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Title: The Drivers and Barriers to Entrepreneurship Ecosystem Development within the Sub-Saharan Africa region: A case study from Nigeria.

Abstract

The topic of this study is the drivers and barriers to innovation entry in the SME sector in Nigeria. The Research is focused on developing a framework that would spur the successful development of entrepreneurship ecosystems in Nigeria. The topic and concept of entrepreneurship ecosystems development the world over is not a novel one as very few scholars have looked at the various components that could actually spur or hinder the development of entrepreneurship ecosystems in various parts of the world. The research would critically look at some components such as government, university, culture, financial institutions, professional and support services to mention a few, and how these components if properly managed could enable entrepreneurship ecosystem development thrive. This framework could help the government and people of Nigeria to have a deliberate and clear-cut step by step guide to aid them start new and drive existing ecosystems in the right direction. This study would be a qualitative study, because it seeks to understand critical issues that have militated against the successful development of entrepreneurship ecosystems in the country.

Background

Entrepreneurship ecosystem is not a novel concept, though much work have not been carried out in this subject area especially in developing nations. Around the world, governments are increasingly becoming acquainted with the fact that a reliable means to transform their states economically is through entrepreneurship development. Hence, Governments the world over have made deliberate attempts to start and develop entrepreneurship ecosystems in their respective domains, some by emulating the successes of the famous silicon valley in San Francisco LA United states and the Boston Route Austin TX, which are two very successful ecosystems in the world. If this is achieved by any means, there would be tremendous amount of socioeconomic benefits both directly and indirectly. However, there are other success stories in various parts of the world where valuable lessons can be learnt. Also it could be said that countries have wasted efforts, money and time in trying to replicate Silicon Valley. Based on this premise, various authors have attempted to come up with what they feel are sure means to create or kick start an entrepreneurship ecosystem, even though a lot of scholars are of the opinion that ecosystems start naturally and cannot be created deliberately. Next paragraph would critically review studies and their view on entrepreneurship ecosystem development.

There have been different approaches postulated by different authors as to the most preferred ways to achieve entrepreneurship ecosystem. Though most of the studies have been carried out in developed nations whereas, little attention has been given to developing nations, which could have a unique twists and turns to the already established knowledge regarding the processes and requirements to the development of entrepreneurship ecosystems. According to Isenberg (2011), there are successful entrepreneurship ecosystems that kick started itself and became self-sustaining (the case of Rwanda), but for government or private officials to deliberately kick start an entrepreneurship, there are some conditions to be met. Hence, he went further to prescribe nine points that could aid the creation of a successful entrepreneurship ecosystems. Also the entrepreneurship ecosystem comprises of individual elements such as open-minded customers, capital markets, culture and leadership, when these elements are treated in separation, any is beneficial to the process though insufficient to sustain entrepreneurship,

conversely when they are combined in complex ways they enable entrepreneurship ecosystems thrive, Isenberg said. Perhaps this is where most public officials get it wrong, when they attempt to accomplish either one or two of these factors, failing to understand that what actually drives the venture creation is the combining of all these factors in intricate ways. When merging these factors to build a rounded system, public leaders should concentrate on these nine principles such as stop emulating any particular existing ecosystem (Silicon Valley), leaders should build the ecosystem around domestic conditions, ab-initio the private sector should be involved, give preference to the high-growth potential ventures, publicise the success stories, address cultural shift head-on, pressure the origin, do not over emphasize clusters as well as reform bureaucratic, regulatory and legal frameworks.

Isenberg (2011) suggest that having a design of how the whole ecosystem may look like is certainly a step in the right direct, because the government can kick start the process without derailing and thereby knowing the next line of action. Hoping to change everything that needs to be changed at once may not be practical or possible. He went further to allude that easy money from government may not necessarily be a blessing, as it could lead to poor quality and overvalued deals in the market and in turn it makes it demanding for private equity financiers to make money. Other authors see this phenomenon from different view.

Fascinatingly, Cohen (2006) sees entrepreneurship ecosystem development from a different view such as environmental and sustainability initiative. Cohen (2006) stressed that more attention should be given to geographical clusters and industrial ecology, because of the competitive edge geographical clusters brings to an ecosystem. Also considerations should be given to industrial ecology which is using eco-industrial parks which would enable geographic clusters evolve and create strong partnership amongst consumers, manufacturers, as well as economic and societal actors of like minds.

Furthermore, he focused on how culture, physical infrastructure and the components of both informal, formal and social networks in a community, and how these could add to a sustainable development of entrepreneurship ecosystems. The social networks is significant in aiding and supporting regional entrepreneurship development. Also the social networks need to depend on stakeholder networks such as customers, community groups and employees, (Cohen 2006) said. The author further broke the social networks down to formal and informal networks.

Metaphor personification

The formal networks in this case refers to government, university, professional and support services, large corporations, talent and capital resources. Whereas, the informal networks here refers to colleagues, families, informal relations with corporations and friends as well. These various networks and components were discussed based on their role to the development of entrepreneurship ecosystems. The focus of Cohen (2006)'s study was on Victoria, British Columbia in Canada. Hence these approach may be best suitable for such an environment and may not be expressly or directly applicable to other regions or the world over. However, it is important to note that the roles of these networks differs from country to country and regions to regions as well.

Suresh and Ramraj (2012) also contributed to the growing discussion to determine the actual components that aid the development of entrepreneurship ecosystems. They suggest that one of the major highlights of their research is the fact that there is need to formulate an entrepreneurship model that covers holistically every element that add to the entrepreneurship failure or success. The elements that drive or deter entrepreneurship ecosystems are always very obvious factors that aid entrepreneurial effort to be successful or unsuccessful. They attempt to analyse how each of these factors influence the process in other to systematically understand which element constrain or facilitate entrepreneurship. Furthermore, they put

	entire process of the development of an entrepreneurship ecosystem.	<ul style="list-style-type: none"> • See the ecosystem as a grand for planting ideas. • The workforce, inventors and the disseminators would all be students. • Transfer of technology and effectively • To encourage innovation and entrepreneurship learning on campus. And • Help formulate policies on entrepreneurship
Culture	An entrepreneurship spirit and culture	<ul style="list-style-type: none"> • Role models that epitomizes courage and modesty. • Meritocracy and Horizontal command or organisational structure. • Discuss and collaborate with people from other organisations concerning similar challenges and issues. • Failure should be accepted, study the failed situation and provide room for retry. E.g. the will to experiment and open-mindedness to risk.
Financial	Venture capital Angel capital Banks	<p>Start-up ventures rely so much on capitals, hence paucity of capital poses a challenge. Also accessing the venture capitalist who would provide these funds could also be a challenge</p> <p>A robust financial industry that would offer more than just funding e.g., strategic advice, contacts and recruiting of teams)</p>
Professional and support services:	A services substructure with several contractors for subcontracting	<p>Accountants Consultants Lawyers Public Relations Suppliers Business and Marketing</p>

The choice of components in the researcher's framework is not just because every author in the field has acknowledged the importance of these components in their respective study, but basically because it relates and impacts the research and the research focus in unique ways, which would be explained in details in all the components in the researcher's study.

Basic Issues Affecting Entrepreneurship Ecosystems in Sub-Saharan Africa Region

The review of some literatures uncovered the following critical challenges experienced by entrepreneurs and SMEs within the sub-Saharan Africa and Nigeria in particular. Though there are other critical issues like inconsistency in government policy and infrastructural decay that are not covered on this table which will also be discussed as well.

Challenges	Description
Access to finance: Seed capital, machinery, Working capital, etc.	Entrepreneurs experience difficulties in accessing finance as a result of lack of understanding of the basic requirements. Entrepreneurs feel it is expensive and intimidating, maybe due to the demand of huge collateral by most financiers. This has led to lack of confidence in the financial sector.
The amount of finance needed: micro-finance	The absence of proper microfinance financiers has forced entrepreneurs to source for funds elsewhere such as commercial banks and this comes with stringent requirements such as high interest rates and demand for collateral.
Inability to stick to compliance for standards quality and capacity for government /large corporate contracts	SMEs struggle to adhere to the standards of large clients. The requirements are often times not clear and the process is daunting. The enterprises are usually very small to match the required capacity. The entrepreneurs usually apply for funding late, due to inability to comprehend the process of obtaining finance and this often affects quality and capacity.
Acquiring personal, technical, business and entrepreneurial skills.	Entrepreneurs stated the need to have mentors as part to their training programmes which would enable them understand the practicality in their businesses. Entrepreneurs suggested that coaches and mentors would help them through their personal journeys, set and achieve strategic goals as well. Furthermore, they stated that emphasis has always been just on general business and general business acumen and not mentorship which is crucial to their particular line of business.
Setting up businesses/ Ease of doing business: registration process and requirements to sustain business.	Entrepreneurs often voice out their difficulties in starting businesses and sustaining them. They lament the too many unnecessary and unexplained steps required to start a business in the SSA region. They also stated that the inability to finish this process makes it difficult to

	obtain loans, credits, tender or contracts. This also hampers the development of entrepreneurship ecosystem within the SSA region.
Access to markets	SMEs find it difficult to access big contracts, based on their incapacity to establish cordial relationship procurement managers who are in charge of supply chain contracts. Also large organisations are sceptical with giving big contracts to small firms. This fear to trust small firms actually hinders the growth of small firms in the SSA region.
Access to business networks, platforms and peer networks to share experiences and information from peers	Entrepreneurs particularly in peri-urban and rural markets expressed their difficulty in networking work larger firms which could create additional support. They suggested that the entrepreneurship journey is quite personal and could be difficult to find business partner. They suggested the need to network with other entrepreneurs to share insight and stories etc.
price Negotiation and delays in payment from government or corporate	Entrepreneurs complained about the difficulties of negotiation a goal deal that is benefitail to them with large organisations. They suggested that this is because of their disadvantaged small size. They feel an assistance is required of them to negotiate better terms. Also they lament over the issue of payment delays as it could make them go bankrupt. This also affects the growth of small businesses in the SSA region as well.
Lack of clear Information on youth programmes	The youth are not clear with programmes specifically organised to aid them in starting and sustaining their own businesses, particularly as regards funding.

Methodology

The proposed study would a qualitative study as such qualitative technique would be employed in the course of this study. The data would be collected solely through face to face semi structured interviews. The data collected would be analyse in a qualitative way. The results would be arranged in a thematic way to enable proper analysis to take place. The rational for choosing a qualitative research method is that the research requires an in-depth fact finding, as well as a deep understanding of the phenomenon here. The researcher hopes to uncover how the participants feel about the issues here which would be gotten through qualitative means.

Research questions

The research questions for this study are as follows:

- How have the Nigeria's entrepreneurship ecosystems developed?

The sub-research questions include:

- How are the policies governing Nigeria's entrepreneurship ecosystem formulated and implemented?
- What are the possible challenges confronting the effective and efficient development of Nigeria's entrepreneurship ecosystem?
- To what extent have entrepreneurs or public agencies developed the ecosystem?

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