur when he asserts that the entrepreneur is the agent "who unites all means of production and who finds in the value of the products the reestablishment of the entire capital he employs, and the value of the wages, the interest, and rent which he pays, as well as profits belonging to himself". In simple terms, an entrepreneur is one who has a great influence in a particular industry and is willing to explore new avenue. From the definitions, the following characteristics of the entrepreneur can be deduced:

- i. the entrepreneur is a goal getter who is willing to take risk in order to achieve those goals
- ii. he is an innovator who is willing to try new things and see change as an opportunity
- iii. an entrepreneur is a leader who organizes, coordinates, makes decisions and handles economic uncertainties
- iv. the entrepreneur has the ability to identify needs in the market and takes the necessary steps to fill those needs

Overview of Entrepreneurship in Nigeria

The entrepreneur plays very crucial roles in any nation's economy. For instance, they provide essential goods and services to compliment governments' efforts; they create jobs/employment opportunities for people in their business ventures, thereby reducing the rate of unemployment in the country. Many entrepreneurs engage in social corporate responsibilities, that is, giving back to their

host communities by providing for the basic needs of the people and most of them are involved in charitable organizations. Nigeria as a country can boast of numerous top entrepreneurs that command the African markets and are recognized as being among the wealthy people of the world. Some of them have been rated among top entrepreneurs in continent of Africa and most of these entrepreneurs identified a need in the market and took the advantage to push their products into the markets. Successful entrepreneurship requires constant and unwavering attention with total dedication to the growth of the business and must always be willing to try new things. That is, the entrepreneur must always see innovation and change as an opportunity rather than threat (Drucker, 1985).

The economic recession experienced by Nigeria provided the opportunity for western countries and its international financial institutions like the International Monetary Fund and the World Bank to propose structural adjustments measures as the solution to this economic downturn. Such adjustment measures were said to be a cluster of policy ideas which claims to constitute a model for good economic and political management (Okey and Onyishi, 2011). According to them, three strands were emphasized by these adjustments, namely, the role of competitive markets, government responsibility to management (the state) and the importance of private rights and individual initiative. These policies rather than improve the economic situation, caused unemployment and further worsened the economic crisis. The government of Nigeria has in recent times focused its attention on the development of entrepreneurship in the country by encouraging the establishment of small and medium scale enterprises and improving the agricultural sector as a way of curtailing the recession occasioned by the dwindling crude oil and the fall in crude oil prices in the international oil markets.

Implication of Globalization on Entrepreneurship Development in Nigeria

The concept of 'free trade' brought by globalization has to a large extent affected the economic growth of many developing countries including Nigeria (Matthew & Adegboye, 2013). Nigeria is one of the most populous nations on the African continent and it is highly endowed with a lot of human and natural resources, which if adequately harnessed, can turn around not only its economy but the entire economy of Africa. The influence of globalization on entrepreneurship development in Nigeria and its contributions to the country's economic growth through creation of job opportunities, the infusion of foreign capital and advancement in technology are inevitable (Aina, 1996; Aluko, Akinola and Fatokun, 2004; Sagagi, 2004, cited in Mutiullah, 2012).

Nigeria entrepreneurs must realize the important role played by globalization in enhancing their business opportunities and the growth of such business enterprises through global communication that is, the crucial role of Information Technology in modern organization management; Human resources, Finance, Internet Connectivity, among others. Entrepreneurs are able to acquire new knowledge and share ideas by communicating with their counterparts in other parts of the world. Also, they are able to trade and attract investment, source for finances and acquire the necessary manpower (human resources) needed for smooth operation. The increase about the knowledge of globalization in a society, also improves the pace of development in that society. This knowledge will enable entrepreneurs to take full advantage of globalization to push their products into the global markets. Some entrepreneurs are faced with the challenges posed by globalization in Nigeria due to limited knowledge. These challenges range from the infiltration of sub-standard and contraband goods into the country which pose a serious threat to our locally manufactured goods/products because many of our locally made goods are wasted because individuals usually prefer foreign made products to our locally made ones no matter how sub-standard they maybe, and this in turn leads to financial loses to the business people (entrepreneurs) who produce these goods. Also, many entrepreneurs find it difficult to export our locally made products abroad due to the long procedures involved in doing so. Small companies/industries face fierce competition which put them at a disadvantage as they do not have resources to compete on a global scale. The perceived benefits and challenges posed by globalization as they affect entrepreneurship development in Nigeria are highlighted below.

Benefits of Globalization on Entrepreneurship Development in Nigeria

Bayo (2000) and Salimono (1999) are of the view that globalization presents developing nations like Nigeria the chance to advance wealth creation by means of export-led growth, to increase global trade in goods and services and to gain access to new ideas, technologies and institutional designs. For Awake (2002:3), the proponents of globalization as an embodiment of development see it as the best thing that has happened to the world economic scene. Aborisade, (2002) points out that “Globalization has certainly brought some progress communication networks, new products and innovations. The participant nations have reaped the benefits of jointly embracing the requirements of globalization”. This assertion shows that a country that desires to reap the benefits of globalization must also embrace its tenets. An example is China, which took advantage of globalization to push its products to the global market and this has impacted positively on its economy. The benefits of globalization on entrepreneurship development in Nigeria include:

Information and Communication Technology (ICT) Development

Technological change has led to new and diverse range of products and services that in turn promote specialization and new forms of exchanges. In a country like Nigeria with the internet and state-of-the-art telecommunications, entrepreneurs and other group of individuals can easily transact businesses and answer questions from their business partners and counterparts in other parts of the world. The technological revolution has made it possible for many Nigerian entrepreneurs to be innovative and also to build upon existing ideas. The whirlwind of economic activities occasioned by advance in technology has brought many benefits and wealth to many countries as well as the people.

Enhances the Standard of Living of the People

The economic dimension of globalization gives government of third world and developing countries access to foreign lending. These funds are used on establishment of industries/small and medium scale enterprises to encourage entrepreneurship development, infrastructural development such as construction of roads, health care facilities, educational structures, and social services; thereby improving the standard of living of citizens in the country.

Creates Access to New Markets

According to Salimono (1999) the barriers existing in global trade has been reduced as a result of globalization. This reduction in barrier has opened the door for export-led growth because globalization leads to ‘freer trade’ between countries. The export-led growth makes it possible for entrepreneurs to develop and produce new products/services. This creates wider and better business opportunities as well as bringing in investment opportunities to the entrepreneurs.

Promotes Specialisation (Comparative Advantage)

The advent of globalisation makes it possible for entrepreneurs in Nigeria to specialise in those products they are best at making. That is, they enjoy comparative advantage when they dedicate their efforts to manufacturing those products in which they specialise in and also have the abundant resources to manufacture. This creates opportunity for greater competition and wider export markets for their locally manufactured products.

Increases Foreign Investment Opportunities

Globalization has made it easier for big and well-established business enterprises to attract short term and long-term investment. Investment by multinational companies can play a big role in improving the economies of developing nations. It also encourages local entrepreneurs to invest in other countries where they feel their interest will be protected. This investment benefits developing nations because it creates employment opportunities, growth and foreign exchange.

Challenges of Globalization on Entrepreneurship Development in Nigeria

Globalization as a controversial concept has attracted several analyses and perspectives, especially when assessed in line with development (Olashore, 2000). In his opinion, it is generally accepted that

globalization has expanded the potential of the world economy and has generated additional jobs and income in many parts of the world. But the persistence of poverty in many third as well as developing countries (including Nigeria) has put a question mark on the assertion about the positive side of globalization. According to Ibrahim, (2006) “The existing wide disparities between developed and underdeveloped economies make globalization a tool for stultifying the industrialization process and by extension retarding the growth and development of underdeveloped economies....” Some of the challenges of entrepreneurship development include:

Loss of Financial Resources

Nigeria as a country is more of a consumer nation rather than a producer nation and to effectively reap the reward of globalization, a nation (country) has to be able to produce, that is, export more than it imports. As a consumer country, this has further put the country’s development downward and these impacts negatively on entrepreneurship development in the country. Financial resources that would have helped in growing local enterprises are spent on foreign goods/products which are often purchased (imported) at a higher price rate and in some cases, harmful for human use and consumption.

Uncontrollable Access to the Country’s Markets

One major challenge of globalization to entrepreneurship development in Nigeria is that many products (some of which are harmful to human health) find their way into the nation’s markets due to the inability of the relevant authorities in charge to adequately check the inflow of such goods into the country. This makes it difficult for local entrepreneurs to favourably compete and expand their markets; and in some cases, leading to closure of weaker and smaller enterprises that are unable to keep up with the current pace of doing business. The essence of globalization is for economic and technological ‘openness’ between nations of the world but in a country like Nigeria, it is not only open but porous to the extent that anything can enter into the country.

Decreased Employment

The influx of foreign companies into developing nations increases employment opportunities in various sectors, particularly for skilled workers. However, improvements in technology come with the new businesses, and that technology spreads to domestic companies. Local entrepreneurs are faced with the challenge of seeking ways of competing favourably with these foreign companies and upgrading its technology which is usually an expensive affair. This often affects job security of the citizens who are in some cases made redundant in order to meet up with the latest market trend. Automation in some manufacturing and agriculturally based enterprises usually lessens the need for unskilled labor and unemployment rises in those sectors.

Widening of the Gap between the Rich and the Poor

There is a possibility that Globalization brings benefits to the rich who are small in number and keeps the vast majority of people in poverty and misery. It is a game of winners and losers. Those who are already rich succeed in taking advantage of globalization while the poor and weak suffer. For instance, the rich have access to technology, and are exposed to investment opportunities while the poor are barely managing to cope to keep body and soul together. In a country like Nigeria where by the number of poor citizens greatly outweighs that of the rich, makes entrepreneurship development even more difficult as the majority of the people find it difficult to feed and the idea of setting up a business without proper startup capital makes the whole idea unappealing; and the choice is left for the rich and those with the well withal to innovate, set up and start these businesses thereby widening the already big gap.

Inability of Local Enterprises to Compete Favorably

Nigeria like many other developing countries are faced with the challenge of developing new manufacturing industry due to the high cost involved as compared to their Western counterparts who have enjoyed the benefits of years of experience and economies of scale. Rather than engage in

secondary production, Nigeria is into mainly primary (extractive) products such as crude oil, raw leather, and unprocessed coco products etc which do not do much for the economy of the country. It is possible that developing countries may have a comparative advantage in primary products, however, this offers little scope for economic growth and they spend a huge amount to import the processed product for consumption and use. According to the Millennium Report (2000) Foreign Investment; coupled with an export-oriented economy, has proven itself as a potent force for development and has fueled the extra ordinary growth of the so-called “Asian Tigers” over the last several decades – both before and after the Asian financial crisis.

One of that the biggest problem faced by Nigerian entrepreneurs is inadequate knowledge/information about globalization which results in their inability to fully utilize its potentials. Globalization in itself is not a bad thing because it adds body to information that people have concerning certain aspects of life, but entrepreneurs must have an open mind about issues and always take advantage of opportunities offered by globalization to push their products into different markets just as China has done, also to engage more in innovative ventures (to acquire new knowledge) in order to improve, develop and excel in their chosen fields.

Conclusions and Recommendations

This study covers the subject of entrepreneurship in the age of globalization and some of the problems and prospects highlighted. For the entrepreneur to form a niche for himself in the global market, he must learn to strategize and come up with new ideas that can compete favourably and also stand the test of time. His priority should be to produce high quality products that are cost effective and affordable to a wider market. Innovation should be the watchword of every entrepreneur who wants to succeed and stay relevant in the global market place, and must be willing to take certain risks to ensure the accomplishment of set goals.

Globalization provides a veritable channel for entrepreneurs to expand their markets to a wider and greater length which in the past would have been impossible. Governments of developing countries must encourage entrepreneurship development as a way of improving their nation’s economy and living standard. Skill acquisition should be introduced into tertiary institutions and given top priority so that youths and graduates can acquire this knowledge and be self reliant rather than wait for white collar jobs that may not even exist.

Funding plays a crucial role in the establishment, growth and development of any entrepreneurial venture. As such, needed funds and other soft loans should be made available to individuals with new and viable ideas, passion and drive that desire to be entrepreneurs; to make it easier for them to put their idea into motion. It must be emphasized that the entrepreneur not only creates wealth for himself but for others and the nation in general by creating employment opportunities which helps in reducing the problem of youth’s unemployment in the country. Also, through tax payments, they are able to add to government’s revenue income.

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