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CHAPTER SEVEN

THE ENVIRONMENTAL INFLUENCES THAT SHAPE THE PATH TO ENTREPRENEURSHIP

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ABSTRACT

The paper analyses the various environmental influence which individually or in combination, act as independent variables that shape the path to entrepreneurship. Some of these influences include social relations, network, political, cultural, economic, infrastructural and technology factors. The paper examines by means of conceptual, theoretical and empirical analyses the impacts of these factors on the behaviour, traits, and characteristics of the entrepreneurs, their decision making processes, the launch of new business which act as the independent variables in the emergence practice and performance of the entrepreneurs.

The paper also examines the importance of these influences in shaping the path to entrepreneurship and suggests the need for holistic, ecological, nationally coordinated approach and development programmes of action for the strategic transformation of entrepreneurship development in Nigeria. It recommends the need for specific studies and hypotheses to examine the impact of particular environmental factors such as the cultural milieu, infrastructural facilities, governmental policy and civil society organization in shaping the path to entrepreneurship in Nigeria. Also, comparative studies on country, type of industry and organization, as bases to ascertain the influence of particular environmental factors on the emergence, behaviour and the performance of the entrepreneurs.

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BEHAVIOUR

For the person who actually starts his or her own business, experience is filled with enthusiasm, frustration, anxiety, and work. There is a high failure rate due to issues like, poor sales, intense competition, lack of capital, or managerial ability, the financial and emotional risk can also be very high. What then cause a person to make this difficult-decision? The answer can be explored by looking at the decision process involved in becoming an entrepreneur. Indeed, million of ventures are formed despite recession, inflation and high interest rates-lack of infrastructure, economic uncertainty and high probability of failure. Each of these venture is formed through a very personal human process that although unique, has some characteristics common to all. Like all processes, the entrepreneurial decision process entails a movement, from present lifestyle to forming a new enterprise.

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Change from present lifestyle

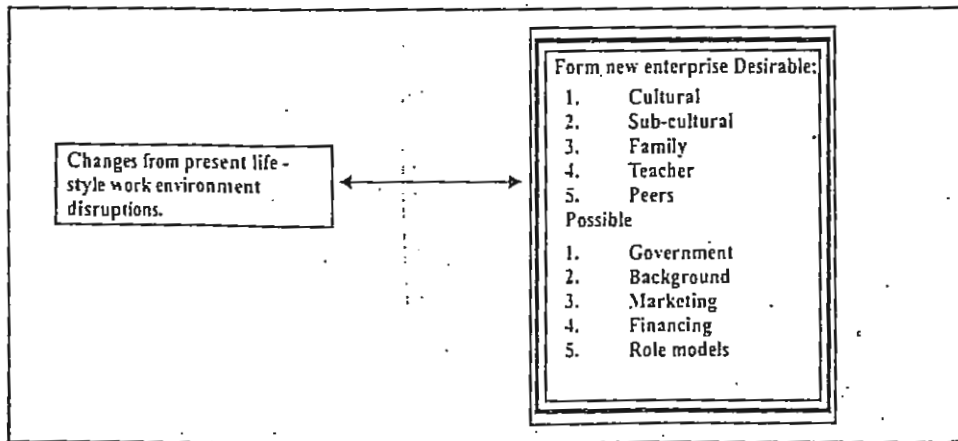
The decision to leave a career or lifestyle is not an easy one. It takes a great deal of energy and courage to do something new and different. Although individuals tend to start business in areas that are familiar, certain environments have been particularly good for spawning new enterprises, research and development, marketing. These are complemented by certain psychological states, personal traits and motives. incentives internal locus of control profit expectations, and the need for achievement:

PERFORMANCE

From the literature and research studies the factors affecting the formation and types of micro, small and medium scale entrepreneurial businesses include: (1) life style firm or small venture that supports the owner (hair dressing, poultry, tailoring and fashion design). (2) foundation company formed from research and development (3) high-potential ventures with high growth potential investment, interest and publicity. The major factors that influence levels of performance include (i) innovation in forms of new products, technology, market and breakthrough (ii) investment in product evaluation and process leading to inc development. These factors are determined by influences such as socio-cultural, political factors. The basic process in the product evolution is based on knowledge and recognized social need (Histric an.

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Figure 1: Change from present lifestyle to form new enterprise



Source: Robert D. Histrich "Entrepreneurship and entrepreneurship: methods for creating new companies. That have all

IMPACT OF ENVIRONMENTAL INFLUENCES ON ENTREPRENEURSHIP

The environment as operationally defined in this paper is considered as the totality of the factors that affect, influence and determine the path, operations and performance of an entrepreneur. These independent environmental influences can be divided into the micro, intermediate and macro environments (or the remote business environment), are described as economic, political, legal, socio, and technological factors among others (Osugwu 2001, Okokiti 1994, Drucker 1985). The dependent variables would include emergence behaviour and performance of the entrepreneur.

EMERGENCE

Family background

The family into which an individual is born influences his emergence as an entrepreneur. Studies have shown that the family environment has definite influence on the individual (Histrich and Peters 2000, Ibeh and Young 2001). Examples include families such as Dantata Odutola, Ugochukwu, all in Nigeria; Toyota, Rockefeller and other prominent families that produced from small enterprises medium, large scale, multinational and transnational corporation. The type of occupation of the parents and their role models in the economic community do influence the individual to take after them or in some case hate their job.

The economic environment

The economy, business and commercial context in which the

individual is located provides structure of economic incentive motivation that line the path of entrepreneur emergence. For example, most people in Aba and Arochukwu who grew up there to be good business men and traders and trained apprentices. Like Kano, Onitsha and Lagos are known to be centers of commerce and business activities.

Culture Peer Group/Friend Influence

A culture that values an individual who successfully creates a business will create more ventures formation than one that does not. For instance, the American, Japanese, Nordic and Chinese cultures. A number of authors have proposed that cultures of societies are a characteristic of people living in these societies, impacting on innate and personality traits will influence the degree of entrepreneurship initiation.

BEHAVIOUR

The political environment

The institutional, infrastructural and development framework established by the government can enhance the emergence of entrepreneurship or the starting of a new enterprise by individuals. Small and medium scale enterprises development agencies, industrial parks and estates, credit facilities workshops and training programs, technical and other material subsidies research and development, business models and development policies. These can be seen in newly industrializing economic like Korea, China, Singapore and Hong Kong.