

ENTREPRENEURSHIP AND LEADERSHIP.

AN ESSAY BY

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(24 YEARS)

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The commercial exploitation of crude oil in the 1970s greatly reduced the dependence on agriculture. The industrialization process was supposed to effect a change in education policy, that would ensure that local labour would be capable of running such industries, rather the process was run on an import substitution / assembling basis, this afforded Nigerians to be part of only sections of production, much has been debated over this style of education that produces a workforce that is limited in ability, which still obtains today where emphasis is on knowledge-based education, rather than material-based education, while the formal advocates knowing facts and theoretical aspects of work, which is suited to finding white collar jobs, the latter emphasizes production know-how and how to adapt foreign techniques to local market. With multinationals concentrating and Co-coordinating Research and Development (R&D) in their countries of origin meant that the indigenization policy of the government did not automatically cause a surge in local labour force working in such multinationals. This guaranteed that much of the accruing revenue was catered away from the shores of Nigeria. To cause an economic revival the Nigerian Military Government of 1985 – 1993, adopted the Structural Adjustment Programme (SAP), which was supposed to open the national economy to the global economy, with it came the down-sizing of the civil service which was not getting any more modern with time, this work force however could not function outside their jobs. The need to cut government expenditure meant that social institutions, amongst them, schools deteriorated. With the turn-out from such schools and intake on the rise annually (due to the population which had doubled by the 1980s) without a commensurate input financially and change to intellectual content in what was taught translated to, an unleashing of a workforce which had not been equipped with right skills. With massive rural-urban drift, especially amongst the youth, who felt that they could make it better, economically in the metropolitan areas of the country put-paid to government ability to ensure and sustain job creation as it once did in the past this by far is Nigeria's greatest tragedy. In consequence the unemployed simply had to find jobs for themselves. Labour has had to grapple with this new phenomenon to create jobs independently; self employment as it is called. This has being the trend for much of 2 decades. It is how the youths have faired that is of interest to this essay.

The following personalities are in my University in North Central Nigeria; I have had the opportunity to personally witness their attempts to being self reliant.

In 2001, the telecommunication market in Nigeria, experienced a drastic change, this was brought about by privatization of the sector, which ushered in the Global Satellite Mobile (GSM) telephony operators to the country this was economically advantageous. Kunle then an 18 year old student, studying electrical electronics, saved up 50,000 Naira (then was US \$500) and convinced some friend to do same, so in total they had 100,000 Naira (US \$1000) in partnership, they acquired from one of the operators, mobile phone Sim packs and credit refill cards, their market was the university campus having studied their competitors whom

they observed began business at about 9.00am in the morning and closed 10.00pm at night, so they began business 2 hours before and closed 2 hours later than others, in 6 months the business had grossed 10 times what they began with (US \$10000), with this success, they decided to operate calling services with their mobile phone and introduced special rates, for longer calls this was entirely new to their competitors and their finances soared within a year the total sum was 3 million Naira (US \$30,000). In 2002, they both agreed to buy products worth 1 million Naira (US \$10,000) for which a bank statement of 2 million Naira (US \$20,000) was required, so each transferred their share of the money to a joint account and that was when Kunle's friend made away with the money. With his business not registered, he could not risk going to the police for fear of been prosecuted for non-payment of tax, for a business with such huge amount and for a young-man people might doubt his ingenuity and proffer ulterior means by which they earned that amount, so he simply let it go and there went his dream of independence.

Dayo is in his 20's, studying to become a mechanical engineer for much of his life all he can remember is his love to one day play music, the huge amounts involved to get a studio session, forced him to circumvent and make do with a computer software which allows him to record beats for the lyrics of his songs on his desktop computer, but to be known he has to travel some 800Km to Nigeria's commercial capital Lagos to solicit a record label and a good distribution outlet, he does not have the money to do this and with a gap in the digital divide Nigeria, does not have an outlet like "You Tube" yet which would allow him upload his songs and build a repertoire of local fan base which would guarantee him been discovered as a budding talent as obtains abroad. So for now he would have to make do with the dream in his heart and the songs on his computer and hope for luck some day.

Nura (20years) operates a male barbing salon because he has typhoid he gets sick often and since he can't afford an assistant yet, he loses money when he's not working.

Thelma studying biochemistry also in her early twenties, had decided in early 2007 to serve as a distributor for a dairy company that had just opened an outlet in the university vicinity, so she purchased a number of their products, but power (electricity) is so erratic that within a month she isn't selling any more, because most of the products had all gone bad.

Inherent in each story narrated are some of the travails, young persons face as they attempt to own and manage their own business. Such owners of business are known as entrepreneurs and are regarded as persons who organize other factors of production.

In details the, areas where Nigerian entrepreneurs are faced with obstacles are follows:

1) **REGISTRATION OF BUSINESS**

The agency responsible for registering business in Nigeria is the Corporate Affairs Commission (CAC) established by the companies and Allied Matters Decree of 1990, which mandates it to regulate formation and management of companies, it replaced the companies registry (established by the companies Act of 1968), which was riddled with endless bureaucracy and almost seemingly insurmountable list of requirements and the CAC which replaced it has not fared any better, the bureaucratic bottle necks and red tapes which encourages corruption and long waiting periods before business can be registered, scare young entrepreneurs away, who basically are venturing into business with peanuts (little amount of funds).

2) **MULTIPLE TAXATION SYSTEM**

Studies have shown that of the 80 different taxes paid only 39 has government approval. Some of the taxes are: personal income tax, companies income tax, stamp duty and if a business purchases goods there is still value added tax (VAT) coupled with rents paid on electricity, buildings, water, local authorities and regulatory bodies that ensures standard, stalls young entrepreneurs, from doing business and if they do go into business it would not be in the formal sector for fear of prosecution for tax evasion.

3) **INADEQUATE START UP CAPITAL / LACK OF ACCESS TO FINANCIAL ASSISTANCE**

. It is only recently, with the recapitalization in the financial sector in 2005, that commitments to give soft loans such as micro-credits were pledged. Prior to this entrepreneur's in Nigeria start businesses from personal savings or loans from family and friends; nothing comes to them from else where. Since Most entrepreneurs did not have collateral they were termed as not being credit worthy by banks who want to make profits by investments, while social responsibility like lending receive little or no attention this has stunted the growth of Micro enterprises which is quintessentially the route to entrepreneurship for young Nigerian's.

4. **LACK OF INFRASTRUCTURE**

Basic infrastructure are lacking like stable electricity, business owners have to rely on personal electricity generation using generators and maintaining a generator, usually cost about 25% of start up business capital (NEEDS 1, document), absence of good roads restricts movement for agricultural products, no logistics are in place, like

efficient, vigorous and up to date extension services and lack of information on current trends and opportunities in any chosen business would leave entrepreneurs at a disadvantage.

5. **NO PROTECTION OF BUSINESS**

Most of these entrepreneurs are on the streets. Since they are not recognized by law, any sudden change in the polity affects them, such as demolition of illegal structures they do not have insurance and most times lose more money than they actually make.

Nevertheless entrepreneurs still exist in Nigeria despite the harsh business climate, but in the informal sector of the Nigerian economy - which has a good percentage of Nigerian youths who are trying to earn a living.

The informal sector has been described by the International Finance Corporation as a vibrant sector which accounts for one – third of GDP, creating 90% new jobs. Back home the Federal office of statistics shows that the sector is responsible for 70% of Nigerian economic activity and 60% of total employment, though most people are without government jobs the index of economic freedom 2007, has Nigeria's unemployment rate at only 2.9% this shows how resourceful this sector is, as majority of Nigerians work and own business in this sector. The inability of the government to effectively harness the potential of these entrepreneurs and link them to the real sector, has continued to foster poverty, because it is in the same sector where one entrepreneur's profit is US \$50,000 – US \$100,000 for another, it could be less than US \$1 if such entrepreneur sells packaged water and candies on retail. The think-tanks of the Nigerian economy desire to bring down the influence of this sector and narrow its contribution to the GDP to single digits or at maximum 10%. There is also the need to create more entrepreneurs who seize opportunity, than entrepreneurs of necessity, who are mostly the dominant majority in this group- usually they live below the poverty-line doing petty trading.

The entrepreneurs who seize opportunity have special training in some field, which places them in pole position to generate self employment even though they can get jobs.

In other to achieve this set objective government has proposed and is implementing two strategies:

1. To provide and promote skill acquisition.
2. To provide the enabling environment for such skill learnt to flourish, generate wealth and support entrepreneurship

The objectives are meant for all Nigerian citizens, with bias for the poor and the youth. To achieve the first objective, the National Poverty Eradication Program (NAPEP) was conceptualized and instituted in January of 2001. It recognizes skill acquisition as a panacea to alleviating poverty as much as it would foster entrepreneurship, through its provision of micro-credit finance.

It provides basic training to young Nigerians for at least a trimester, after which the credit is made available to them, in July of 2005, the outgoing Nigerian President Olusegun Obasanjo, chronicled the achievement of the programme, stating that the scheme has trained 140,000 youths, in more than 120 hands-on trade, 5,000 youths had been trained in basic tailoring skills and have also been given necessary tailoring equipment. The micro credits given are in the range of 10,000 – 50,000 Nairas (US \$100 - \$500). The scheme has established 147 information centers across the nation for accessibility and has also in its objective rural telephony as part of its agenda to mitigate the rural – urban drift by youths who seek better social amenities.

However the scheme should ensure that part of the skills acquired should be those integral to the achievement of the Millennium Development Goals (MDG's) such skills should include teaching the youths sustainable farming techniques, equipping them with Information and Communication Technology (ICT) skills (to help them bridge the digital divide and thus ensure that they are relevant in Global Economy), training should be given them on renewable fuel production such as production of biofuel (ethanol) and bio diesel, to help meet with increasing energy demands, others should include: how to access the capital market, how to Network and build credible partnership to realize their entrepreneurial aspiration, how to present themselves as entrepreneurs and how to access capital (micro-credit) outside what has been given them for possible future expansion of business.

To ensure that those given these skills do not join the informal sector and paving the way for those in that sector to move over to the formal sector, which would ensure that their revenue do come the way of banks is the aim of the second strategy. It is called the National Economic Empowerment Development Strategy (NEEDS), its, is to reform the institutional and administrative organs of government which causes increase in the cost of doing Business in the real sector, it proposes the following reforms to create competitive private sector led economy.

1. Streamline the Corporate Affairs Commission (CAC) processes for business registration and ensure registration of new firms within 24 hours.
2. Streamline the Federal Inland Revenue Service and Ministry of Commerce processes.

3. Streamline the process for access to infrastructure especially land which is much needed for agriculture.
4. Improve the process for protecting rights and enforcing contracts by training judges and lawyers in specialized area and establishing commercial courts and most importantly implement competition and anti-trust law to enable weaker firms thrive amongst larger and more established ones by empowering essential regulatory agencies to ensure standard.
5. Reform the power sector.
6. Provide cheap and easy access to finance.

However the power sector has not yet received a boost, about 10,000 Megawatts is needed to effectively service the country, statistics shows that it is currently able to generate 2,400 Megawatts the cost of imports of generators to Nigeria in 2006 was US \$10 million, business simply cannot thrive under a bad energy policy, it is imperative that an effective energy policy be developed. Nigeria's vast gas reserves would prove useful here. Land tenure laws should be reformed to allow the following: Mechanized farming, Access of land to women and youth for longer periods at affordable rates perhaps these and other new ideas should form the nucleus of the new NEEDS 2 program (2008-2011) which has been designed with aim of reducing poverty by 30%, increasing GDP by 10% and providing 10 million new jobs by 2011. While NEEDS 1 is successfully laying the foundation for formidable private sector, NEEDS 2 should consolidate by ensuring that youth entrepreneurs are the vast majority amongst the sector that would help drive the economy to its target of being one of the 20 largest economics by 2020.

To create these youth entrepreneurs two things are important:

1. **FINANCE**

Access to Finance is key to the success of any entrepreneurial venture. The government has being reforming the banking sector the most critical reforms has being the recapitalization of commercial banks, there is the formation of micro-credit finance banks run by private individuals to replace community banks that were not functional when the government ran them. Banks with agricultural concerns are given special attention because of the agrarian rural areas, finally Small and Medium Industries Equity Investment Scheme (SMIEIS) fund has been set up by the Nigerian apex bank -the Central Bank, to help increase the investment of commercial banks in the equity of SME's this is important as the micro ventures grows and require more capital. However the paper-work associated with obtaining loans should

less than in times past. The prospects by the government for the banking reforms are that it would reach 40million more people than before.

2. AVENUES TO GROW ENTREPRENEURSHIP

The only way to foster entrepreneurship culture is through mediums that would encourage Micro, Small and Medium Scale enterprises to thrive –The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is one such agency it was established by the Nigerian Government in 2003. SMEDAN’s broader objectives as a promoter of SME’s includes:

1. The Provision of information on raw materials, Machinery and equipment, location of market for products and services and Guide-lines of Nigerian regulatory agencies.
2. Facilitate cooperation between related enterprises.

The second objective is already receiving a boost; in May 2007 it approached the International Institute of Tropical Agriculture so that it can serve as a link to local farmers to help improve their output by making result of land-mark researches by the institute available to them.

It is also involved in training and capacity building especially among youths in 2006 it established the Corpers Entrepreneurship Development Programme (CEDP) to cater to Nigerian graduates enlisted in the National Youth Service Corp (NYSC) Scheme, in May 2007 the programme commenced in Lagos and Abuja. Those enlisted are taught the following:

1. How to prepare business plan, and increase their acumen in business accounts.
2. Requirements of regulatory agencies.
3. How to operate within the confines of the law.
4. Ethical conduct in business.

These modern skills learnt by today’s entrepreneurs differ from those needed in times past but similarity can be drawn from the fact that society needs to make provision for the skills to be developed. Typical of early African societies, was the training of children for work as soon as they began to emerge as young adults, the practice was imperative for the existence of the child as well as the survival of the community. The work training was mainly as an apprentice under the family patriarch and in cases where the family did not have a distinctive trade, the apprenticeship would be under some other artisan whose skill the apprentice needs in other to know the rudiments of the chosen trade. When the dictates of the profession has being satisfied, the young adult can be left alone unattended to carry on with the vocation. Coupled with skill acquisition, is leadership training which is achieved as the child moves

through different age – grade groups, here the culture, norms of the society etc are taught, so that the children can meet up with challenges as they grow older. The importance of training of this nature was that it presented a very practical and proactive approach to building leadership potentials while the child learns a skill. It was such grooming that made them successors to the societal heritage, who would eventually take over the mantle of leadership from the older generation and in like manner these skills and leadership tutoring is passed to a future generation. The ingenuity of this process in the community, built and established societies and through this, civilizations flourished. It was such kingdoms, Empires, Chiefdoms that were annexed at the turn of the 20th Century to form modern day Nigeria.

Today Leadership as a discipline is not taught in schools but there is great advocacy for it and entrepreneurship to be taught in Nigerian schools especially at the tertiary level. To get youths started on leadership, they have to be shown their role in the Nigerian vision, responsibility is leadership, and once they understand their place then they begin to walk the walk, taking crucial steps to help build a virile and strong Nigerian nation. Therefore youths have to be empowered so that they can be achievers and one day determine the path for positive development, Leadership in relation to entrepreneurship, would simply mean ability of business owners (with respect to youth) to learn to network and build credible partnerships for their business to survive, it should also include been able to interpret information relating to ones business which should arise from sound understanding of business principles and most importantly generating important and innovative ideas which would take their business to new frontiers. Thus for the Nigerian youth to exhibit entrepreneurial leadership, right information, financial support and acquiring right skills is crucial- Schools should adopt a curricula that would equip youths for current development proposals, another way is for youths to volunteer their time and effort to learn - NGO's, and other civil society groups can provide this. While youths need to volunteer, such groups should endeavour to bring them into the right fold early in life, if they truly are committed to build a solid youth community, they should liaise with schools to set up units in them and sell their vision and have students move through the ranks and empower them to build feeder groups in their localities. This would afford the youth the opportunity to be engaged in helping to shape and build society first hand. It is the absence of a medium that would help place their destiny in their own hands that encourages youth militancy in the country. The need to join existing credible bodies stems from the fact that lack of funds would always mitigate their ability to form new ones.

I regard civil society as any group outside government, it is either a potential government in waiting or it complements the role of government. In Nigeria 5 main types of civil society have been identified.

1. Civil society formed out of the need to change society.

2. Civil society formed out of need to survive.
3. Civil society formed as an alternative means of employment.
4. Civil society formed to support government as a means of sycophancy or propaganda.
5. Quasi – type civil society formed by wives of government officials.

More of the type 1 need be established, as vanguards of change there ought to be in their ranks preference for youth membership which would help build an arsenal of focused and purposeful youths this would go a long way in correcting the notion held by the older generation that see youths as lost, trouble makers and thereby treating them with suspicion – youth is a period characterized by iconic ideas, a strong desire to save humanity and reaching out to build bridges, across cultures and in a global village as we have today across race, it is a period of greatest aptitude and when well directed transforms society. The older generation in government should be obliged to set good standards to be emulated and they should make it possible for youths to be in the know as to how government operates, in order to provide this level playing field in the polity, access to information is required and the freedom of information Bill passed by the Nigerian Legislative arm of government in 2006 is timely and should quickly be passed by the executive, this would enable youths get clarity on pertinent questions and not act ignorantly on issues of concern to them directly or remotely. The Ministry of Youth Affairs which was recently instituted in Nigeria should be accessible to all youths and provide them with a sense of direction and help them conceptualize and articulate their dreams and aspiration and also serve as their link to the legislature and should always sample their opinion through outlets where they can get right feedbacks i.e. from schools, trade unions etc.

Youths can develop good leadership entrepreneurially or socially, by aspiring to be like those in their generation blazing the trail, read about them and their short coming and eventual triumph, they are at home and abroad is it Gbenga Sesan, Nigeria's youth ICT ambassador, or Chimamanda Adichie author of the Purple Hibiscus, we really do have them in abundance. There is already a reawakening in the Nigerian society to invest in youth potential, as a rebirth in the nation is greatly desired, this is favourable to youths, what is most necessary is for all efforts to trickle down to the states and rural areas that is where the greatest impact can be made compared to almost exclusive concentration of efforts in the urban settlements.

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