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## Nigeria's Imperative for Youth-Led Entrepreneurial Development

Chinwe Mirian Onwubiko

### Article at a glance

- In spite of its abundant natural and human resources, Nigeria has long suffered from weak development.
- For Nigeria to prosper, young people must be given a chance to be leaders and entrepreneurs.
- The challenge is to create an environment where young entrepreneurs can lead the country's development.



This article is a 2007 CIPE International Essay Competition second place winner in the category of entrepreneurship and leadership.

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1155 Fifteenth Street NW • Suite 700 • Washington, DC 20005 • USA

ph: (202) 721-9200 • [www.cipe.org](http://www.cipe.org) • e-mail: [cipe@cipe.org](mailto:cipe@cipe.org)

## Introduction

Nigeria is a country with great business and investment potential, much of which lies in its abundant human and natural resources. Tapping these resources requires the ability to nurture useful and economically viable entrepreneurial endeavors and empowering youth to lead such efforts. Although recent financial sector policy initiatives may lead Nigerians to believe that the future looks bright in regards to expanding entrepreneurship opportunities, the country continues to experience its share of social, economic, and political upheavals that stunt its development and growth.

One of the key problem areas is violent crime. The Niger Delta in particular, which produces over 90 percent of the nation's oil, has been plagued with kidnappings by militants. Armed robbery is on the rise due to the unavailability of jobs. Part of the reason is that a highly irregular power supply puts a sizeable number of otherwise viable enterprises out of business. The education system is in shambles, with unresolved problems such as decaying facilities, low student morale, and teachers' strikes. Overall, Nigeria's political landscape is often volatile: a general election held in April 2007, for instance, involved massive irregularities witnessed by local and foreign observers. Above all, corruption persists in government, negatively affecting the development of the country and keeping Nigeria one of the world's poorest countries.

Despite this difficult situation and the clear need for change, the government has done little to reduce the misery and frustrations of its citizens, fostering hopelessness in the majority of young people who have resorted to any means, including crime, to succeed in life. Nigeria's challenge is to create an environment where young people have other, better options and can become entrepreneurs and leaders contributing to the country's development.

## Nigerian Youth and Entrepreneurship

The way the production forces in the economy are organized determines the development process of

any country. For most countries, the development of industry depends greatly on the private sector, with entrepreneurship playing a major role.

One can define entrepreneurship as the capacity and attitude of a person to undertake ventures with a risk of failure. It demands that the individual be prepared to assume a reasonable degree of risk and be a good leader in addition to being highly innovative. Since entrepreneurship involves leadership, leadership ability determines a person's, or an organization's, effectiveness. Entrepreneurship could become a major avenue for Nigeria to accelerate economic growth, create job opportunities, reduce the importation of manufactured goods, and decrease the trade deficit. Many young Nigerians aspire to be successful entrepreneurs, but their ability to make use of their skills remains highly constrained.

Two approaches are used for entrepreneurship development in Nigeria. One of them is concerned with the provision of generous credit facilities for small-scale industrialists with the aim of giving these entrepreneurs seed money. The second approach was the establishment of a training institution known as the Industrial Development Centre (IDC). The center's purpose is to provide resources for on-the-job training of entrepreneurs in various aspects of industrial management – especially those in the informal sector, such as petty traders, artisans, or farmers. Unfortunately, these initiatives failed to achieve desired results.

## Basic Barriers to Youth Entrepreneurship

Despite good intentions of some government officials, Nigeria's business environment remains laden with barriers, preventing the youth, in particular, from fully realizing their potential and assuming leadership positions in society. The major barriers include deficiencies in basic infrastructure necessary for faster development and greater productivity:

**Roads.** Poorly maintained roads dissuade young people from becoming entrepreneurs in Nigeria in the absence of alternative means of transportation. Air transport is expensive and rail is almost non-existent.

Since road travel is the most affordable method of getting around, congestion makes travel a harrowing experience that hampers business.

**Power supply.** The lack of reliable power has proven to be one of the greatest challenges to entrepreneurs. Power supply is sporadic and most times businesses have to run on generators. The cost of this alternative power source often erodes whatever profit an entrepreneur might gain. When there is a shortage of fuel, businesses almost grind to a halt because they cannot power their generators, raising the cost of production and making investment in manufacturing or other entrepreneurial activities unappealing.

**Communication infrastructure.** Until very recently, telecommunications were a major issue for entrepreneurs, but the liberalization of the sector in the last few years has resolved many problems. Remaining complaints include the high price of telecommunication services, especially internet service.

**Security.** Lack of adequate security for life and property hinders entrepreneurship. The police have proved unreliable in addressing urgent security challenges. Business owners have to put in place their own security structures in addition to the cost of employing private security personnel – a large financial burden.

**Capital.** Access to capital is central to the establishment and continued existence of any enterprise, regardless of size, focus, or objective. Where capital is inadequate or unavailable – as is the case for most young people in Nigeria – starting and running a business is problematic. Banks have been reluctant to give out loans to aspiring entrepreneurs, especially when they are young. The procedures for accessing credit are extremely rigorous and depend on the provision of collateral, which a young entrepreneur may not possess. Furthermore, formal financial institutions charge outrageous interest rates, sometimes as high as 21 percent, depending on the bargaining power of the applicant.

Given this situation, the government should have incentives to put in place practical programs for assisting young people in need of start-up funds, but no effective programming has been implemented. Where such funds *are* provided, they are distributed to relatives of those in government who misuse them and eventually fail to repay, thereby perpetuating the notion that young people are lazy and bereft of managerial abilities.

Young entrepreneurs have no choice but to rely on their personal savings or loans from family members and friends, but considering the very high cost of establishing and conducting business in Nigeria, even this option becomes unattractive and entrepreneurs frequently give up their creative ideas before ever trying to realize them.

## Systemic Barriers to Youth Entrepreneurship

In addition to the basic infrastructure barriers facing young entrepreneurs in Nigeria, the country's entrepreneurial potential also remains stunted due to entrenched systemic weaknesses.

**Low Standard of Education.** Education is a crucial factor in preparing and empowering young entrepreneurs with business-related skills. Unfortunately, the role of education in preparing young people to become agents of change has largely been ignored in Nigeria. Year after year, education quality declines. The country has also experienced a mass exodus of qualified teachers due to lack of proper incentives. Those stuck in the system are often only there due to an absence of alternative jobs.

**Government policies,** or the lack thereof, has been a major bane of education in Nigeria. Schools are not adequately funded, equipped, or managed to bring out students' potential. Most of the time, students stay home due to strikes called by teachers. Most people in government send their children abroad for their education, neglecting the urgent need for reforms. The result is a workforce lacking in the skills and confidence needed for a better quality of life in Nigeria.

***Inadequate Training.*** The absence of adequate training for students that would help them become future business and community leaders is a regrettable consequence of poor education. The educational curriculum in Nigeria focuses heavily on theory without a corresponding practical approach. As a result, most employers are compelled to retrain their young employees due to their lack of basic workplace skills. Where some practical training is offered, it is usually directed at the employees of larger companies that can afford the exorbitant fees charged by the training institutions. With little or no money to spare, most young people miss these opportunities to equip themselves for leadership roles, resulting in low morale, inefficiency, and lack of confidence.

***Lack of Proper Technology.*** Technology has the potential to improve quality of life and economic performance. When youth do not have the knowledge or skills to use the latest technology, it affects their outlook on life. It is surprising that in an age when computers and the internet are taken for granted in so many parts of the world, the reverse is the case in Nigeria. The internet and other information and communications technology (ICT) infrastructure are not available in rural areas, where the majority of the Nigerian youth reside. This situation denies them an alternative means of skill acquisition, information access, and other advantages.

Consequently, employers prefer to hire experienced professionals, making it impossible for young people to acquire much needed skills, familiarity with the work environment, or basic tools to pioneer their own successful businesses.

***Other Economic, Social, and Political Factors.*** There are other elements that play a role in stifling the dreams and aspirations of the Nigerian youth. Economic factors such as policy reversals, high and double taxation, difficulty in procuring business licenses, high inflation, and unstable exchange rates are some concern areas for potential entrepreneurs. Registering businesses is also incredibly difficult: an entrepreneur must procure a lawyer and an accountant to confront the legal and financial aspects of starting a business.

Politically, some of the government's policies favor friends and associates; especially when it comes to awarding government contracts and other benefits, cronyism is widespread.

The resulting social malaise from systemic corruption dissuades many people from venturing into business. All too often, it seems that gaining legal approval is coupled with some kind of favor to the person or authority granting the approval. Frustrated youth look away from entrepreneurship, frequently to the public sector where they are certain they will collect their pay at the end of every month without the worries associated with running a business.

## **The Importance of Leadership Values and Traits**

Developing excellent communication skills is essential to overcoming these basic and systemic barriers and running a successful business. An entrepreneur must be able to communicate ideas in a clear manner to convince investors and customers of the usefulness and viability of new ideas.

Within any enterprise, leaders must communicate values necessary for success to others within their organization. Business leadership values develop daily and they develop from the inside out. The values and personal traits required of youth for starting and managing a successful enterprise are, among others:

***Initiative.*** An entrepreneur should always possess the initiative and resourcefulness to achieve his or her objectives. The budding entrepreneur must be bold, daring, and willing to sacrifice time and energy to meet business goals. Fear of failure should not be a deterrent to putting new ideas into use. Instead, when mistakes are made, young leaders should not quit but rather devise alternative means to achieve objectives.

***Responsibility.*** As future leaders, young people must be willing to take responsibility for their actions. A young entrepreneur should learn to admit failures as well as the failures of employees. Leadership by example is a powerful method, especially in taking

responsibility for mistakes. As such, the leader must lead by example by being honest, transparent, fair, and just to subordinates.

**Vision.** A good entrepreneur must be a visionary and know that the future belongs to those who see possibilities before others. Vision is indispensable and vision leads the leader. Any leader must possess the ability to infuse hope and courage within the organization. Without vision, there will be no mission to accomplish; it is vision that gives an organization the drive to seek results.

## How Entrepreneurial and Leadership Skills Can Be Acquired

Young people are the future and leaders of tomorrow. This fact should be at the core of pro-youth policies and programs, both in the public and private sectors. These policies include:

**Government programs.** Having noted the importance of entrepreneurship, the Nigerian Government initiated policies such as the National Directorate of Employment scheme, establishing the Bank of Industry, promotion of the Small and Medium Enterprises Development Agency of Nigeria, and the Small and Medium Industries Equity Investment Scheme. Unfortunately, most of these programs have not yet had the desired result and they are not specifically targeted at youth.

**Better education.** It is imperative for the government to take reforms a step further, empower youth, and introduce leadership programs into the educational syllabus at all schooling levels. This sort of instruction will inculcate in students from an early age the qualities required of them to take up positions of responsibility. The present school curriculum requires a total overhaul because it does not emphasize entrepreneurial development.

**Empowering youth.** Young people should be encouraged to assume leadership positions because there is nothing that can surpass the effectiveness of hands-on training. Employers often do not see

youth as qualified to take on challenging roles, which could result from the cultural notion that perceives older people as wiser. It should not be so. Young people are full of fresh ideas and ingenuity. Putting youth into leadership positions will build confidence, resourcefulness, and experience early in life so that youth can begin to change society.

**Greater availability of capital.** Access to capital is a problem for young people with entrepreneurial ideas. Policies are needed through which young people can access loans and other financial services at minimal charges. Such services can be conditional on the presentation of business plans with certain criteria that must be met before the extension of credit; on the other side of the coin, banks' current over-emphasis on the provision of collateral could be eased to support the entrepreneurial spirit of Nigerian youth.

**Engaging youth in public life.** Young people must also become involved in shaping the policies that concern them. Coupled with government agencies, NGOs, and businesses showing interest in problems affecting young people, youth should engage in solving those problems. Policies that incorporate the youth as partners in progress should be adopted and supported. There should be a continuous exchange of ideas between public institutions, the private sector, civil society, and youth, which can occur through workshops, seminars, lectures, road shows, trainings, and other participatory activities.

**Improving opportunities for rural youth.** Since the majority of young people in Nigeria live in rural areas and the government is often concerned about rural to urban migration, much more attention should be placed on rural youth. Through vocational, managerial, and skill acquisition trainings designed specifically for rural youth, they can become educated in their discipline of choice without necessarily going to the cities.

Even more so, the allure of migrating to the cities will dissipate if rural youth can become entrepreneurs and use their skills to train others, developing commercial networks in rural areas and thereby reducing excessive urbanization.

## Conclusion

There is a need to establish a secure and poverty-free nation for youth to become influential members of any society. Poverty, hunger, homelessness, sickness, and lack of security, are paramount issues that require the immediate attention of the Nigerian government if young people are expected to become leaders of the future.

For many young people in Nigeria these problems are daily challenges. When they cannot feed, clothe, or shelter themselves or their immediate family, they surely cannot realize their full potential. Since the need for survival is so overwhelming, a good number of young people have fallen victim to the pressures of survival and have ended up as armed robbers, prostitutes, scammers, or militants fighting for whatever cause gives them a glimmer of hope.

The failure of the government to provide a conducive entrepreneurial environment and to satisfy basic social needs exacerbates these problems. It is imperative, that policies are implemented to address these issues, with Nigerian youth at their core.

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*CIPE's 2007 International Youth Essay Competition asked young people aged 18-30 to share their ideas about citizenship, democratic and market-oriented reform, and youth leadership. Chinwe Mirian Onwubiko's essay, which won second place in the 'Entrepreneurship and Leadership' category, was written in response to the following question: What needs to be done in your country to provide youth with the opportunity to become entrepreneurs and/or leaders in their communities? To learn more about the essay competition, visit [www.cipe.org/essay](http://www.cipe.org/essay).*

*Chinwe Mirian Onwubiko graduated from the Imo State University in Owerri, Nigeria with a B.Sc (honors) in marketing. She is also an associate of the National Institute of Marketing of Nigeria. Married with two children, Chinwe enjoys reading, writing, traveling, and listening to gospel music. She is currently developing a project aimed at stimulating improvement and innovation in education, both formal and informal, and youth entrepreneurship in Nigeria.*

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