

The Impact of Globalization on the Nigerian Entrepreneur

^aElijah Ojowu Ode, ^bSimeon Oko Ajegi

^aDepartment of Educational Foundations Faculty of Education Benue State University, Makurdi, Nigeria

^bDepartment of Economics, Faculty of Social Sciences Benue State University, Makurdi, Nigeria

Abstract

National and international discussions on globalization in recent times have become quite popular, yet contentious. The controversy comes from the conviction from a budding number of people about the inequality and the Northern double standards that has characterized its practice. The paper is a significant assessment of the practices of globalization as it is, and particularly as it affects the Nigerian entrepreneurs. In trying to do this, clarification are given to the basic concepts of globalization and entrepreneur. The paper further highlights the challenges of globalization for the Nigerian entrepreneurship and attempts where necessary to offer measures on how to medicate the challenges.

Introduction

The growing features of globalization are the increasing concentration and monopolization of economic resources and power by transnational corporation and by global financial firms and funds. It now peaks with the fact that the benefits of globalization have not accrued equally across countries. Africa and particularly Nigeria have witnessed slow economic growth rates in recent times, and has lagged behind other continents. It is the least integrated into the so-called global economy. According to Godwe (2002) in Adetoro (2004), a growing body of opinion also supposes that the odds for integration are so unfavorable that the marginalization of Nigeria entrepreneurship is inevitable. This situation coupled with the fact that globalization has only favored the rich countries at the expense of the poor has worsened the plight of the Nigerian entrepreneur. The controversy shrouding globalization is principally on whether the continued integration of economies has helped the entrepreneurship in developing nations and particularly, Nigerian.

The apostles of globalization concept supposed that the gains of globalization far overshadow its demerits. In their opinion, globalization has brought rising prosperity to entrepreneurship in the countries that participated including Nigeria. It has boosted the incomes and significantly raised the standard of living in many parts of the world. One of the significant standpoints of the protagonists of this concept is that it has not only promoted economic development, but also on the average, economic growth tends to increase income of the poor and reduce poverty and ignorance. It is whispered also that the world's integration has brought about the diffusion of technologies that have contributed to improvement in the health, life expectancy, business and commerce and literacy in poorer countries. The rapid growths in world trade, foreign direct investment and across border financial flow over the last two decades have been the main manifestations of the increasing globalization of the world economy (Adetoro, 2004).

On the contrary, there has been a surge in the number of people the world over, who fell worried about the negative aspects of globalization. In fact, they see globalization as a negative thing in its totality. This explains why anti-globalization movements are now common. The anti-globalization forces have hotly maligned the

concept of globalization. The dissenting voice has wondered if globalization has any benefits for the world's poorest people who live on less than \$1 per day. They opined that its benefits only extend to the powerful or developed states' economy of the west at the expense of poor nations. The critics are of the opinion that globalization will further aggravate the problems that already existed in the perfect world (Awake, 2002).

It is in the light of this, that this paper attempts to examine the impact of globalization on the Nigerian entrepreneur. In order to achieve this we will first give clarification to the basic concept: globalization and entrepreneur; and later consider both the positive and negative consequences of globalization on the Nigerian entrepreneurship.

CONCEPTUAL FRAMEWORK

The concept of globalization

Globalization as a concept does not just relate to economic matters alone. According to (Daouas, 2001) in Adetoro (2004), it is multi-dimensional, affecting all aspects of human existence: economic, cultural, environmental, and social as well as relations between governments and nations of the world. Simply put, globalization is the process by which an increasingly free flow of ideas, people, goods, services and capitals lead to integration of economies and nations (Anita, 2002). In other words, it borders on increase in the flow of trade, information, capital as well as mobility of people across borders and the benefits derivable therein. Globalization is also perceived as the net result of innovative advances in the technologies of telecommunication and computing.

The Concept of Entrepreneur

An entrepreneur, according to Schermerhorn (2002) is a risk-taking individual who takes action to pursue opportunities in situations other may fail to recognize as such or may even view as problem or threats. In business context, an entrepreneur starts new ventures that brings to life new product or service ideas. The concept of an entrepreneur is further refine when principles and terms from a business, managerial, and personal perspectives are considered. According to Hisrich (2005) to an economist, an entrepreneur is one who brings resources, labour, materials and other assets into combinations that make their value greater than before and one who introduces changes, innovations and a new order. He further defines entrepreneurship as the dynamic process of creating incremental wealth.

In almost all of the definitions of entrepreneurship, there is agreement that we are talking about a kind of behavior that includes: (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanism to turn resource and situation to practical account, and (3) the acceptance of risk or failure. Entrepreneurship is the process of creating something new with value by devoting the necessary time and efforts, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction independence. Although each of the definitions above view entrepreneur from a slightly different perspective, they all contain similar notions, such as newness, organizing creating, wealth, and risk taking. Yet each definition is somewhat restrictive because entrepreneurs are found in all professions.

Positive Impacts of globalization on the Nigerian entrepreneur

Elimination of Barriers to International Trade.

According to Salimano, (1999), globalization has reduced or partially eliminates barriers existing in international trade. The reduction in those bottlenecks

has opened the door for export-led growth for the Nigerian entrepreneur. Globalization therefore, allows the Nigerian entrepreneur free participation in export and import of goods, capital and investment without restrictions, thereby enhancing the individual and the country's economic development. In addition, the elimination of barriers to international trade created freedom from restrictions for the Nigerian entrepreneur. In the opinion of Aninat (2002), while globalization may confront government officials with more difficult choices, the result for the Nigerian entrepreneur is greater individual socio-economic and political freedom. In this sense, globalization acts as checks and balances on the government power, policies, and economic bottlenecks and makes it more difficult for government to abuse the freedom and property of the Nigerian entrepreneur.

Free flow of trade and investment

Globalization describes the ongoing global trade towards the free flow of trade and investment across the borders and the resulting integration of the international economy. Because it expands economic freedom and spurs competition, globalization raises the productivity and living standard of the Nigerian entrepreneur and opens to him the global market place. The integration of countries according to Awake (2007) acted as a catalyst of providing Nigerian entrepreneurs access to markets, products and services, transfer of relevant technologies and knowledge necessary to sustain equitable and effective economy.

Globalization has eradicated the snag existing in global trade. Ajayi (2003) contended that the decline in those blockages has unlocked the access to foreign capital, global export and import markets, advanced technology led growth, while breaking the monopoly of inefficient and protected domestic producers. Globalization therefore, allows Nigeria entrepreneur to export and import goods, capital and investment without restrictions and thereby enhancing the economic development of the Nigerian entrepreneur and the nation at large.

Dispersal of technologies

The world's integration has also brought about the diffusion of technologies that have enhanced the free flow of merchandise and commodities across the globe. In addition, due to trade liberalization, communication system like the mobile telephone, satellite and internet have brought about rapid flow of communication network down to the remote villages, which gives the Nigeria entrepreneur the opportunity to outside world. The dispersal of technologies brought about by globalization has further aided the Nigerian entrepreneur speed in business transaction, quick decision-making and wider based for trade and advertisement of products. These breakthroughs in computer and telecommunication technologies have drastically reduced real computing and communication cost by 99% (Aninat, 2002). This has steadily expanded the range and quality of services that can be traded and those that support trade in goods for the Nigerian entrepreneur.

Promotion of economic growth and reduction of poverty rate

Globalization has brought rising prosperity to the Nigerian entrepreneur. It has boosted incomes and significantly raised the standard of living of individuals. Globalization has not only promoted economic development, but also on the average, economic growth tends to increase income of the poor and consequently reduce poverty. Awake (200) argued that globalization has not only brought benefits for the world's poorest people who live on less than \$1 per day but has significantly enhanced their economic growth and development.

Globalization through the internet, has granted the Nigerian entrepreneur access to great ideas in new business transactions and new method of production.

Information about new products design, production technology, managerial practices and the likes are made available to the Nigerian entrepreneur through the internet. In addition, Aninat (2002) contended that due to trade liberalization, communication system like the mobile telephone, satellite and internet have brought about rapid flow of communication network down to the remote villages, which gives the Nigeria entrepreneur the opportunity to outside world. This has in no doubt led to importation of foreign products and technologies, which would have been impossible without globalization. This implies that the Nigerian entrepreneur now has access to opportunities to acquire new things, ideas and technologies.

Negative impacts of globalization on the Nigerian entrepreneurs.

Loss of market shares in trade

Globalisation has made Africa and of course, Nigerian entrepreneurship to lose its market shares in the global trade and trade share in commodities like groundnuts, cocoa and coffee had declined (Ajayi, 2006). In 1990-2010 periods according to him, groundnuts had declined from 40 percent to 5 percent while cocoa declined from 59 percent to 40 percent of which Nigeria used to be one of the major exporters of these commodities. The obvious reason that is responsible for this decline in export is the high cost of transport, which affects the location of manufacturing activity and the freight rates for Africa export that are sometimes 20 percent higher than those faced by the region's competitors. The effect of this is what this concept vividly pointed out as 'nauseating effects of economic crunch on overall market shares in global trade and trade share in commodities'.

Absence of foreign investment

According to (Ajayi, 2003) in Lawal (2005), Africa has been unable to attract enough foreign investment despite the fact that the rate of return in investment in Africa is shown to be higher than other development countries. He contended that the performance of Nigeria in particular, in attracting foreign investment has hampered economic development of Africa and Nigerian entrepreneurship, since investment is a vehicle for economic development. There is lack of access to Foreign Direct Investment (FDI) due to the Northern double standards and unevenness, which has been the hallmark of globalization. In the opinion of Olutumbo and Samuel (2002), too much of global investment is concentrated in the rich world and less than 1/3 goes to the poor ones, especially Africa. This has no doubt posed a serious threat on the Nigerian entrepreneurship and except there is a change of attitude by the northern governments to create conditions under which entrepreneurs in developing countries can capture a larger share of FDI and trade in their professed globalization, entrepreneurship in Nigeria will continue to suffer perpetual setbacks in terms of development.

Trade Marginalization

Another negative impact of globalization on the Nigerian entrepreneurship is that the western countries tactically pushed poor countries to eliminate trade barriers while they are tenaciously keeping their own barriers, thereby preventing entrepreneurship in developing countries in which Nigeria is one, from exporting their agricultural products, and deprived her the much needed foreign exchange income. According to (Gondwe, 2001) in Adetoro (2004), a growing body of opinion also supposes that the odds for integration are so unfavourable that the marginalization of Nigeria

entrepreneurship is inevitable. This situation coupled with the fact that globalization has only favoured the rich countries at the expense of the poor has worsened the plight of the Nigeria entrepreneur. In addition, (Ajayi, 2003) contend that most advanced industrial countries declined to open up their markets to goods of the developing countries, for instance, keeping their quotas in a multitude of goods from textile to sugar, while insisting that those countries, including Nigeria open up their markets to goods of wealthier countries.

Removal of subsidies on petroleum products

Another negative impact of globalization on the Nigerian entrepreneurship is the deliberate removal of subsidy on petroleum products by the Federal Government in response to advanced industrial countries, which insisted that developing countries should eliminate their subsidies on industrial goods. Lawal (2005) in (Ajayi, 2003). This policy had hideously affected the Nigerian entrepreneurship, the poor and rich and has widened the gap between the rich and the poor.

Globalization of National Policies

Another negative consequence of globalization process is globalization of national policies, which were hitherto exclusive preserves of the states. In this case, with globalization of national policies there will be total erosion of national sovereignty as state policies would have come under influence of international agencies and financial players. This has implication for entrepreneurship because it will in a way subsume the political and economic independent policy making capacity of African state on the whims and caprices of these international institutions. A scenario that Audu (2005) feared a rising unevenness and imbalances might occur leading to polarization, marginalization and wealth concentration between countries. This situation does not augur well for the Nigerian entrepreneurship because it places her at disadvantage position of the trade and economic policies of the states, thereby rendering her an economic stooge of their entrenched policies.

The challenges of globalization

It is pertinent to mention that globalization as a construct is built on the foundations of free enterprise, democracy and investment. However, a major feature of globalization is the growing concentration and monopolization of economic resources and power by transnational and global financial firms and funds (UNCTAD, 1966). Therefore, a breakthrough in technology globally has a positive effect on economic globalization, which is the African focus for now. Thus, the challenges ahead are a focused new form of political and economic reformation that would stimulate purposeful national economic and political policies for the Nigerian entrepreneurship. In this pretext, it is expected that a new African Unity (AU) would play a complimentary role to bring out transparent economic liberalization and legitimate democracy devoid of absolutism. To actualize this, the African leaders should internalize their drives for partners that would encourage free flow of Direct Foreign Investment (DFI). The romance of African leaders with G8 countries resulted into formation of the New Partnership for Africa Development (NEPAD), which has been described by (Toluhi, 2002) in Audu (2005) as the latest African miracle of the millennium. According to Audu (2005), with the formation of NEPAD, it is expected that a new horizon of economic and political development have been charted for African entrepreneurship. That is to say that all horrendous past experiences of Africa for example, despicable leadership,

stunted economic growth, hunger, poverty, unemployment, disease and likes scourges would give way to meaningful socio-economic growth in Africa through science and technology.

Recommendation

1. In order for the Nigerian entrepreneurship to fully integrate into global economy, Government should fashion a sustainable telecommunication system with affordable telephone system since many businesses are done on telephone and on internet.
2. The political institutions for effective working of the nation economy should regulate markets. Government regulation is expedient to enforce contracts, ensure transparency and protect entrepreneurship from the brutalities of uncontrolled markets and discretionary financial policy, which will protect the growth and stability of macro economy.
3. Globalization as a construct is built on the foundations of free trade, democracy and good governance and government must ensure good governance in order to attract foreign capital and investment for the Nigerian entrepreneurship to benefit. In addition, government should provide conducive atmosphere for an efficient operation of a full market economy, reliable legal system, honest, credible and transparent and accountability in order to be able to woo foreign investors. According to (Ajayi, 2003), while Foreign Direct Investment (FDI) is important and brings new technology and managerial expertise, corruption can severely hamper the ability of a country to attract foreign investment.
4. Government should have a focused new form of political and economic reformation that would stimulate purposeful national economic and political policies. To actualize this, the African leaders should internalize their drives for partnership that would encourage free flow of direct foreign investment (FDI). According to Audu (2005), with the formation of NEPAD, it is expected that a new prospect of economic and political development have been charted for Africa. That is to say that all awful past experience of Africa for example, appalling Leadership, diminutive economic growth, hunger, poverty, joblessness, disease and likes plagues would give way to meaningful Scio-economic growth Africa through science and technology.

Conclusion

In conclusion, globalization is multi-dimensional, affecting all aspects of human existence: economic, cultural, environmental, and social as well as relations between governments and nations of the world. It carries threats for some countries and opportunities for other. From the foregoing, it is obvious that the positive points of globalization overshoot the negative aspects. What exactly then is the problem with globalization in Africa and especially as it affects the Nigerian entrepreneur? The problem emanates from the development crises of Africa, which is not only widespread but also deep and sever in some countries, a situation one can describe as legacies of colonial and neo-colonial exploitation and mismanagement. It is in my observation that globalization is the latest economic act of imperialism capable of enslaving Africans and of course the Nigerian entrepreneurship through foreign investment. However, it has come to stay in spite of its menace and appropriate initiatives should be employed to stamp out such risks. The Nigerian

entrepreneurship is at the receiving end and is not yet mature to garner the full benefits of globalization. Moreover, except the above proposals are addressed, the participation of the Nigerian entrepreneur in the global economy will be a chimera.

REFERENCE

Ajayi, G. O. (2006). *Scientific and technical information in Nigeria*; International Library Reviews, 21(3), 396-410

Ajayi, G. O. (2003). *The national Information Technology Development Agency NITDA* Abuja, Nigeria.

Adetoro, N. (2004) *Globalization and the Challenges of Library and Information Work in Africa*. Nigerian Journal of Library, Archives and Information Science, 1(3) 23-30

Aninat, E. (2003). 'Surnouting the Challenges of Globalization'. Finance and Development, 39(1) 4-7

Audu, M. S (2005) *The African Union and the Challenges of globalization*. The Humanities and Globalization: the African Perspective. Makdurdi: Aboki Publishers.

Awake, (2002). 'Globalization Curse or Cure'. A Magazine of Jehoval Witness, May 22, pp. 1-14

Hisrich, Robert D. & Michael P. Peters (2005). *Entrepreneurship* 6th ed. New York: McGraw-Hill
Irwin.

Olatunbo, G. M. & Samuel, E. J. (2002) *Prospects and Challenges of Internet and globalization in the 31st Century*. Abuja Infolib. A journal of Library & Information Science, Abuja Chapter.