



**TRAINING MANUAL  
FOR  
GENERAL ENTREPRENEURSHIP COURSES IN  
UNIVERSITIES**

**COURSE 1: ENTREPRENEURSHIP AND INNOVATION  
MODULE 2:  
THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT**

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## **DRAFT MODULE 2:**

### **THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT**

#### **OBJECTIVES:**

The main objectives of this module are to:

1. discuss the Nigerian business environment (political, legal, socio-cultural, economic, natural, technological etc)
2. appraise the cultural issues at work in the entrepreneurial process
3. master how to monitor and identify opportunities / threats and how to deal with such opportunities / threats in the environment
4. discuss barriers to Entrepreneurship

**Time:** 3 hours of interaction with students are recommended

#### **RATIONALE:**

Entrepreneurship can be defined in many ways. One school of thought focuses on the entrepreneurial personality, which locates this concept within the bounds of individual traits, (Chell et al, 1991; Chell, 1997). The second school views entrepreneurship as a process (entrepreneurial activity), which is actualized by the creation of a new organization (Vesper 1990; Gartner, 1989). In this module, greater attention will be giving to issues related to the environment conducive to venture creation. This is aligned to the second school of thought, i.e. focused on new venture creation and the suitable environment.

Entrepreneurship has been shown to be one of the key drivers of economic growth (Wennekers and Thurik (1999), Carree et al. (2002), Van Stel et al. (2005) through the creation of new ventures or expansion of economic activity, by identifying and exploiting new products, processes or markets. However, it is recognized that environmental factors of significance to entrepreneurial performance are: (i) Political climate, (ii) Economical Conditions, (iii) Socio-cultural, (iv) Technological, (v) Environmental/ecological and (vi) Legal system; this is given the acronym PESTEL Analysis. Entrepreneurs are expected to consider the effect of these factors in the choice of enterprise and its location in order to enable them determine the viability of the business and plan adequately for its success.

#### **ACTIVITIES:**

1. Students to read Handout 1 and discuss the following questions:
  - a. Explain the meaning of business environment

- b. Using PESTEL analysis, discuss the business environment in Nigeria?
  - c. What are the factors that influence good business environment?
  - d. What should the government do to improve the business environment in Nigeria
- 2. Explain the effect of culture on entrepreneurial development with students. Have them to read handout 2 and then allow them to discuss globalization and its effect on local socio-cultural business practice.
- 3. Have students to read Handout 3 and worksheet 1 and complete the assignment in worksheet 1.
- 4. Lead students through the case study and encourage open discussion of the case questions.
- 5. Have students to read Handout 4; and encourage them to carry out self examination to identify the fears and barriers that may deter them from becoming entrepreneurs.

Further Reading:

- 1. [www.naccima.com](http://www.naccima.com) NACCIMA's Thoughts to FGN on 2012 Budget;
- 2. [www.manufacturersnigeria.org](http://www.manufacturersnigeria.org) 2010 Annual Report;
- 3. James Allen (1864-1912): As a Man Thinketh, Amazon (Kindle) Books;
- 4. James Allen (1864-1912): Eight Pillars of Prosperity, Amazon (Kindle) Books
- 5. Watt, Prof Malcom J: Audio Lingual Programming, The Canadian Institute of English
- 6. [www.wikipedia.org](http://www.wikipedia.org) The Kybalion
- 7. Behrend, Genevieve: Attaining Your Desires, Wilder Publications, 2008
- 8. Murphy, Joseph: Believe in Yourself, Wilder Publications, 2009
- 9. Graves, Philip: Consumerology – The Market Research Myth, the Truth about Consumer and the Psychology of Shopping, Nicholas Brealey Publishing, Boston USA, 2010;

10. Holmes, Ernest Shurtleff: Creative Mind, Wilder Publications, 2008;
11. Troward, Thomas (1847-1916): The Creative Process in the Individual, Amazon (Kindle) Books;
12. Hill, Napoleon: The Law of Success, BN Publishing, 2010  
[www.bnpublishing.net](http://www.bnpublishing.net)

## Handout1:

### **THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT**

**INTRODUCTION:** The entrepreneurial environment is affected by the general business climate in the country. In other words, the capacity of people to create new ventures or remodel the existing enterprises can be enhanced or discouraged by the state of the business environment. In general, business environment refers to the influences and pressures exerted by external factors on the business. The success of every undertaking depends on adapting to the changing environment within which it functions. For example, when there is a change in the government policy, entrepreneur has to make the necessary changes to adapt to the new policy; otherwise its future can be compromised. The business environment includes all the external factors that provide opportunities and threats to entrepreneurs and corporate bodies. Thus, there is need to assess the environment and then design a strategy that allows entrepreneurs to thrive successfully.

Broadly speaking, the environmental factors are political, economic, social, technology, ecology and legal factors otherwise called **PESTEL** by Koon (Koon 2011). PESTEL analysis is considered the starting point of 'doing business' and environmental analysis; and these will be used to discuss the Nigerian business environment.

#### **Political factors**

- Taxation Policy (Tax rates and administration)
- Trade regulations
- Political stability
- Security of Life and Property
- Corruption index

#### **Economical factors**

- Inflation rate
- Growth in spending power
- Rate of people in a pensionable age
- Recession or Boom
- Access to Finance and cost of finance
- Production factor costs
- Per Capital Income
- Monetary/fiscal policies

**Socio-cultural**

- Age distribution.
- Education levels.
- Income level.
- Diet & nutrition.
- Local custom
- Religion

**Technological factors**

- Technological changes
- New or improved distribution channels
- Improved communication and infrastructure
- Knowledge Transfer and
- Technology Absorption

**Environmental/Ecological factors**

Laws and local regulations on

- a. Waste disposal
- b. Energy consumption
- c. Pollution monitoring etc.

**Legal factors**

- Legal System
- Registration of business and business premises
- Licenses and Permits
- Product safety Standards
- Advertising regulations

From the above, the creation of a favourable business environment entails providing conditions for effective, efficient and profitable enterprise development. It is the responsibility of the government to ensure that an enabling environment is created for entrepreneurial activities. Thus, the exercise of political powers should produce a favourable climate that will give investors confidence to invest in the national economy.

A good business environment entails well functioning and efficient public infrastructure, institutional systems and regulatory services. This will help to reduce cost of doing business, difficulties encountered in operating a business and business mortality rate. To develop a right perspective about business environment in Nigeria, there is need to discuss each one of the external environment constituents.

**1. Political environment:** Political stability is an important factor which determines the business growth or downfall. A country with relative political stability would

witness inflow of foreign capital and will encourage capital accumulation locally. Since the introduction of civilian rule in 1999, there has been relative policy stability in Nigeria; and this has led to an increase in the volume of foreign direct investment (FDI) in Nigeria. Nigerian trade regulations and public procurement policies are liberal and allows for competitiveness. The country's risk rating according to Fitch and S&P is BB-. However, there is at present a perceived threat to political and economic security as a result of increased in criminal activities in the form of kidnapping and destruction of life and property. Similarly, the perception of excessive corruption in public procurement and governance still exist. This means that there will not be adequate resources to invest public utilities and social services. This makes the cost of doing business extremely high in Nigeria as investors have to provide their own power, water, security and so on.

**2. Economic environment:** Economic environment refers to the overall economic policies (fiscal and monetary) of government, controls and regulations, etc. All these have a serious impact on the functioning of business organisations. Nigeria has adopted the Capitalist Economic System, where market forces [demand and supply] rather than other factors govern the market. In a Mixed Economic System, government would be selective in allowing the presence of private enterprises in certain activities, reserving some spheres completely for governmental operations. The Nigerian economic environment has few restrictions (mainly in defence-related activities) and any other business that can pose a threat to national security.

Nigeria has also adopted trade liberalization under UNCTAD protocols. However, smuggling and unbridled importation and dumping of cheap and substandard goods is posing a threat to local industries.

**3. Social environment:** Social environment exert pressure on business organisations to adhere to certain cultural and religious factors. Cultural factors refers to the values, norms, customs, ethics, goals and other accepted behaviour pattern of people in a given society. Another serious aspect of the cultural environment is the attitude and behaviour of the people in urban and rural areas. Business organizations will prefer urban educated persons to persons from rural areas. Also businesses must respect the religious beliefs of their immediate community if they are to flourish.

Closely linked to social environment is demographic which refers to the size and behaviour of the active population in a country. Nigeria has an active population of over 100 million thus making her a large internal market.

**4. Technological environment:** This is a very significant external factor determining the destiny of business organizations. Supported by computerized operations, modern business organizations have succeeded in analyzing customers, minimizing the defects in products, ensuring service at the right time and place, etc. While communications used to take unduly long time only ten year ago, business communications are instantaneous these days, thanks to modern satellite technology. Modern organizations have recognized that research and development alone can ensure organizational growth and stability. They have become more and more pro-active and remain as change agents of the economy. Governments have also become more technology conscious that right from police controls to registration of title deeds, computerizations has been adopted. Customer servicing through call centres is the latest necessity of organizations.

Manufacturing activities have become more and more technically sophisticated. Therefore the need for skilled workforce has increased.

**5. Ecological environment:** Nigeria is a signatory to various international treaties on green production to safeguard the environment from excessive pollution. The need for preventing unfriendly climate change and preserving natural resources has forced many states to enact laws that place more responsibility on the manufacturing sector. These determine how they should handle waste products and effluents. Pollution control has become more stringent; and companies are required to carry out environmental impact assessment before they are granted permits to operate in Nigeria.

**6. Legal environment:** Nigeria has a robust legal system that is somewhat favourable to 'doing business'. In recent time, alternative dispute resolution for business and commerce has been strengthened. In Lagos State for example, a commercial division has been created in the High Court to handle enterprise disputes. These will not only fast tract resolution of commercial cases but also reduce the cost of dispute settlement. Lagos Chamber of Commerce and Industry has established Lagos Chamber Arbitration Centre (LCAC) to provide arbitration,



mediation and reconciliation services for entrepreneurial business disputes. Enterprises now use arbitration and mediation in resolving their differences rather than refer all cases to the courts. If these initiatives are practice across the country, the time and cost for dispute settlement will be significantly reduced.

Today, licenses and permits can be obtained easily and speedily for new enterprises through the one-stop-shop window at the Nigerian Investment Promotion Commission (NIPC) as well as at the fast-track window in the head office of Corporate Affairs Commission (CAC).

### **ASSIGNMENT**

1. Explain the meaning of business environment
2. Using PESTEL analysis, discuss the business environment in Nigeria?
3. What are the factors that influence good business environment?
4. What must government do to improve the business environment in Nigeria

### **REFERENCES**

Corporate Nigeria.(2009), "The business, Trade and Investment Guide". corporate guide limited,Abuja,p.74.

David Walters [www.cws.centage/walters/student](http://www.cws.centage/walters/student).

Ignatius O. (2010) "Nigerian State and the business environment", [www.vanguardngr.com](http://www.vanguardngr.com)

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[WWW.africaeconomicoutlook.org/en/countries/west Africa](http://WWW.africaeconomicoutlook.org/en/countries/west%20Africa).

## Handout 2:

### CULTURAL ISSUES AT WORK IN THE ENTREPRENEURIAL PROCESS

Let us start by first defining Culture and Entrepreneurship independently to understand the relationship between these two seemingly different subject matter and the cross cultural effect in the Entrepreneurial process.

Culture refers to the enduring set of values and expected behaviour of a Nation, a Region or an Organisation.

Entrepreneurship is defined as the act and process by which Societies, Regions and Organisation or Individuals identify and pursue business opportunities to create wealth. Entrepreneurs drive the economy because they create wealth through innovations, risk taking and management.

Cultural values indicate the degree to which a society considers entrepreneurial behaviour. Successful entrepreneurial process depends on different cultural issues and factors including the characteristic of the entrepreneur and the entrepreneur's Cultural, Psychological and Economic Environment.

The Characteristic of the Entrepreneur under this sub topic will be studied from a different viewpoint of the Personality, Background and Gender of the Entrepreneur. The Total Environment of the Entrepreneur will include, but not limited to, Traditional Belief System, Religious Sentiment, Ethnic Sentiment, Education, Language Barrier and Uncertainty Avoidance.

1. **Personality:** Some Individuals have a high inclination to create a venture and succeed than others. They have a high tendency to be able to take and manage risk. Personal values and goals also have a high role in determining the level of interest of an individual in becoming self employed and venturing. For example, when the Banking Sector in Nigeria first went public and many initial offers were available in the stock market, some individuals took the opportunity to buy shares; many of these people made money, and a few lost money depending on the banks they took the risk of investing in. There were several individuals who preferred to observe the market to know when to buy and never did because their analysis paralyzed their intention to buy; while others never wanted anything to do with it because according to them "the risk is too high". These risk averse individuals never benefitted from the then juicy investment opportunity in the boom that the banking sector enjoyed for some time.
2. **Background/Family:** Background most often than not informs your personal values and goals in life. A person from a business inclined family or a person from an area where business is highly appreciated has high tendency to venture into business, become innovative, take calculated risks

and be committed to the success of the business than a person from a *Business Disadvantaged Family or Area*. A good example will be the people from the South Eastern part of Nigeria who are largely business people and are principally responsible for the beehive of business activities in our ports and cities. Dangote, for example, while growing up is said to have learnt a lot from his uncle Dantata.

3. **Gender:** This involves the attitudes and perception of people on the fact of being a male or female in the society and how this influences their social interactions. Today, women entrepreneurs regardless of their impact and contributions to global business still face gender challenges as owning a business is a non-traditional occupation for women in many cultures. Nigeria with a fast growing business opportunity is still considered to hold conservative values and traditional customs in doing business and not allowing women take important role in business. Entrepreneurial activity is recognised to be an occupation for men whereas women should take care of the home front. As many other African country, Nigeria is a Patriarchal society, it goes to say gender expectation is that women should be humble and modest and that they should take less dominant role in entrepreneurial activities. In a research carried out recently a woman entrepreneur was quoted as saying “As a married woman, I cannot spend a lot of time with my children, it is hard, and Men in Nigeria do not offer to help out with the Kids” (Woldie & Adesua, 2004:86). In some Nigerian societies, women are most times denied access to property and land ownership, this tantamount to lack of access to funds for business especially large business as there will be no property to use as collateral. In a study conducted recently, the number of application for loan in Micro Finance Bank of Male and Female is a ratio of 65% to 35% (Nigerian Women, 2010). In Nigeria (within the last few decades), it is seen that women are changing their traditional family roles (subservience, supportive and submissiveness) as more women are now involved in entrepreneurial ventures and business management in order to provide income for their family and home keeping. Men are beginning to also appreciate women entrepreneurs and their influential impact in global economies and business today.
4. **Traditional Beliefs:** Traditional beliefs also play a major role in business development and progress. Areas where tradition forbids its people from using, consuming and marketing a product or services may not appreciate its market value outside its domain. In some part of Cross River State, dogs are consumed as delicacies whereas in other areas dogs are reared as a business to make money. Dogs can be cross-bred and sold for purpose of security keeping or as pets. A part of Delta State forbids any association with rabbits and might not know the market value of it elsewhere. In Nigeria Cassava is primarily farmed for consumption. It is processed into garri,

starch, cassava flakes (bobozi), cassava flour (fufu or akpu) for human consumption. By the general tradition and practice, cassava and its bi-product is a staple “food”. An average Nigerian especially from the South must swallow food made from cassava in a day. He is not aware of the business potentials of large cassava plantation for industrial usage. The Asian Tigers have become very innovative with cassava, and built an industry to make flourishing business as they use it for making industrial starch and fibre for car bumpers.

5. **Religious/Ethnic Sentiment:** Religious and Ethnic belief also determines the kind of business that will thrive in a particular Area. Some religion forbids its member from associating with snails or pigs. The members of such religion disassociate themselves from related businesses. It is indeed a suicide mission to sight a Piggery in a predominant Muslim community. It is equally a mission impossible to operate a beer/liquor business in a sharia compliant state in Nigeria.
6. **Education:** Like most African countries, Nigeria is still known for its high level of illiteracy. Lack of education is a barrier for successful entrepreneurial activities as education enhances self-esteem, confidence and gives the individual a clear edge especially when in a very competitive business. Entrepreneurship education puts a trainee in an advantage especially where the individual has no natural inclination for business or is not from a family of business people. However, it is important to recognize at all times that “some Entrepreneurs are born, and some are made”. Cosmas Maduka, owner of Coscharis Group of Companies, though without a formal education is a successful business man. Many people are not that “lucky”. Many Nigerians with access to entrepreneurship education and training, especially those who went through the Executive Training programmes in some Business Schools had the opportunity of acquiring knowledge through education and creating wealth from scanning their environments for viable business opportunities and helping in nation building through adding value to natural local economic products. They are creating wealth from solving societal challenges; e.g. from managing waste products and converting same to manure or energy.
7. **Language:** Nigeria is a multi-lingual African country that has a large number of its population living in rural areas. Because of lack of education in many of these areas, the rural dwellers may not be able to take their products out for sale in the larger markets due to communication challenges and therefore do not participate in the larger national/international economic/commercial activities. And so the only way to break this disconnect is that the entrepreneur intending to do business there should learn to understand and speak the language of the people. He will thus

become an acceptable member of the community, gain their confidence and subsequently establish and run a successful service enterprise. He can also assist them in the national/international marketing of their local products.

8. **Uncertainty Avoidance:** Uncertainty avoidance is a cultural trait closely linked to attitudes of risk taking. Uncertainty avoidance can be interpreted in relation to the extent which a society tolerates ambiguity. An average residence of Lagos State is a risk taker and a hustler, this accounts for why businesses thrive there. On the other hand, the average man (living in the villages in the interior of the country) would not dare to take too many risks and so remains contented and comfortable with his status quo. The higher the level of uncertainty avoidance in a society, the lesser the society is inclined to be entrepreneurial. The fact that the Central Bank of Nigeria has decided to test-run its cashless-economy policy in Lagos is indicative of the readiness of people in Lagos to cope with the uncertain environment this new policy might bring at the initial stage.

Cultural values may be a source of competitive advantage for local enterprise in some societies. However, the current trend in the globalization of business, ease of transportation, improved education and modern communication services, along with the increased access to these services are eroding the significance of local cultures as a deterrent for foreign direct investment. People are becoming more homogeneous particularly within the business context through the use of joint venture agreements.

A new trend is for people to explore their culture and develop a viable cultural tourism trade. For example, the annual Abuja Cultural Festival can run parallel cultural, art and artefacts, and national cousins' exhibitions. Participating SMEs, sponsored by their state/local governments, will not only benefit financially but will also learn from each other how to improve on their presentations and quality of goods and services.

### Handout 3:

## HOW TO MONITOR AND IDENTIFY OPPORTUNITIES / THREATS AND HOW TO DEAL WITH SUCH OPPORTUNITIES / THREATS IN THE ENVIRONMENT

Everyone has a good business idea from time to time, but it takes the spirit of an entrepreneur to turn those **innovative business ideas** into real, sustainable businesses. You have to have the drive to see your plan through to fruition, and you have to be able to come up with a business plan to ensure that you are doing things correctly. If you are at a loss when it comes to new business ideas, take some time to sit down and think about different types of services and products that people want and will be able to use often. The following list of business ideas should help to get your creative juices flowing.

If you are a creative individual, going into business for yourself can be a breath of fresh air. You will be able to work in a field that you enjoy, and you will be creating things for a living. Here are some of the top business options for you.

- Digital and traditional photography holds quite a few possibilities. You can sell your photos on stock sites, become a photographer for weddings and parties, and even sell photos to magazines. Graphic artists can create logos and web graphics for companies and individuals, and they can create t-shirts, prints, and more to sell on their own. Writers have more options today than at any time in the past. Writing content for websites, writing and publishing e-books, and blogging for profit are all real, sustainable sources of income.

If you are a service oriented person, you should consider all of the different types of services that you've had to use in the past, and services that you wished existed. If you've had a desire for these services, you can bet that others will too. For example:

- Organizing parties and reunions can be a hassle, and it takes a detail-oriented person who loves the process to be able to do it right. If you have the drive, you might want to consider becoming an Event Planner. You can organize birthday parties for children, events at galleries and other public buildings, corporate events for clients, etc.
- Another type of service business that you might want to consider is a house and carpet cleaning service. People often don't have time and the technology to do these things on their own, and they are more than willing to pay someone else to come in and do it for them.

As you begin the process of finding and developing the best business strategy for your perfect business, understanding the distinction between the entrepreneur and proprietor is vitally important to you.

There are two key distinctions:

- The “**entrepreneur**” builds value in the market place primarily by leveraging the skills and assets of others, not through his individual technical contribution.
- The small business “**proprietor**” tends to build his business around himself, his craft, or his expertise and weaves himself into the fabric of the business often to such a degree that the business would not function without him.

Which are you? Do you think you can be a little of both?

While you can certainly create astonishing success as either one of them, knowing which appeals to you and aligns best with your goals and what you want to invest your energy doing will help you understand the business systems and processes you will want to plan on implementing.

Have you ever heard the expression “**success leave clues**”? It’s true. For some crazy reason many people believe that they are supposed to automatically ‘know’ what they need to know about succeeding in life and business. But when you think of the number of variables and limitless complexity let alone all the complex beliefs and psychological belief factors involved, it is clear that this is just plain wrong thinking. No matter how much (or little) experience you have, you need a step-by-step system to guide you from where you are to where you want to go. You’re going to learn the secrets to bypassing the hazards and stumbling blocks and avoid the costly mistakes that curtail, inhibit or even completely thwart the success of most other business owners.

### **Start with Mindset Development**

- You should intuitively sift through complexity of opportunities to consistently make the right decisions and take **ONLY** the actions that propel your perfect success forward; and obliterate the subconscious limiting beliefs, self doubts and mental saboteurs that inhibit or completely thwart your success efforts
- You should master powerful advantage-making methods and problem-solving techniques that generate and sustain astonishing levels of success
- You should know with 100% certainty that you cannot fail and enjoy the time, freedom and lifestyle you prefer; and have fun doing it
- You should mentally organize your perfect business so that you’ll be doing **ONLY** what you love and where your contribution has the biggest impact
- You should develop an unshakable success “mindset” which is literally immune to the mental saboteurs that plague so many others; and acts as a lightening rod for action oriented inspiration that will continue to generate the success you seek almost automatically

Before proceeding much further, you should subject your Business Ideas to SWOT Analysis (see worksheet 1). A good business idea shares the following:

- Start with your passion and be open to and unquestioning of inspiration when it comes
- Stay true to your vision and don’t be dissuaded by nay-sayers or persuaded by ‘shiny’ distractions

- Make it about something bigger than yourself
- Keeping it simple does not mean it's wrong

**The actual process of Business Development involves the following:**

- **Validate Your Perfect Market** – You'll lock-on to and validate your perfect market niche and deliver your uniquely valuable solution to a growing population of delighted and appreciative customers
- **Create a Financial Success Strategy** – You'll have a financial plan for your perfect business that utilizes the resources you have available and grows the asset-value of your business without taking unnecessary financial risks
- **Step-by-Step Action Plan** – You'll have a crystal clear road-map and a step-by-step action plan guaranteed to get you where you want to go without costly detours
- **Clarity, Motivation & Purpose** – You'll design and implement your action plan in the power and clarity of purpose so it charges you every step of the way with motivation and an unwavering commitment to accomplishment
- **Effortlessly Grow & Succeed** – You'll command a daily routine that triggers the perfect action at the perfect time and results in continuous accomplishment, growth and success each and every day
- **Access a Network of Successful Entrepreneurs** – You should belong to a network of like-minded success-bound entrepreneurs who speak a common language and will help you stay clear of trouble and focused the right things each and every step of the way. There are many business associations in Nigeria like NACCIMA, NASME, MAN, NASSI, etc ; and you can join any of these in your local area.

In summary you should take the following 4 steps to clarify your business plan and provide a guide in the implementation strategy.

1. In one sentence state what you intend to do or produce and what perceived need you intend to satisfy;
2. How much fund do you need to actualize your plan? This should also include a clear understanding of the time frame of how much you need to execute your plan. Create a cash flow plan; and be careful in the projection of your expected revenues and the timing of such expectations. This is to establish that the business is viable.
3. Develop a time-bound road map to get your business executed; and locate the various milestones that must be achieved for your business to blossom. It is important to understand the risks associated with each milestone and be prepared to mitigate such risks;
4. Finally, answer the question: 'why are you uniquely qualified to succeed in this venture?'



## Worksheet 1: SWOT Analysis

SWOT analysis is the analysis of the business and the environment in which it is operating in terms of available strengths, weakness, opportunities and threats. This enables the business to fully exploit and take full advantage of its internal strengths and the perceived opportunities in the environment. Similarly, the weaknesses that may exist in the organization and threats that may come up are identified with a view of taking appropriate measures to overcome them well in advance. The analysis enables an entrepreneur to penetrate and grow within the market. In the analysis, an entrepreneur has to identify the key success factors of the business and the factors which will influence business profitability, continuity and growth. Such factors are the ones that the business will capitalize upon for its success in relation to the competitors. Other factors are the indicators that the business will be profitable, survive or continue and grow. Such factors are potential existing demand and market, improvements in technology, expanding population and increased product or service loyalty.

The SWOT analysis is a method of identifying:

• strengths	e.g. technical skills, financial ability etc.
• weaknesses	e.g. lack of marketing skills;
• opportunities	e.g. product demand, availability of equipment and raw materials etc.
• threats	e.g. competitors, fire, drought etc.

The analysis can be done by appointing a friend/consultant/associate to assist in recognizing one's weaknesses and threats which would otherwise go unnoticed. Prepare a fair and exhaustive list of each and weigh the strengths and opportunities against the weaknesses and threats, see if the positive outweigh the negatives. This forces one to think positively about business and other important issues.

### Activity:

1. Fill in factors in the SWOT analysis table relating to business choices and identify what factors are related to business penetration into a market and business profitability, continuity and growth.
2. Weigh the strengths and opportunities against weaknesses and threats and then consider the unique characteristics of the business and exploit those factors that contribute to its profitability, continuity and growth.

AREA	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
1. Marketing				
2. Production				
3. Finance				
4. Personal				
5. Environment				
6.				
7.				

## **CASE STUDY : THE MINIBUS LOAN**

Mr. Abu Kicha, after completing his secondary education came across a Japanese Catalogue. Minibuses attracted him. They were of various makes and sizes. He wanted the Toyota 26-Seater minibus. The price for the minibus was ₦3,000,000.00. Kicha asked his father to give him that money. Kicha's father did not have that money. He advised his son to get a loan from the Bank. Kicha then wrote the following letter:

Mr. Abu Kicha  
P.O.. Box 2446,  
**KANO**  
23<sup>rd</sup> February, 2004

The Manager  
Bank of Industry,  
Zonal Branch  
**KANO**

Dear Sir,

### **RE: MINIBUS LOAN**

I am a young man aged 22. I completed my secondary education 3 years ago. My examination performance was moderately fair and I have a driving experience. To earn my living, I would like to run a transport business between two major cities – Kano and Kaduna.

Last week I came across a Japanese Catalogue. The catalogue has several makes of minibuses with attractive prices. I want to purchase a Toyota Coaster 26-seater bus. The problem is that my father does not have physical money to buy the bus which costs ₦3,000,000.00.

Would you please loan me ₦3,000,000.00 (three million naira only)? The loan will enable me to be self-employed and employ my brothers. I assure you that I will repay the loan in three years. Believe me; the transport business between these two cities is very lucrative nowadays.

I remain,

Yours faithfully,

**Abu Kicha**

### **Case Questions for Review**

1. What are the strengths and weaknesses of Kicha?
2. Does Kicha have the necessary competencies to operate the transport business?
3. What competencies does Kicha need for further development?
4. If you were the manager, will you provide the loan after reading and analyzing the letter?
5. Write a reply letter pointing out to Abu Kicha what is missing in his letter.

## Handout 4:

### ENVIRONMENTAL BARRIERS TO ENTREPRENEURSHIP

Studies of children and their activities show that many are born with high ambition, motivation and a willingness to take risks; but they encounter 'barriers' (as they grow up) that erode this spirit of adventure and the willingness to take initiative and risk. At a tender age, society and family have implanted some beliefs and thoughts in the mind of these children; and thus programme their minds to accept some 'imposed' limitations.

Scientists have shown that the subconscious mind cannot differentiate between what is real and what is imagined. It is ruled by what is going on in the mind - the predominant thought. That is why it is said that 'as a man thinks, so is he.' Our mind determines what is going on in our world; or put another way 'we manifest our predominant thoughts and beliefs'.

While growing up, most children have been told several times by either their parents or teachers that they cannot do certain things. Some have been made to believe that they cannot perform well in certain fields of endeavour. These have eroded their self confidence and lowered their self esteem. Throughout adult life, our feelings about any event is a reflection the images we have in our subconscious mind. These control the vibrations we are in and thus our reactions.

Most of us, therefore, do not and cannot take action on becoming entrepreneurs because we are afraid. We fear the unknown and are paralyzed to leave our comfort zone. The predominant fears are:

- Fear of failure because of our interpretation of failure;
- Fear of looking stupid since the desired actions run counter to generally accepted norms;

"Thoughts are seeds which falling in the soil of the mind, germinates and develop until they reach the completed stage, blossoming into deeds good or bad, brilliant or stupid, according to their nature; and ending as seeds of thought to be again sown in other minds.

A teacher is a sower of seed, a spiritual agriculturist, while he who teaches himself is the wise farmer of his own mental plot.

The growth of a thought is as the growth of a plant. The seed will be sown seasonably, and time is required for its full development into the plant of knowledge and the flower of wisdom"

James Allen (1864-1912)

- Fear of disappointing themselves and the people they love because of the expectations of these people; and
- Fear of not having the skills and talents to carry through their ideas because some important 'nay-sayers' have put such thoughts in their mind.

For this class of students, entrepreneurship education must seek not only to inspire entrepreneurial initiatives; it must also plant the seed of entrepreneurial spirit. It must help them regain their self confidence and build in them high self esteem. Neuro-Lingual Programming techniques have been used in Europe, America and Asia to achieve this fit. Affirmations and auto-suggestion are also known to have produced good results. Today there are several 'law of attraction' clubs in the west that encourage deliberate creation as a way to entrepreneurial success.

### ***Dare to be an Eagle rather than a Chicken:***

These are two birds with opposite characteristics. Whereas the chicken is contented with life in the farm yard – scratching for worms and “flying” for shelter in the chicken pen as soon as there is a cloud or thunderstorm; the eagle flaps his wings and rides the storm. The eagle has sharp eyes to notice its prey from afar and dives with considerable accuracy to pick its target. Like eagles you must sharpen your ability to recognize opportunities in all challenging situations. A lot of money can be made through proffering a solution to societal problems. Chickens often stay in the same chicken yard for their entire lives, but eagles learn to fly to new heights.

Put an eagle in a cage and it will bite the bars, whether they are of iron or gold. If you want to break free from where you are now and move to the next level in life, the first thing you must deal with is the fear of what people think. Be bold, follow your heart and do not give in to other people's pressure. When we suffer from self-doubt we are only relying on other people's approval. We naturally want people around us to consider us as smart and brilliant. Don't assume you are wrong because some people disagree with your plan/decision. Remember that all inventors were considered crazy by the people around them. Let your dream and self-confidence drive your actions. If we question ourselves excessively or carry on internal debates on whether or not we have made good decisions, we begin to suffer from analysis paralysis. We must never be afraid to “make mistakes”; rather we must be prepared

to learn from every experience. Remember Edison, the inventor of the electric bulb, was said to have performed nearly a thousand experiments before he achieved his goal. He did not give up; rather he learnt from each failure what did not lead him to his goal.

Former U.S. President Woodrow Wilson said: “If you want to make enemies, try to change something”. We naturally don’t want to leave our comfort zone and pursue change because of “fear of the unknown”. Change is a fact of life and the more we fear and resist it, the more we deny progress. Without change there is no growth, and anything that is not growing is actually dying. Change is hard, but change is essential; all we have to do is accept change and its hardness and move on from there. We need to have a clear picture of what we want, how we want it and how we want to feel when we obtain it to keep us on track.

Success demands a lot of sacrifice. We all think about success, we imagine it and even get excited by it; but we can be scared of the sacrifices needed to achieve success or live with success. Fear of what following through and succeeding can cause include: who you will have to be, how you will have to spend your time, how your loved ones will react, what it will take to cope with success, etc. Take stock and be honest about what success will cause, and then get creative and put yourself in a solution mindset. It is all about designing your whole life to meet your core values.

Fear of change, fear of failure or making wrong decisions, fear of criticism or what people think of our actions, and fear of sacrifices needed to achieve success may cripple us from making our mark. We must learn to leave these fears in the chicken yard; they have no place in the sky with eagles. Leave the security of what is familiar and like eagles face your fears, spread your wings and fly with courage and boldness. You, as an entrepreneur, are meant to be an achiever and no barriers must stop you from reaching your goals.