DEVELOPMENT OF ENTERPRISES IN NIGERIA AND ASIAN TIGERS THE MISSING LINKS.

BY

DR. ALFRED ABHULIMHEN-IYOHA
PhD LAW, PhD STRATEGIC STUDIES, DIPLOMA CHRISTIAN STUDIES, DIPLOMA PARA-LEGAL STUDIES.

CHIEF MAGISTRATE, EDO STATE JUDICIARY, HIGH COURT COMPLEX,BENIN CITY,NIGERIA. +234805596968440

2022.

Introduction

Life expectancy rate in Nigeria has regressed Nigerian is underdeveloped because all gain of underdevelopment such as inflation, low standard of living; population explosion and unemployment characterize the economy. Other negative variables include overdependence on crude oil, shortage of human capital in critical areasfrom 53 years to 47 years. It is about the lowest in sub-Saharan African. Unemployment increases by leaps and bunds, and it is a big plus to the power prevailing in the Country[1].

To these could be add insecurity of lives and property, which does not spare even the rich. In spite of public pronouncements about fighting corruption, the monster has continued to

[1] International Journal of Technical Research and Applications e-ISSN: 2320-8163, www.ijtra.com. Special Issue 10 (Nov.-Dec. 2014), pp. 19-23.

undermine the moral integrity of the country. So pervasive and indicting are the statistics that no corporate body has even an iota of confidence to transact business with Nigeria, also with regards to fraud.

Central to the development of any country is a conscious effort to develop the Human Resources. Since the 1960's, it was discovered that only educated people equipped with skills could catalyze development. Japan, Korea, Thailand, Malaysia and the Asian Tigers have maximally applied the theory for development engineering.

Sadly, however, Nigeria has only paid lip Service to human capital development. Over the years, educating ranks second only to defense in the budgetary allocation. The budgetary allocation to education is far below the 26 percent minimum threshold recommended for developing countries by UNESCO.

Although there is exponential expansion of the educational system, quality man power is solely lacking. Human Capitalist theorists pontification that LDCS suffer from the over production of manpower that is not critical to development engineering. This notion constitutes the basis for marketization agenda brandished by the World Bank to further dislocate the educational system.

The political system has no priority for education and that is why university lecturers seem to be the most marginalized public servants in Nigeria. There can be no development when there is no educational system.

The four Asian Tigers otherwise known as Asian Dragons are the highly developed economic of Hong Kong, Singapore, South Korea and Taiwan.

The above regions were the first industrialized countries and they became known to all because of their high growth rates as they became rich very fast. They had fast industrialization between the early i960's and 1990s.

The four Asian Tigers have a highly educated and productive work force compare to other Countries in the region.

The economic success of South Korea and Taiwan were known as the "Miracle on the Han River", and the "Taiwan Miracle" respectively. The Asian Tigers exports products to rich industrialized nations and they had double-digit economic growth for decades. Each of these

Countries was not democracy initially, but they became freer, and people now think Taiwan and Korea are liberal democracies.

Development of Enterprises in Nigeria

Entrepreneurship is a key factor in any economic activity. For a sector to be competitive and contribute effectively to sustain growth, it requires increased private investment. This development must result in an enhanced productivity to stimulate and to be proper; it must also generate employment. There can be no-gain saying, that Nigerian has long recognized the importance and valuable contributions that Small and Medium Enterprises as a major source of new competition can make to poverty alienation, wealth creation, employment generation and private sector development.

The Small and Medium Enterprises (SMES), especially micro-enterprises have for long offered safety net for the survival of the poor, unemployed youth and women including the emergent "new poor", this is as well as being the nursery-bed of entrepreneurship development in the Nation.

Entrepreneurship is the dynamic process of creating incremental wealth by individuals who assume the major risks in terms of equity, time and career commitment or provide value for some products or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources.

Entrepreneurship is also the process of getting into the management of your own business enterprise, while entrepreneurs are individuals or persons into entrepreneurship.

Entrepreneurs are often the owners and employees and a considerable number of them are small business owners or managers, and they are risk takers, creative, innovative, independent, hardworking and possess other qualities that are driving force behind any entrepreneurial activities build in the economy. Such activities build the economic base and provides job.

Entrepreneurial Definition and Theoretical Overview.

It is not a new concept as the origin of entrepreneurship can be traced back to the 118th Century when Richard Canitillion first grouped economic agents into three categories; Land, Finance and Wage earners and those economic agents who engage market exchange for profit

at their own risk. Schumpter in his theory of economic development perceived the entrepreneur as the mechanism for economic change.[2] It was indeed Schumpter who differentiated that the entrepreneur is not a manger who supervises the productions process, carrying out routine activities on the basis of past experience without any exploration of change, but one who risks uncertainty before. In other-words, the entrepreneur is one who makes "new combinations" in production, and fills the role of an entrepreneur outside the organization. That makes him/her an agent of change and societal hope for tomorrow, as he/she is action oriented, highly motivated and takes calculated or moderate risks to achieve goals.

Entrepreneurship Theory in Nigeria;

The development of entrepreneurship theory in Nigeria according to Akeredolu, is of the opinion that the entire entrepreneurial theory today differs from what it had been in the pioneers, in its orientation and its substance. Entrepreneurial function is also described as the bringing together of the factors of production and the provision of continuing management as well as risk bearing.[3]

Efforts aimed at stepping up indigenization of the private sector in Nigeria were made early in 1956 when the Federal Loans Board was established to carry on the lending activities of the British Colony department board which was disbanded. Onah[4] summarizes these programs and share as follows:

(a) Small scale industries scheme 1970s

(b) The Nigerian Bank of Commerce and Industries Loan Scheme

(c) The special fund for small scale enterprises Loan Scheme 1980s.

(d) The National Economic reconstruction fund 2001 till date.

(e) Small and medium equity investment scheme 2001 to date.

[2] www.ijtra.com. Special Issue 10 (Nov.-Dec., 2014), pp. 19-23
[3] Akeredolu-Ade (1975: 5-6), The Underdevelopment in Indigenous Entrepreneurship Nigeria, Ibadan, University of Ibadan.
[4] Onah, J. (2004), Empowering Small and Medium Scale Enterprises in Nigeria, Enugu ECCIMA/MANAMARK ASSOCIATION LTD.

(f) The small and medium enterprises development Agency of Nigeria (SMEDAN)[5].

The Asian Tigers from Independence to Industrialization

In the 1960s, South Korea, Taiwan, Singapore and Hong Kong otherwise known as "Asian Tigers' were considered to be part of the third world which Harvey and Lee rather refer to as "economic backwardness."[6] But since the 1997 Asian financial Crises, praise of the "Asian Miracle" has dwindled in academia, yet the Tigers still stand as rare example of states which have successfully "developed" in a manner no one could have predicted 55 years ago, and at a considerably faster rate than any of our current efforts at third-world development seem to be proceeding. There are lessons to be learnt from the rapid economic growth of the tigers, from the 1960's to the 1990's[7].

The Tigers ways show us an alternate path to development: a strong central government guiding the economy rapidly forward through distinct stages of development until it reaches full industrialization.

Some of the most stunning economic growth stories in modern history have been those of four Asian Tigers stated above. They were hopelessly undeveloped in the 1960's as stated, but they were able to turn around within 25 years, and rank among the wealthiest in the world, and they with their cities buzz with life. Manufacturing became relevant in the East Asian context neoclassical economics (those with an ideological grounding in louses 3-fair approaches to growth) argue that eschewing import-subsisting industrialization involve governments encouraging industries to produce internally the goods a country would otherwise have to import –thus " import- subsisting".

Problem of Entrepreneurship Development in Nigeria

Some studies have been carried out, on entrepreneurship development in the Nigeria Industry. Some of the early studies are those of Schaty and Edokpayi and Akeredolu-Ale[8].

[5] Adeleja, M. (2007) Micro Finance Banking and SMEDAN Policy Saturday Independent March 31st , 133.
[6] Charles Harvey and Hyungoon Lee, "New Regionalism in East Asia: How does it relate to the East Asian Development Model?" ASEAN Economic Bulletin 19.2 (2002), 126
[7] Robert Garran, Tigers Tamed; The End of the Asian Miracle (Hawaii), USA: University of Hawaii Press, (1998).
[8] Schaty and Edokpayi (1962), Akeredolu-Ale (1972) In small Business Management Nigerian Institution of Management (NIM/NYSC).

The 1962 study of Edokpayi was determine the reactions of Nigerian business man to government to encourage Nigerian private enterprises. The study was limited to Western Nigeria and has serious reliability problem.

Notwithstanding these short comings, the result of the findings shows that:

(a) Inadequate Capital is the main problem

(b) Lack of organization and management skills is another important problem; and

(c) Most of the businesses misapplied the loan for another purpose.

Schaty and Edokpayi from another perspective also report in their study of economic attitude of Nigerian business that inadequate Capital is a major setback, and were silent on management skills and expertise. However, Oranpo re-echoed that entrepreneurship development is challenged by inadequate capital and lack of management and organization skills and expertise.

Onuoha[9] and Obeleagu are of the opinion that inadequate capital, incompetent management, lack of technological and infrastructural facilities are the common problems, among others. Nsubuisi (2004),[10] from another perspective, is of the opinion that apart from the known problems that have been mentioned earlier, other challenges include the following:

(i) Arbitrary Challenges in the administration of law by the government which spreads the element of uncertainty among the entrepreneurs.

(ii) Lack of insufficient infrastructure and high cost of production.

(iii) Market imperfections, which deny potential entrepreneurs the resources they need for organizing new entrepreneurs.

(iv) High risk involved in new enterprises such as low status of business in the eyes of the public and;

(v) Restrictive effects of customs and traditions.

[9] Onuoha (1994), Obeleagu Nzebulo (2000), Entrepreneurial Development in Nigeria. Okigwe, Alvan Global Publication.

[10] Evaluation of Small and Medium Scale Business Products. A contribution to empowering small and medium scale enterprises in Nigeria.

Prospects of Entrepreneurship Development in Nigeria

The depressing scenario of poverty painted by current human development indices is indicative of the challenges and prospects of our EDP strategies for promoting small and medium enterprises as vehicle for poverty reduction. By available trends of micro economic indications, Nigeria might attain the level of wealth it had 45 years ago and unless the political aspect will change its policy. Otherwise, it will take another 45 years before the Nation returns to the level of per capita income of post independent 1960s. This then is the situation that calls for a strong repositioning of our EDP strategies.

In Nigeria, entrepreneurs face challenges such as tightening corporal governance, pulling financial systems, technologies and processes and introducing quality assurance. With the present economic transformation in Nigeria, a solid foundation for economic growth and efforts to create an environment where business can grow profitably is being made. Entrepreneurs in Nigeria are therefore encouraged to recruit experienced hands-on management from abroad or mentor and train their staff so that they can build skills throughout the business.

Another important scheme the federal government has embarked upon is the conversion of the community banks to Micro finance banks in Nigeria.

This Micro finance scheme is the provision of money to entrepreneurs or individuals for short period without the traditional forms of collateral.

Many new forms fail, not because they are not innovative enough but because in their stage, they have difficulty, in competing. Therefore, the basic concept of incubator is to nurture entrepreneurial activities so as to provide start-ups with necessary services and support until they are matured enough and ready to enter successfully into the competitive business environment.

In central and eastern Europe where entrepreneurial activities have been low, just like Nigeria, incubators are sought to play an important role in initiating entrepreneurial activities.

The idea of designing incubators in rural areas like those we have in Nigeria is to do the following;

1. Encourage skilled and professional people who have left the community to come back to the region to start new companies.

2. Provide job opportunities for high-tech graduates
3. Intensify training program to build the vocational skills of its members; and
4. Foster greater access to capital for start up

The Missing Link

We now have the Asian Tiger as the model for economic development, but this does not mean that we can easily transplant same to other parts of the world. Some other countries like Soviet Union, Maoist China and North Korea, have attempted to lead development from the state with little success. The question then is why was state-led development successful in the Tigers, but not elsewhere? According to advocates of market or internationalist growth, the development of the Tigers while ultimately successful was highly idiosyncratic to the East Asian region and cannot be exported elsewhere, universal alternative being the liberalization of markets.

The explanation of the Tigers' success is that, it was in some way due to their shared Confucian culture,[11] which emphasizes on social hierarchy and the nation-family, they would say, provides East Asians with the Unique out-look require to tolerate the submission of personal economic interest to the state's long term goals. Other parts of the world such as Nigeria, lacking such an ingrained cultural disposition, would not accept the state's mandate and frustrate progress.

The reason for Japanese backwardness then in 1915 was due to the inherent cultural laziness to the Japanese people[12]. Development in any culture depends on what people do with the raw material of their culture[13]. The missing Link in development is therefore suggested to be the legitimacy of the countries' leaders. Inability of the Government to create jobs is a major factor of insecurity in the country which has also led the country backward. Within the period that China produced 7million jobs, Nigeria lost 4million jobs. As at 2015, the rate of unemployment and underemployment was 24 percent, but as at 2018, it was 40 percent. Our Educational sector is not given the needed attention. Nigeria has the highest number of out-of-school children in the World which has worsen our misery and inequality index. In 2015, 21 billion dollar foreign direct investments were attracted in Nigeria, but only 12 billion

[11] Hung-Chao Tai, "The Oriental Alternative: A Hypothesis on Culture and Economy", in Confucianism and Economy Development: An Oriental Alternative, ed.
[1212] Chang, Bad Samaritans, Chapter 9: Lazy Japanese and Thieving German.
[13] Ibid, 193.

dollar in 2018. The country suffers major infrastructures deficit. No good roads, no railway and no reasonable power supply. Nigeria used to be number 7 in terrorism, but now rates number 3, just behind Iran and Afghanistan. Nigeria suffers economic losses. The major things to look at is education and unemployment. The Asian Tigers has strong infrastructure.

All four Tigers had a strong central leadership able to effectively steer the direction of the economy without significant internal challenges, an indication that all enjoyed considerable legitimacy. Most Government today derive their legitimacy from democratic elections, example, when the Obama administration makes a decision, the decision is made by the people and for the people. Some older forms of government have derived their legitimacy from the Divine Right of Kings or from Hobbes' Leviathan and some others. The Tiger approach to development is perhaps best characterized then as "success due to coherent and flexible policies, effective implementation by the state and political capacity to insulate economic planning from completing interests".[14]

Conclusion:

It is revealed from the forgoing, that development of enterprise and entrepreneurship can be stimulated through a set of supporting institutions. However, there are a lot of challenges, but there is also prospect especially when resources in form of capital and human resources is made available in a conducive environment.

The challenges of entrepreneurship development in Nigeria are largely that of sourcing of a capital, expertise in management of the business, poor investment decisions lack of major infrastructure, lack of improved educational sector, terrorism, corruptions etc. The present government indicates that there is bright future for Nigerian entrepreneurs, but other countries find it difficult to transact business with Nigeria because of fraud, especially as the missing link in the development is suggested to be the legitimacy of the Countries' leaders and the issues that are stated above.

Recommendations.

How can we replicate the success of the Tigers in other developing states, especially in Nigeria? The crucial element is the leadership. If a state's leadership derives its legitimacy from economic success, rather than democratic elections or ideological correctness, this will

[14] Shin, Social and Economic Policies, 17.

provide both the motivation and the ability to effectively pursue the long-term and aggressive development progression we saw in the Tigers, with clear transitions through light industry, heavy industry and the high tech industry, skilled labor and increased domestic consumption.[15] We have to away with mismanagement of resources and fix or improve our economy. The country should invest more on Education and the creation of jobs. Our stock market should be improved. Alternate sources of legitimization, such as military strength, need to be stripped by some means from leaders who show no signs of interest in the long-term economic interests of their states in order to refocus their attentions, while short-term revenue streams that will eventually dwindle need to be limited. Extractive industries for instance should have their exports limited to fight the "resource course" and force consideration of alternate industries.[16]

[15] Shin, Social and Economic Policies, 19.

[16] Erika Weinthal and Pauline Jones Luong, "An Alternative Strategy to Managing Mineral Wealth", Perspectives on Politics (2006), 39-42.