

# Entrepreneurial Ecosystem: Lessons of Experience in Nigeria

Samuel Taiwo Toluyemi<sup>1</sup>, Moses A. Adebisi<sup>2</sup>, Temitope Titilayo Toluyemi<sup>3, \*</sup>

<sup>1</sup>Department of Agricultural Development Management, Agricultural & Rural Management Training Institute (ARMTI), Ilorin, Nigeria

<sup>2</sup>Sociology Department, University of Ilorin, Ilorin Nigeria

<sup>3</sup>Department of Operations, Pension Alliance Limited (PAL), Lagos, Nigeria

## Abstract

It is observed that there seem to be glaring disparities on the entrepreneurial activities among the ethnic nationalities in Nigeria. Hence, the study examines entrepreneurial activities among the ethnic nationalities with a view to explaining the observed differences. The study used secondary data on distribution of MSMEs in Nigeria. Primary data were collected through questionnaires and interviews on entrepreneurial activities among the different ethnic nationalities of the Nigerian entrepreneurs. Descriptive and t-statistics were used to analyse the data collected. The study revealed that there is a significant difference between the entrepreneurial activities of Igbo nation and all the other ethnic nationalities in Nigeria. However, Yoruba nation's entrepreneurial activities are not significantly different from that of the Hausa/Fulani and other Nigerian ethnic nationalities. In the same vein there are no significant differences between the entrepreneurial activities of the Hausa/Fulani with that of the other ethnic nationalities. The disparity is tending towards domination of enterprise landscape by Igbo nation. Hence, deliberate efforts must be made for other ethnic nationalities to improve on their entrepreneurial activities to avert impending problem(s). The identified reasons for this observed difference include: The Igbo nation has; i) Good start-up practices for their potential entrepreneurs; ii) Enterprise mentoring process for the would-be entrepreneurs; iii) Good forward and backward networking procedures; and iv) They also have monogamous families which favour sustainability of enterprises. In addition the attitude of the Hausa/Fulani which is mainly that "one does not need to bother about the future" because the future will take care of itself. Similarly, women are also not encouraged to be entrepreneurs as many of the women are in purdah. Hence, they have little or no access to the general public. The study recommended that the three-tiers of government should put in place policies that will improve entrepreneurial activities among the ethnic nationalities. In addition the study recommended that research should be carried out to identify critical factors responsible for successes or failures of entrepreneurial activities in Nigeria.

## Keywords

Entrepreneurial, Ecosystem, Lessons, Experience and Ethnic-Nationalities

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## 1. Background of the Study

Nigeria is the most populous African nation. It has a population of about 185 million people. The population is about one sixth of the total population of Africa and 2.5%

of the entire human race (world population). Indeed the country has one of the highest population growth rates in Africa. In the same vein it also has one of the highest adult population that are within the working age (15 -64 years) in the continent. The country is populated by about 250 ethnic nationalities. However, there are three major ethnic

\* Corresponding author

E-mail address: [toluyemi2001@yahoo.co.uk](mailto:toluyemi2001@yahoo.co.uk) (S. T. Toluyemi), [masbisi@yahoo.com](mailto:masbisi@yahoo.com) (M. A. Adebisi), [temitopetoluyemi@yahoo.com](mailto:temitopetoluyemi@yahoo.com) (T. T. Toluyemi)

nationalities namely; Hausa/ Fulani 29% in the North East and North West geopolitical zone, the Yoruba that are mainly in the South West and some states in the North Central zone, constitute 21%. The Igbo that are 18% of Nigeria population are found mainly in the South East and some states in the South South geopolitical zone. Other major ethnic nationalities are Ijaw 10% and Ibibio 3.5% in the South South; Kanuri 4% in the North East and Tivs 2.5% in the North Central geopolitical zone. The three ethnic nationalities of Igbo, Yoruba and Hausa/Fulani constitute about 68% of the country population. Nigeria is endowed with oil and non-oil resources. Yet, 50% of the populations live on less than a dollar a day. This is partly because MSMEs that should absorb bulk of this population are not growing at a commensurate rate with the population. In other words the growth of MSMEs is slower than the population growth. Abdulrahman [1], Adegbite et al [2] and Owuallah [20]. In addition Nigeria rank low in world ranking of business index. For instance World Bank/IFC [27] in its business Index ranked Nigeria aggregate as 125 out of 183 economies assessed. Details of the ranking include starting a business 108, employing workers 37, registering properties 178, getting credit 87, protecting investors 57, enforcing contracts 94, closing a business 94. Arunma [7]. Hence, unemployment rate has reached an unacceptable level in the country. In spite of the general poor entrepreneurial activities in the country the Igbo ethnic nationality is doing relatively well or better than others in Nigeria.

Entrepreneurship is a veritable means of achieving economic growth and development in the developing economies such as Nigeria. This is because it is seen as the only remedy for most of the Nigeria economic challenges. Indeed the unemployment situation and poverty in Nigeria leave no option for a break-through in Nigeria national development except through entrepreneurship. Therefore, entrepreneurship is a desideratum for the Nigeria national development Arunma, [7] and Ogundele & Ogundipe, [16].

The three ethnic nationalities have been together since the amalgamation of the amalgamation of 1914 having inter-marriages. However, they have not been able to impact one another in the area of entrepreneurship. For instance the Igbo extraction is highly resourceful in the field of entrepreneurial development in Nigeria. Indeed many people believe that the Igbo are pathological entrepreneurs by nature (i.e. having entrepreneurship running in their veins) and culturally endowed in entrepreneurship. Therefore, there is a great disparity between the entrepreneurial activities of the Igbo and the other two major ethnic nationalities. Rather than learning from the success stories of the Igbo the other ethnic nationalities cast aspersions on the Igbo entrepreneurial

activities.

### 1.1. Concept of Entrepreneurial Ecosystem

Entrepreneurial ecosystem refers to the systemic and collection of individuals, organisations or institutions' environments outside the individual entrepreneur that are conducive to, or inhibitive to a person being entrepreneur. Entrepreneurial ecosystem therefore consist of six domains namely; i) conducive culture, ii) facilitating policies and leadership including incentives, iii) availability of finance such as angel finance, iv) relevant human capital i.e. skilled and unskilled labour including training facilities, v) venture friendly market for products and vi) wide set of institutional and infrastructural supports. Conditions for a healthy entrepreneurial ecosystem include:

- Conducive environmental;
- Reduced bureaucratic obstacles in government policies;
- Encouraging/reinforcing conditions for set of new ventures;
- Freedom from or ability to change cultural biases;
- Promotion of successes which in turn attract new ventures;
- Networking among the various entrepreneurs.(Dane& Jordan, [9] and Collin & Ross, [8])

### 1.2. Definition of MSMEs

MSMEs are defined differently by different authors and countries of the world. However, a common ground seems to be that they all look at it from both number of employment and total assets or capital investment and sometimes annual turnover/sales. In Nigeria MSMEs are defined by various programmes such as SMEEIS, Nigeria Ministry of Commerce and Industry [13] "Operational Guidelines of Micro, Small and Medium Enterprises" and National Policy on MSMEs which adopted SMEDAN definition. This study also adopted the SMEDAN definition because it is more current and comprehensive. Toluyemi, et al [24].

Micro enterprises are enterprises that have less than N5 million assets minus land and buildings and also employ less than ten (10) people. On the other hand small enterprises have at least N5 million but not up to N50 million assets minus land and building as well as employ between ten (10) and forty nine (49) people. Medium enterprises have at least N50 million but less than N500 million assets minus land and building as well as employ between fifty (50) and one hundred and ninety nine people. See table 1 for details. In case of conflict between assets and employment criteria the employment criterion takes precedence.

**Table 1.** MSMEs in Nigeria.

S/No.	Size/Categories	Employment	Assets (NMillion) Excluding Land & Building	Turnover
1.	Micro	Less than 10	Less than N5m	Less than 10m
2.	Small	10 to 49	N5m to less than N50m	N10m N100
3.	Medium	50 to 199	N50m to less than N500m	N100m N500m
4.	Large	200 and above	Above N500m	Above N500m

Source: National Policy on MSMEs 2010 as quoted in Survey Report on Micro, Small and Medium Enterprises (MSMEs) in Nigeria (2012) Note: \$1 is equal to N160 as at the time this policy was made.

## 2. Entrepreneurial Characteristics in Nigeria

Nigeria has 36 States and the Federal Capital Territory which is divided into six geopolitical zones. The Igbo occupy the South East geopolitical zone of Nigeria that is made up of five states namely Enugu, Abia, Imo, Anambra and Eboyi States. States such as Delta and River States in the South-South bordering the South East zone also have a few Igbo population. The Yoruba are found in the South West geopolitical zone. The zone is made up of six States namely Oyo, Ogun, Osun, Ondo, Lagos, and Ekiti States. States such as Kwara and Kogi States in the North Central zone also have some Yoruba population. On the other hands the Hausa/Fulani occupies the North East and North West geopolitical zones. The states in the North West that are predominantly Hausa/Fulani are Sokoto, Kebbi, Kano, Katsina and Zamfara States. The North East zones that are mainly Hausa/Fulani are Bauchi, Adamawa and Gombe States Abdulrahman [1].

Enterprises in Nigeria are based mainly agricultural, buying and selling of manufactured products, provision of services including technical services with little or no manufacturing enterprises. The Agricultural enterprises that are common among the ethnic nationalities are stated below. Yoruba produce and trade in products such as tree and tuber products mainly. The Igbo produces and trade intubers, palm fruits and to some extent fish. However, the Hausa/Fulani are into production and sales of grains, legumes, fruits and animal products Onugu [18].

Other enterprises are buying and selling and provision of technical skills. Until very recently the Yoruba and Hausa/Fulani do not learn buying and selling skills. Hence, once one has start-up capital one can go into buying and selling business without prior training. However, the Igbo goes into apprenticeship before starting buying and selling.

The three major ethnic nationalities have a similar way of training in technical skills such as mechanic, welding, carpentry etc. The trainees are attached to master trainer who will graduate the trainee at the expiration of the agreed period. The trainee pays an agreed training fee. The

graduation ceremony for the Yoruba is celebrated elaborately. Unlike the other two tribes the Igbo master trainer buys the trainee technical tools to the level of the trainee's diligence or performance while under training. However, the trainee family or guardian on the other hand provides funds for the ceremony for graduation Onwumere [19] and Toluyemi et al [24].

### 2.1. Practice of Entrepreneurship Among Igbo

The master trainer sources for or looks for a young boy (mainly) usually within the age of 10 – 15 years from his/her community. In most cases the trainees are not direct relation of the master trainer. Indeed in some cases relation trainees are given to colleagues or friends to train.

The process usually includes obtaining a guarantor who should include a renowned person in the community of the master trainer and parents of the potential trainee. Agreement entered into includes among others; period the trainee will visit his/her parents, duration for apprenticeship which ranges between 2 and 7 years depending on the trade. Usually the period of apprenticeship varies as follows, spare parts selling 5 – 7 years; food stuff selling 3 – 5 years, textile/clothing selling 2 years and above. An important part of the agreement is set-up amount/value which is usually agreed on by the parents of the trainee and the master trainer. The set up amount is used to furnish or stock a shop for the new graduand to start his/her personal enterprise.

The start-up for the trainee sometimes depends on a proportion of cumulative profit generated through the efforts of the trainee and performance or diligence of the trainee while under apprenticeship. At the point of graduation or freedom the value of set-up is disclosed to the trainee. However, if the trainee does not perform well or misbehaves during training he may not be set up by the master trainer. This motivates the trainee to perform well.

The Master Trainer usually takes up the responsibilities, of feeding, clothing and accommodating the trainee. In most cases when the master trainer gives money to the trainee he is able to monitor the trainee's spending behaviour (i.e. whether he is frugal in spending).

The graduated trainees have to depend on his master trainer

for supplies of wares or products for sometimes. On the other hands the graduated trainees can group together to buy their wares jointly so as to enjoy the benefits of economies of scale (i.e have economies of purchase and transportation). The trainees and their master share information on prices and sales generally. Indeed they assist one another to sell their wares when situation demands e.g. when one does not have the product in stock or when prices have dropped. Hence, they help in risk sharing by mopping-up non-moving items. The Igbo have a system that binds them together in area of their operations. They also have a strong unions or associations where serious abuses in the system are checked.

The master trainers pride in the number of successful trainees that they have. Indeed that is a strong determinant or reason for the master trainer to be awarded a chieftaincy title in his community Ogbo [15].

The Igbo mostly have only one wife unlike the other ethnic nationalities. They carry out their business with their wives and indeed their nuclear family. Even when the husband and wife operate at different stores or locations they have a way of harmonizing their efforts. Igbo's entrepreneurial activities spread all over the country. In most cases their activities surpass their home states i.e outside their home location. Indeed a sizeable number of the MSMEs in most parts of the country belong to the Igbo. From the above it is obvious that the Igbo mentor their trainees and not just training Ajagu [5] and Afonja [3].

## 2.2. Practice of Entrepreneurship Among Yoruba

Unlike the Igbo the Yoruba started the practice of apprenticeship in buying and selling trade very recently. On the other hand the Yoruba system graduates their trainees after the training fees have been paid. After graduation the trainees are left with their parents, relations and friends to start them up in their own chosen enterprise. During training the trainee provides his/her own accommodation, feeding and clothing. Upon graduation the master trainer has no role in ensuring the success of his trainees. Of the three ethnic nationalities the Yoruba largely train both males and females to be entrepreneurs. Unlike the Igbo the Yoruba trainees start at relatively older ages than the Igbo (usually in their twenties because they finish post basic education before starting their apprenticeship programme). The Yoruba entrepreneurial activities spread all over the country but not as much as the Igbo. The proportion of Yoruba female potential trainees is higher than that which is found in the other ethnic nationalities Edewor et al, [10] and Ajakaiye [4].

## 2.3. Practice of Entrepreneurship Among Hausa/Fulani

The Hausa/Fulani's ways of training younger entrepreneurs is similar to that of the Yoruba except that trainee entrepreneurs are mainly males. Most of the entrepreneurs inherited their enterprises from their parents and relations except for technical skills training. The Hausa/Fulani's approach to life is usually "live for the moment". In the same vein they also believe that their success or failure is destined by God. Hence, their approach to life is to live by the day and tomorrow will cater/fetch for itself. The Hausa/Fulani entrepreneurial activities are mostly concentrated in their own geographical location (Onugu, [18] and Imhonopi & Urin [12].

## 3. Statement of Problem

Entrepreneurial activities and practices of Nigerians vary almost along ethnic nationalities. The Igbo owned enterprises relative to their population is higher than any of the other ethnic nationalities (Edewor et al [10]. The next in the line is Yoruba nation. The irony however, is that the most outstanding entrepreneur in Nigeria is Dangote who is of the Hausa/Fulani extraction. The next outstanding entrepreneur is Michael Otedola who is a Yoruba man. Similarly, in spite of the long associations and inter marriages among the ethnic nationalities which span over hundred years, it seems not to show or influence on their entrepreneurial activities and approaches. As a matter of fact the Igbo dominate the entrepreneurial landscape of Nigeria. Indeed while other groups are fast fading out in their entrepreneurial activities the Igbo are waxing stronger. For instance in the late 1960s and early 1970s there is a subset of Yoruba extraction that are mainly from Kwara State called Igbomina that use to occupy a significant portion of the business landscape in Lagos. By now their entrepreneurial activities are no longer noticeable in Lagos. Lagos which was the former political capital of Nigeria has now become the economic or business capital of the country. Indeed most entrepreneurs in the country use Lagos as base for their operations. The Igbo have taken over the entrepreneurial landscape in Lagos which was mainly inhabited and owned by Yoruba. Hence, the Igbo virtually control the economic power of Lagos. The situation in Lagos is akin to what is happening in other states in the country. No doubt the Igbo now control the economic powers of most of the states in Nigeria. This economic power is gradually translating to political power now. This was reflected in the voting pattern in Lagos to the extent that the paramount ruler of Lagos Oba Akinolu, the Oba of Lagos had to threatened that if the Igbo upturn the political wish of the indigenes in Lagos during the April, 2015 gubernatorial election with their

votes the indigenes of Lagos will fight them and throw them to the lagoon. Hence, if care is not taking the domination which is not due to any fault of theirs may cause conflict in the future (i.e. xenophobia).

The literatures such as Onugu, [18] and Arunma [7] observed that Igbo open more new enterprises than the other ethnic nationalities in Nigeria. In the same vein the Igbo enterprises survive more than those ones opened by Yoruba, Hausa/Fulani and other nationalities.

The Federal and State governments' as well as international and non- governmental organizations have taken various steps to boost entrepreneurial development in Nigeria. These efforts have not yielded the desired results. Hence, there is the need to look at some cultural dimensions to entrepreneurial development in Nigeria (i.e. entrepreneurial ecosystem). Indeed, very few research works has been carried out in the area of cultural influences on entrepreneurial development in Nigeria Toluyemi et al [25].

## 4. Objectives of the Study

Generally the study examines entrepreneurial activities among the ethnic nationalities in Nigeria. It also attempt to explain or give reasons for the observed distribution as well as identify lessons to be learnt. In other words the study attempts to examine the distribution of MSMEs in Nigeria with a view to identifying factors responsible for the observed distribution. Hence, the study attempts to identify factors that make the Igbo enterprises succeed more than the other ethnic nationalities. Specifically, this study attempts to:

- i. Determine if there is a significant difference among the entrepreneurial activities, of the ethnic nationalities;
- ii. Identify factors that are responsible for the differences;

## 5. Methodology

### 5.1. Data Collection

Primary data were collected through structured questionnaires and interviews. These instruments were primarily used to elicit information on distribution of enterprises along the ethnic nationalities in Nigeria. Secondary data were used to examine the distribution of MSMEs generally in Nigeria.

### 5.2. Questionnaire Administration

The respondents were categorized into four namely the Igbo, Yoruba and Hausa/Fulani, and other ethnic nationalities. Precisely, five questions on bio-data while fifteen questions are on major distinguishing factors on practices of

entrepreneurship among the Nigeria ethnic nationalities. Unstructured interview were held with fifty of the respondents to ensure validity and reliability of their responses.

### 5.3. Sample Size and Sampling Technique

Three hundred entrepreneurs were sampled using random stratified sampling technique. One hundred and twenty Igbo, eighty Yoruba, fifty Hausa/Fulani and fifty other ethnic nationalities' entrepreneurs were sampled from twelve states in the six geopolitical zones of the country (i.e two states per geopolitical zone). The major justification for the sampling frame is the number of enterprises established and run by the various ethnic nationalities.

### 5.4. Hypotheses Testing

The study examines the entrepreneurial activities among the Nigerian ethnic nationalities. Therefore, the following hypotheses were formulated to act as basis for data collection, analysis and inferences.

$H_0$  = There is no significant difference among the entrepreneurial activities among the ethnic nationalities in Nigeria.

$H_1$  = There is a significant difference in entrepreneurial activities among the ethnic nationalities in Nigeria

### 5.5. Method of Analysis

Descriptive statistics such as percentages and averages were used to analyse the data collected. In addition t-test is used to determine if there is significant difference among the entrepreneurial activities of ethnic nationalities in Nigeria.

## 6. Data Analysis and Interpretation

The data analysis and interpretation is classified into; testing of the hypothesis, distribution of MSMEs in Nigeria and distribution of MSMEs among the ethnic nationalities in Nigeria.

### 6.1. Distribution of Micro, Small and Medium Enterprises (MSMEs) in Nigeria

Micro enterprises range from 272,579 in Federal Capital Territory (FCT) to 880,808 in Lagos with an average of 466,534 per state. Total micro enterprises in Nigeria is 17,261,753. On the average micro enterprises represents 99.88% of MSMEs in Nigeria. This ranges between 99.49% in Lagos to 99.98% in Osun. The highest micro enterprises are in Lagos, Kano and River States with 5.1%, 5.05% and 3.39% of total micro enterprises in Nigeria respectively.

However, micro enterprises per state as a percentage of total micro enterprises range between 2.09% in Taraba and 5.1% in Lagos. The micro enterprises employ more people per capital than small and medium enterprises. They operate mainly (about 65%) at informal level i.e not registered. Male micro entrepreneurs are 57.9% while females are 42.1%. The ages of micro entrepreneurs ranges mainly (about 70.5%) ranges from 26-50 years. Specifically ages 25-35 are 27.9% while ages 36-50 years are 41.6%. Most micro entrepreneurs started their business with less than ₦50,000.00 SMEDAN [22].

On the other hand small enterprises range from 100 in Osun state to 4,146 in Lagos state. There is an average of 575 small enterprises per state in Nigeria. A total small enterprise in Nigeria is 24,264. The highest concentration of small enterprises are in Lagos, Oyo and Kaduna states with 19.5%, 6.11% and 5.35% of total small enterprises in Nigeria respectively. The least concentration of small enterprises are in Osun, Borno and Bayelsa states with 0.47%, 0.62% and 0.63% of small enterprises in Nigeria respectively. However, small enterprises as a percentage of total small enterprises range between 0.47% in Taraba and 19.5% in Lagos with an average of 2.7% per state. See tables 2 and 3.

The medium enterprises ranges from zero in Bayelsa, Osun and Zamfara states to 389 in Lagos with an average of 44.65 medium enterprises per state. Total medium enterprises are 1,652 in all in Nigeria. The highest concentration of medium

enterprises is in Lagos, Kaduna and Oyo States with 23.55%, 8.78% and 5.69% of medium enterprises as a percentage to total medium enterprises respectively. On the other hand the least concentration of medium enterprises are in Osun, Zamfara and Bayelsa states. However, medium enterprises as a percentage of total medium enterprises ranges between zero in Osun, Zamfara and Bayelsa states to 23.55% in Lagos state. It is 389 (23.55%) in Lagos with average concentration of medium enterprises of 2.7% per state.

MSMEs contribute 46.54% to the Nigerian Gross Domestic product (GDP). The sector is dominated by sole proprietorship representing 57.5% and private limited liability companies with 27.2%. Indeed most of the limited liability companies are family owned companies. The educational level of MSMEs entrepreneurs are B.Sc/HND with 30.9% and SSE 21.3%. Most MSMEs entrepreneurs started their business with personal savings (54.4%) loan (22%) and family funds (16.7%). The major policies that are said to hinder MSMEs is high and multiple taxation while favourable atmosphere is said to be the major driving force of MSMEs in Nigeria SMEDAN [22] and Rasheed [21].

Small and Medium Enterprises (SMEs) are dominated by male entrepreneurs (86.43%) and female (13.57%). Their ages are mainly from 36-60 years. Precisely 36-50 years of age are 43.6% while 51-60 years is 26.86% of the entrepreneurs. Most of the SMEs started their business with less than ₦10million (SMEDAN [22]).

**Table 2.** Number of micro, small and medium enterprises (mesmes) in Nigeria by state.

STATES	MICRO	% of total MSMEs	SMALL	% of total MSMEs	MEDIUM	% of total MSMEs	TOTAL MSMEs	States as % of TOTAL
Abia	407,428	99.87%	526	0.13%	7	0.00%	407,961	2.36%
Adamawa	405,261	99.94%	235	0.06%	11	0.00%	405,507	2.35%
Akwabom	447,589	99.93%	275	0.06%	39	0.01%	447,903	2.59%
Anambra	499,070	99.85%	656	0.13%	81	0.02%	499,807	2.89%
Bauchi	460,186	99.88%	497	0.11%	49	0.01%	460,732	2.67%
Bayelsa	420,233	99.97%	134	0.03%	0	0.00%	420,367	2.43%
Benue	436,391	99.91%	357	0.08%	16	0.00%	436,764	2.53%
Borno	463,009	99.96%	131	0.03%	37	0.01%	463,177	2.68%
Cross River	472,291	99.92%	318	0.07%	47	0.01%	472,656	2.73%
Delta	486,023	99.87%	576	0.12%	33	0.01%	486,632	2.82%
Ebonyi	416,508	99.94%	232	0.06%	12	0.00%	416,752	2.41%
Edo	491,220	99.81%	899	0.18%	29	0.01%	492,148	2.85%
Ekiti	421,770	99.93%	280	0.07%	5	0.00%	422,055	2.44%
Enugu	423,006	99.90%	402	0.09%	30	0.01%	423,438	2.45%
Gombe	416,183	99.94%	225	0.05%	31	0.01%	416,439	3.18%
Imo	408,761	99.86%	534	0.13%	40	0.01%	409,335	2.37%
Jigawa	438,502	99.95%	217	0.05%	14	0.00%	438,733	2.54%
Kaduna	548,467	99.77%	1,137	0.21%	145	0.03%	549,749	2.18%
Kano	872,552	99.79%	1,740	0.20%	69	0.01%	874,361	5.06%
Katsina	525,742	99.90%	464	0.09%	70	0.01%	526,276	3.04%
Kebbi	386,714	99.94%	221	0.06%	11	0.00%	386,946	2.24%
Kogi	473,882	99.93%	328	0.07%	11	0.00%	474,221	2.74%
Kwara	427,668	99.90%	415	0.10%	28	0.01%	428,111	2.48%
Lagos	880,805	99.49%	4,146	0.47%	389	0.04%	885,340	5.12%
Nassarawa	468,985	99.91%	387	0.08%	32	0.01%	469,404	2.72%
Niger	423,866	99.89%	433	0.10%	46	0.01%	424,345	2.46%
Ogun	471,772	99.88%	506	0.11%	40	0.01%	472,318	2.73%

STATES	MICRO	% of total MSMEs	SMALL	% of total MSMEs	MEDIUM	% of total MSMEs	TOTAL MSMEs	States as % of TOTAL
Ondo	490,761	99.88%	596	0.12%	18	0.00%	491,375	2.84%
Osun	481,351	99.98%	100	0.02%	0	0.00%	481,451	2.79%
Oyo	523,209	99.73%	1,300	0.25%	94	0.02%	524,603	3.04%
Plateau	424,079	99.84%	613	0.14%	49	0.01%	424,741	2.46%
Rivers	585,241	99.88%	662	0.11%	60	0.01%	585,963	3.39%
Sokoto	379,507	99.85%	562	0.15%	19	0.00%	380,088	2.20%
Taraba	360,682	99.93%	242	0.07%	5	0.00%	360,929	2.09%
Yobe	364,806	99.96%	150	0.04%	5	0.00%	364,961	2.11%
Zamfara	385,654	99.91%	341	0.09%	0	0.00%	385,995	2.23%
FCT	272,579	99.81%	427	0.16%	80	0.03%	273,086	1.58%
Total	17,261,753	99.87%	21,264	0.12%	1,652	0.0001%	17,284,669	
Average	466,534	99.88%	575	0.11%	44.65	0.01%	467,153	2.70%

Source: NBS & SMEDAN (2012) "Survey Report on MSMEs in Nigeria" 2010 MSME Collaborative Survey

Table 3. Number of micro, small and medium enterprises (mesmes) in Nigeria by state.

STATES	MICRO	% of total Micro	SMALL	% of total Small	MEDIUM	% of total Medium	TOTAL	% of TOTAL
Abia	407,428	2.36%	526	2.47%	7	0.42%	407,961	2.36%
Adamawa	405,261	2.35%	235	1.11%	11	0.67%	405,507	2.35%
Akwabom	447,589	2.59%	275	1.29%	39	2.36%	447,903	2.59%
Anambra	499,070	2.89%	656	3.09%	81	4.90%	499,807	2.89%
Bauchi	460,186	2.67%	497	2.34%	49	2.97%	460,732	2.67%
Bayelsa	420,233	2.43%	134	0.63%	0	0.00%	420,367	2.43%
Benue	436,391	2.53%	357	1.68%	16	0.97%	436,764	2.53%
Borno	463,009	2.68%	131	0.62%	37	2.24%	463,177	2.68%
Cross River	472,291	2.74%	318	1.50%	47	2.85%	472,656	2.73%
Delta	486,023	2.82%	576	2.71%	33	2.00%	486,632	2.82%
Ebonyi	416,508	2.41%	232	1.09%	12	0.73%	416,752	2.41%
Edo	491,220	2.85%	899	4.23%	29	1.76%	492,148	2.85%
Ekiti	421,770	2.44%	280	1.32%	5	0.30%	422,055	2.44%
Enugu	423,006	2.45%	402	1.89%	30	1.82%	423,438	2.45%
Gombe	416,183	2.41%	225	1.06%	31	1.88%	416,439	2.41%
Imo	408,761	2.37%	534	2.51%	40	2.42%	409,335	2.37%
Jigawa	438,502	2.54%	217	1.02%	14	0.85%	438,733	2.54%
Kaduna	548,467	3.18%	1,137	5.35%	145	8.78%	549,749	3.18%
Kano	872,552	5.05%	1,740	8.18%	69	4.18%	874,361	5.06%
Katsina	525,742	3.05%	464	2.18%	70	4.24%	526,276	3.04%
Kebbi	386,714	2.24%	221	1.04%	11	0.67%	386,946	2.24%
Kogi	473,882	2.75%	328	1.54%	11	0.67%	474,221	2.74%
Kwara	427,668	2.48%	415	1.95%	28	1.69%	428,111	2.48%
Lagos	880,805	5.10%	4,146	19.50%	389	23.55%	885,340	5.12%
Nassarawa	468,985	2.72%	387	1.82%	32	1.94%	469,404	2.72%
Niger	423,866	2.46%	433	2.04%	46	2.78%	424,345	2.46%
Ogun	471,772	2.73%	506	2.38%	40	2.42%	472,318	2.73%
Ondo	490,761	2.84%	596	2.80%	18	1.09%	491,375	2.84%
Osun	481,351	2.79%	100	0.47%	0	0.00%	481,451	2.79%
Oyo	523,209	3.03%	1,300	6.11%	94	5.69%	524,603	3.04%
Plateau	424,079	2.46%	613	2.88%	49	2.97%	424,741	2.46%
Rivers	585,241	3.39%	662	3.11%	60	3.63%	585,963	3.39%
Sokoto	379,507	2.20%	562	2.64%	19	1.15%	380,088	2.20%
Taraba	360,682	2.09%	242	1.14%	5	0.30%	360,929	2.09%
Yobe	364,806	2.11%	150	0.71%	5	0.30%	364,961	2.11%
Zamfara	385,654	2.23%	341	1.60%	0	0.00%	385,995	2.23%
FCT	272,579	1.58%	427	2.01%	80	4.84%	273,086	1.58%
Total	17,261,753	99.87%	21,264	0.12%	1,652	0.0001%	17,284,669	
Average	466,534	2.70%	575	2.70%	44.65	2.70%	467,153	

Source: NBS & SMEDAN (2012) "Survey Report on MSMEs in Nigeria" 2010 MSME Collaborative Survey

## 6.2. Hypothesis Testing

The t-test shows that there is significant difference between the entrepreneurial activities of the Igbo nation on one hand and the Yoruba ( $t_{05}=0.00021$ ) Hausa/Fulani ( $t_{05}= 0.00008$ )

and the other ethnic nationalities ( $t_{05}= 0.000007$ ) in Nigeria. On the other hand there is no significant difference between Yoruba nation entrepreneurial activities on one hand and that of the Hausa/Fulani ( $t_{05}=0.150459$ ) and other ethnic nationalities ( $t_{05}= 0.172768$ ) on the other in Nigeria.

Similarly, there is no significant difference between the entrepreneurial activities of the Hausa/Fulani nation and the other ethnic nationalities ( $t_{05} = 0.801962$ ) in Nigeria. In other words the Igbo nation entrepreneurial activities are significantly different from that of the Yoruba, Hausa/Fulani and other nationalities in Nigeria.

### 6.3. Distribution of MSMEs Among the Ethnic Nationalities in Nigeria

MSMEs owned by Yorubas ranges from 17.01% in Kano state to 38.55% in Lagos. The Yoruba owned enterprises on the average is 23.41% of total enterprises in Nigeria. States where the Yoruba enterprises are concentrated in the sampled states are Oyo, Lagos, Kwara and Kogi States.

The Igbo owned MSMEs ranges from 33% Borno to 53.43% in Anambra state. The Igbo owned enterprises on the average is 40.54% of total enterprises in Nigeria. Igbo owned enterprises are very high in almost all the states of the Federation. MSMEs owned by Igbo are more in states such as Anambra (52.43%), Imo (52%) and Rivers 47.37%. The Hausa/Fulani MSMEs ranges from 6.63% in River State to 36.11% in Kano.

Hausa/Fulani owned enterprises on the average are 17.47% of total enterprises in Nigeria. States with the highest concentration of Hausa/Fulani owned MSMEs are Kano 36.11%, Sokoto 31.68% and Bauchi 30.29%. One major reason for the low entrepreneurial activities of the Hausa/Fulani that are mainly Muslims is their belief system that one should bother only about the present and bothers less about the future as the future will take care of itself. Similarly, women are also not encouraged to be entrepreneurs as many of the women are in purdah, hence they have little or no contact with the public.

MSMEs owned by other ethnic nationalities ranges from 10% in Sokoto and 32% in Edo. The other ethnic nationalities owned MSMEs on the average per state is 18.59%. Other nationalities owned MSMEs in the selected States are concentrated in Edo 32%, Rivers 28.69% Kogi 23.24% and Anambra 21.56%.

The total MSMEs in Nigeria is 17,254,669, out of which the total micro enterprises are 17,26,753. A cursory look at the Nigerian population and MSMEs shows that the total number of MSMEs relative to population is too small. This situation is worsened by the small number of people employed by these MSMEs. Precisely, MSMEs in Nigeria employ a small proportion of Nigerians out of which 56.08 percent are male while 43.92 are female. This is partly due to the slow rate at which MSMEs are established (low growth rate) coupled with the high rate at which enterprises collapse (high attrition rate). In addition the surviving MSMEs remain small in size.

This can be attributed to poor funding. Specifically, most of the MSMEs especially the micro enterprises are funded through personal savings and family funds. The poor funding situation stems from the fact that most of the MSMEs are sole proprietorship businesses.

On the average there are 489,826 micro, 715 small and 54 medium enterprises in the 17 states that make up the selected three geopolitical zones in the southern Nigeria. Similarly, there is 446,761.7 micro, 456 small and 36 medium enterprises on the average in the 19 states plus Federal Capital Territory (FCT) that constitute the three geopolitical zones in the northern Nigeria. This shows that there is a higher concentration of MSMEs in the south than in the northern Nigeria.

The Igbo that are 18% of Nigerian population own about 40.54% of the MSMEs in the country. This is attributable to the methodical way of grooming/mentoring and nurturing young potential entrepreneurs. For instance the potential entrepreneurs are groomed from a tender age. Hence, they are able to make them undergo a reasonably long period of training. Therefore, an average Igbo entrepreneur imbibes entrepreneurial skills and attitude right from a tender age and grows with it. In addition, the up-coming entrepreneurs are assisted at the take-off of their entrepreneurial work or vocation stage.

Similarly, the Igbo entrepreneurial development arrangement has very strong backward and forward linkages or networking. No, doubt the factors mentioned above give the Igbo nationalities strong base for starting and managing enterprises in Nigeria. The sustainability of Igbo enterprises is further strengthened by their family type. This is to say that most Igbo entrepreneurs have monogamous family. Hence, the family bond that exists among the family makes the family to continue the business after the demise of the promoters of the business.

**Table 4.** Distribution of Owners of MSMEs by Ethnic Nationalities in Nigeria in Percentages.

ETHNIC NATIONALITIES				
STATES	YORUBA	IGBO	HAUSA/FULANI	OTHERS
Bauchi	17.7	40.01	30.29	12
Borno	18.6	33	23.4	25
Kano	17.01	36.99	36.11	9.89
Sokoto	19.8	38.52	31.68	10
Kwara	30.21	41.78	15.6	12.41
Kogi	24.79	40.52	11.45	23.24
FCT	22.9	39.01	19.05	19.04
Oyo	38.05	34.08	13.07	14.8
Lagos	38.58	34.24	14.66	12.52
Anambra	18.52	52.43	7.49	21.56
Imo	19.72	52	7.82	20.46
Rivers	17.31	47.37	6.63	28.69
Edo	21.15	37.04	9.81	32
Average	23.41	40.54	17.47	18.59

Source: Field Survey in 2015



## 7. Conclusions and Recommendation

Micro enterprises constitute 99.87% while small enterprises are 0.12% of the Nigerians MSMEs. This means that the medium enterprises are virtually non existence i.e. 0.0001%. The three geopolitical zones of the southern Nigeria on the average have more enterprises especially the small and medium enterprises than the northern geopolitical zones. The distribution of enterprises is no doubt influenced by landmass, population and political influence of the zones.

The Igbo nationalities with about 18% of Nigerian population own 40.54% of the MSMEs in the country. This is followed by the Yoruba which has 21% of the Nigerian population with 23.41% of the enterprises. On the other hand the Hausa/Fulani that are about 29% of Nigeria has 17.47% while other nationalities which are 32% of the population have 18.59 percent of the enterprises. The domination of the MSMEs landscape by the Igbo in Nigeria is as a result of the way the potential entrepreneurs are mentored and nurtured. In addition their forward and backward networking system in business management as well as their monogamous family system helps to explain their domination of MSMEs in Nigeria. Similarly, the attitude of the Hausa/Fulani which is mainly that, one does not need to bother about the future because the future will take care of itself helps to explain their low entrepreneurial activities. Similarly, women are also not encouraged to be entrepreneurs as many of the women are in purdah therefore have little or no access to the public Toluyemi et al [25].

The skewed distribution of the MSMEs among the various ethnic nationalities should be addressed through a deliberate MSME policy. This policy should be geared towards assisting other ethnic nationalities to improve in their participation in MSMEs in Nigeria. The policy could attempt to adapt the Igbo entrepreneurship mentoring model. This policy should be addressed by the three tiers of government (Federal, States and Local government) in Nigeria. In addition the Nigerian educational curriculum should be modified to include entrepreneurship education right from the primary school levels to University level.

At this juncture it will be appropriate to recommend that further studies should be carried out on the effects of mentoring, networking, educational levels and family systems on entrepreneurial success in Nigeria. Similarly, it will be very interesting to carry out studies on the influence of population, land area, historical importance and political factors/influence on the distribution of MSMEs in Nigeria.

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