

INDIGENOUS ENTREPRENEURSHIP IN A GLOBALIZED WORLD: THE NIGERIAN EXPERIENCE

¹Dr. Adeola Olufunso Ogunlade and ²Esther Abisola Adetona

¹Redeemer's University, Ede, Osun State, Nigeria.

²Mountain Top University, Ibafo, Ogun State, Nigeria

Abstract: *In the era of globalization, organizations have expanded their operations beyond national borders, embracing increased competition, enhanced manufacturing processes, technological advancements, and the free flow of goods, services, and investments. As Sagagi (2007) noted, nations across the development spectrum have opened their economies to foster international trade and foreign investments. This interconnectedness has led to a situation where businesses are no longer confined to their home countries; they operate globally, reach diverse markets, leverage international technology, and face competition from worldwide enterprises.*

This global integration has effectively transformed the world into a closely-knit village where geographical distances diminish, and international interactions thrive. Consequently, markets have expanded, and the global economy has experienced remarkable growth. While the impacts of globalization on nations and businesses are undeniable, the precise nature and extent of these effects remain a subject of debate among analysts.

Keywords: *Globalization, International Trade, Economic Growth, Business Operations, Competition*

1. Introduction

It is discovered that since the introduction of the “global economy”, organizations have assumed a global focus concerning increased competition in marketing activities, improved manufacturing operations, technology and labour mobility and exchange. Sagagi (2007) observed that nations of “today at various stages of development have willingly opened up their economies to allow for free flow of goods and services as well as foreign investments”. It is not unusual anymore for an organization headquartered in one country to oversee business operations in other countries; to sell its products in dozens of countries, enjoy technology developed in other parts of the world; and to face competition from companies based in other countries. In essence, the world markets have been shrunk into one small village market square where everyone interacts with others with little or no distance between them, and with ease. By interpretation, there has been an expanded market and the world economy has experienced a tremendous boost in industry and economic growth. While it is apparent that globalization has shifted upwards the frontiers of usiness operations and affected the growth of national economies, it is still controversial among analysts as to the exact ways in which nations and businesses have been affected.

The controversy is whether the effect is positive or negative, or which is greater. One area of focus where this debate attracts great interest for many countries and people is „entrepreneurship development“ (Akpor-Robaro, 2012). To the positive impact school of thought, it is argued that globalization has contributed enormously to entrepreneurship development through mobility of resources and the provision of learning opportunities for practicing entrepreneurs, among others. But others have argued in contrary that globalization is a force for the suppression of the creative potentials (entrepreneurial creativity) of a people, socio-economic dictatorship, promotion of dependence, and economic exploitation of less privileged countries, particularly of the developing world. These arguments on either side have been discussed almost exhaustively by a number of authors (e.g. Akpor-Robaro, 2012; Nickels et.al, 2007; and Pearce and Robinson, 2003). Whatever the view point, one thing is clear, globalization affects entrepreneurship development in various countries differently according to their levels of industrial development and national policies (Akpor-Robaro, 2012). This paper examines the situation with the experience of Nigeria. This is against the background that since the past one and half decades there has been a great emphasis on entrepreneurship development in Nigeria. This is not unconnected with the perceived relevance of entrepreneurship development to the growth of the Nigerian economy and the economic and social benefits which it provides Nigerian people. However, the effort to pave the way for entrepreneurship development has not been without challenges. The Nigerian government has adopted several means to surmount the problem, including the adoption of economic policies of trade liberalization and economic deregulation in recent years particularly since 1986 to help key into the global economic liberalization and world economic free trade policy with an expected benefit of increased participation both by indigenous and foreign investors in every sector of the economy. It has been the hope of government and stakeholders that keying into the globalization process would positively benefit the Nigerian society in the area of indigenous entrepreneurship development, among others. But so far, it is not clear to what extent has this dream been realized. This paper presents findings of the empirical study of the situation based on a field survey of the experiences of indigenous entrepreneurs in the commercial and manufacturing sectors in Nigeria. The objective of the paper is to show practical evidence of the impact of globalization on indigenous entrepreneurship development, and to promote an understanding of the possible trade-offs and dilemmas which globalization poses to national economies with respect to indigenous entrepreneurship development. The study is premised on four statements of hypothesis:

1. Globalization has negative impact on Nigerian indigenous manufacturing entrepreneurship
2. Globalization has positive impact on Nigerian indigenous manufacturing entrepreneurship
3. Globalization has negative impact on Nigerian indigenous commercial entrepreneurship
4. Globalization has positive impact on Nigerian indigenous commercial entrepreneurship

2. Review of Relevant Literature

2.1 Concept of Globalization

Globalization has been defined in various ways, however, in the realm of economics and business, globalization is viewed with emphasis on the free flow of economic resources and products. For instance, Baker (1996) from a market stand point, views globalization as the driving of societies into global commonality and thus creating a borderless market for the transaction in goods and services across the world. Ball, et. al (2002) defined globalization as the process of international integration of

goods, technology, labour and capital. Ajayi (2003), Arruda and Enderle (2004) and Sagagi (2007) defined globalization from business stand point, as the integration of national economies through trade and capital flows, made possible by trade liberalization, opening of large and new markets, the removal of capital control and the advancement of technology. According to Adenuga (2003) globalization is a process of creating a global market place in which all businesses are free to operate. Akpor-Robaro (2012) explained that “globalization is the creation of a borderless world economy for business and economic activities such that organizations can spread their operations across many nations without restrictions. It is indeed a new paradigm in international economic relations. Essentially, it is a phenomenon of modern capitalism aimed at creating a borderless global economy, with formidable economic efficiency. The major highpoint of globalization is the removal of trade barriers among countries”. Evidently, all the definitions point to one objective: to allow for easy access to markets and ensure free flow of goods and resources across nations of the world.

2.2 Indigenous Entrepreneurship

The concept of indigenous entrepreneurship is a construct to describe the creativity and innovativeness towards new venture creation by a given culturally homogeneous group of people within a locality or geographical location, who are subjected to the same values and the same or similar environmental conditions and forces; and natural endowments.

Hindle (2007) viewed indigenous entrepreneurship as the creation, management and development of new ventures by indigenous people for the benefit of indigenous people. According to Hindle, it is an activity focused on new venture creation or the pursuit of economic opportunity or both for the purpose of reducing indigenous disadvantage through culturally viable wealth creation. By indigenous people we mean people who are natives to a particular area or people who are original settlers or owners of a place with homogenous culture. In general, the concept of indigenous entrepreneurship in this paper is used to mean the formation, ownership and management of productive ventures and businesses in a particular country by nationals/citizens of the given country. It is the investment of resources, time and effort in development of enterprises by local business men and women, i.e. people that are indigenes/natives of the given region or country. It is the creation and establishment of indigenous enterprises.

Thus, indigenous entrepreneurship expresses economic activities that are associated with the culture of the indigenes of an area i.e. the creation of business ventures by indigenous people based on their heritage of cultural activities, native endowment and resources. In diversified societies such as Nigeria, with different ethnic groups and tribes having different cultural heritage, indigenous entrepreneurship is usually fragmented into different types based on each tribe’s cultural activities, native endowment and resources, such that in Nigeria we can talk about the Hausa indigenous entrepreneurship, Igbo indigenous entrepreneurship, Yoruba indigenous entrepreneurship, Izon Indigenous entrepreneurship, Ibibio/Efik indigenous entrepreneurship, Bini indigenous entrepreneurship, Isoko/Urhobo indigenous entrepreneurship and so on.

However, in this paper, the concept of Nigerian indigenes embraces all Nigerian citizens irrespective of ethnic and tribal origin but not including citizens of other countries/immigrants who have come to Nigeria for the purpose of establishing business as foreign investors. That is, it includes only but all people bound together by the same colonial history and classified under the Nigerian national culture

and national natural endowments. Accordingly, we use the Nigerian indigenous entrepreneurship to capture activities by Nigerian indigenes/natives, established as businesses in Nigeria to serve Nigerian needs and those of other societies.

2.3 The Concept of Manufacturing and Commerce (Trade)

Manufacturing is the entrepreneurial process of converting raw materials into finished goods for the purpose of final consumption or industrial use (further production). Anyanwu, et.al., (1997) put it simply as the conversion of raw material into finished consumer goods or producer goods. While commerce is an entrepreneurial activity that involves the exchange of values between two parties under a market arrangement. It is simply, the buying and selling of goods and services, traditionally referred to as trade. However, for measurement and accounting purposes trade is defined here as the sum of exports and imports of goods and services measured as a share of gross domestic product (NBS, 2016).

2.3.1 The state of Manufacturing Industry and Commerce (Trade) in Nigeria

The state of manufacturing and trade sector in Nigeria can be better appreciated through an evaluation of the performance of manufacturing firms and commercial activities. In this paper the interest is in manufacturing and trade contributions to Gross Domestic Product (GDP) as the basis for measuring performance, using the periodic change and trend in output of manufacturing and trade overtime since the advent of globalization in the 80s. Although the historical account of the performance of the Nigerian manufacturing sector is filled with variations and inconsistencies in data presentations by the different people who have given the accounts, it is nevertheless clear that manufacturing performance in Nigeria has been undulating since the 1980s, with most part of the period experiencing consistent decline in manufacturing output. However, this paper relies on the combination of the Central bank of Nigeria's (CBN) and the federal government of Nigeria Bureau of Statistics accounts as the most authoritative, being the two major government institutions for economic statistics and data provision. These are nevertheless supported with information by well-informed individual authorities in the analysis of Nigerian industrial performance. The CBN's (2013) account revealed that in 1960 the manufacturing sector contributed 4.8% to GDP and increased to 7.2% and 7.4% in 1970 and 1975 respectively and oscillated around 10% between 1976 and 1979. At the wake of the globalization phenomenon, in 1980, manufacturing contribution declined to 5.4% but increased to 7.8% in 1982 and then rose to a peak of 10.7% in 1985. However, the years between 1985 and 2000 witnessed a persistent decline in manufacturing performance.

In 1990, the contribution of manufacturing to GDP was 8.1% but fell to 7.9% in 1992 and 6.7% in 1995 and further dropped to 6.3% in 1997. By 2001, manufacturing contribution to GDP had plummeted to 3.4% from 6.2% in 2000. Although by CBN's account there was an improvement in 2013, moving to 4.2%, the increase was marginal. Evidently the performance was still below that of the earlier years beginning from 1960, with increasingly greater decline margins. According to CBN (2013) report, Nigeria's manufacturing output contribution to GDP is still minuscule. This is evident in the most recent year, 2016 performance of the sector contributing only 5% to the nation's Gross Domestic Product (NBS, 2016). The account of FGN office of statistics on the sector's performance as given for the last four years, 2013 to 2016 year-on-year and quarter-on-quarter basis reveals that the contribution of manufacturing to Nominal GDP in the 2nd quarter of 2015 was 10.17% and in the 4th quarter of the same year it dropped to 9.09% but marginally went higher in the 1st quarter of 2016. The yearly

contribution to GDP from 2013 to 2016 took a decreasing trend as indicated by the real manufacturing year-on-year growth for the period, beginning from 2013 Q₁ with 20.1% to 2016 Q₁ with -5.5% as exhibited in the historical data chart below.

Real Manufacturing Year-on-Year Growth

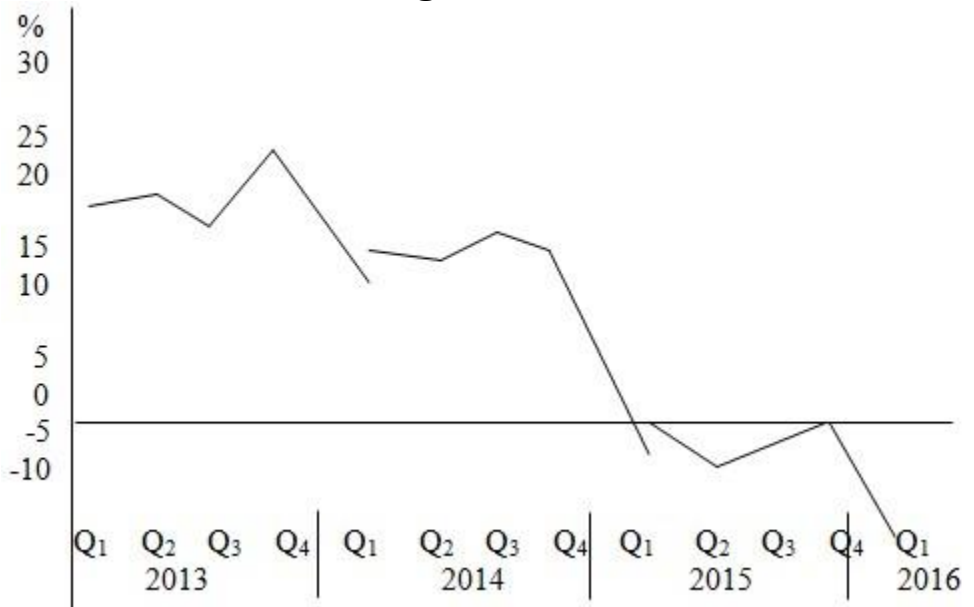


Figure 1: Manufacturing real growth

Source: National Bureau of Statistics (2016)

Tommy (2016) projected the level of contribution of manufacturing to GDP at Q₄ of 2016 to be 3%, and to highlight the unimpressive performance of the Nigerian manufacturing performance, Tommy stated that the bane of Nigerian economy is rooted in its dismal manufacturing sector. He stressed that the nation's near absence of productive manufacturing is accountable for her inability to absorb the shocks of the down turn of the international crude oil market (Tommy, 2016). It is expected that manufacturing contribution to GDP should be 85% neighbourhood to guarantee a strong economy on the path of industrialization and development. Evidently the estimate of current output of 5% is a far cry from this expectation. In the history of manufacturing in Nigeria a major problem that has been identified is lack of demand (foreign and local) for Nigerian manufactured products which has resulted in the very low level of exporting, and the ability to compete with imports from overseas, with the ease of globalization. Essentially, being unable to export and (develop an ability) to compete with imports have been identified as the key factors which have stunted the performance and growth of the Nigerian (indigenous) manufacturing industry over the years (Sola, Obamuyi, Adekunjo & Ogunleye, 2013). Conjecturally, one would say that the reasons for the low demand for Nigerian manufactured products are low quality of the products which is necessitated by the need to overcome the challenges of lack or inadequacy of relevant infrastructures in the Nigerian manufacturing environment; and the production cost function of the manufacturing industries occasioned by the same infrastructural challenge, which

Innovative Journal of Entrepreneurship and Business (IJEB)

Volume 11 Issue 3, July-September 2023

ISSN: 2837-3960

Impact Factor: 8.42

Journal Homepage: <https://americaserial.com/Journals/index.php/IJEB/index>

Email: contact@americaserial.com

Official Journal of America Serial Publication

has affected pricing of indigenous/local products, with higher demand cost, relative to imports or similar products in other markets of the world.

According to World Bank report trade contribution to GDP in Nigeria was last measured in 2014 and was placed at 30.20% (Danladi, Akomolafe, Babalola & Oladipupo, 2015).

However, from the account of the federal office of statistics trade contribution to nominal GDP in the 4th quarter of 2014 was 18.99% and in 2015 1st quarter and 2016 1st quarter it was 20.08% and 21.55% respectively. The equivalent figure in real GDP was 16.68%, 17.77% and 18.19% respectively. Evidently, the trajectory of commerce or trade percentage of GDP follows similar pattern to that of manufacturing output.

3. Methodology

In furtherance of the objectives of the study, a field survey of entrepreneurs' opinion on the impact of globalization on the activities and operations of entrepreneurs was undertaken. The field survey was necessary to have direct and practical views of indigenous entrepreneurs on the impact of globalization on entrepreneurship. The survey was conducted through questionnaire administered to indigenous entrepreneurs in some selected major industrial cities in Nigeria. The sample for the study was drawn from manufacturing enterprises dealing in home appliances and equipment, food and beverages, fashion and clothing, agro-allied products, industrial equipment, construction and fabrication; and commercial enterprises engaged in domestic trading and export of local products. These industries represent the general areas of manufacturing and trading entrepreneurship in the Nigerian economy. Using a combination of stratified and judgmental sampling methods, six major industrial cities were selected from four geoeconomic zones in Nigeria. These cities include Lagos, Abeokuta (Ogun), Port-Harcourt, Onitsha, Aba and Kano. The selection of these cities is based on the judgment that they have the largest clusters of manufacturing entrepreneurs and commercial operators (traders) in their respective zones. Also, their selection was to spread the survey across the country in order to provide wide spread opinion of entrepreneurs in the study.

Using a simple random sampling method, samples of manufacturing and commercial enterprises of small and medium sizes were selected from each of the areas of manufacturing and commerce, in each of the industrial cities selected from each geo-economic zone. A total of 850 indigenous entrepreneurs were used for the study. These comprised 450 manufacturers from across the selected types of manufacturing industries; 250 domestic traders, and 150 exporters. The propositions consisting the questionnaire (instrument) were decomposed into short and concise questions for respondents. The questions were designed to elicit views of entrepreneurs on the general impact of globalization on their business operations, and the specific aspects of their business operations that in their view are affected by globalization. To achieve this, respondents were required to answer open ended questions in which they were to state specific areas and ways which globalization had benefited them or/and not benefited them in their enterprise. To enhance their response, some specific business activities and performance areas were suggested for entrepreneurs to make comments about their experience of the effects of globalization. These included, market competition, product patronage, market share, raw materials sourcing, manpower sourcing, skill development, technology acquisition (access to technology), creativity and innovation, product quality, product pricing, operating cost, and profitability. The analysis was carried out using descriptive and inferential statistics and Chi-Square.

Innovative Journal of Entrepreneurship and Business (IJEB)

<https://americaserial.com/Journals/index.php/IJEB/index>, Email: contact@americaserial.com

4. Data Presentation and Analysis

The summary of the data generated from the field survey of entrepreneurs/managers of businesses in six industrial centers from the geo-economic zones of Nigeria is presented in table I. The analyses of the data are summarized in table II. In each table, the figures shown in each column or row indicate the number of respondent entrepreneurs under each specification. It is however, instructive to note that the data provided by the responses from entrepreneurs may not be watertight because the responses overlap as some respondents score globalization both positively and negatively. Again, in one aspect of business and under one industry type, a respondent would score globalization impact positively in small scale or medium scale, for example, and the same respondent would score globalization positively in other aspect(s) under the same industry type and scale. Furthermore, the questionnaire was not evenly distributed among industry types and scales. This apparently had affected the relative number of responses. Thus, the data may not present a strongly valid representation of the responses on the impact of globalization on entrepreneurship in each industry type and scale since the number of responses is also determined by the number of questionnaires distributed to each industry type and scale of industry. Nevertheless, the data provide a good estimate of entrepreneurs' responses on the impact of globalization. Essentially to ensure analytical validity of the results and findings indicated by the responses, the data have been standardized by converting the number of responses to percentages, as shown in the tables, such that, comparative judgment about level of impact among variables of interest is based on the percentage of responses of the total number of questionnaire returned under each categorization. Table I presents total number of respondent entrepreneurs from each industry type in each sample industrial centre. Table II presents the number of enterprises/entrepreneurs under each industry type and business size who claims that globalization has positive impact or negative impact on their business.

Table III: Number of enterprises/entrepreneurs under specific business aspect of each industry type who claim that globalization has positive impact or negative impact on their business.

Table I: Number of respondent entrepreneurs by industry/business in each sample industrial centre.

	Economic Zones/Industrial Centres						
Industry/Business type	Lagos	Abeokuta (Ogun)	Onitsha	Aba	Port-Harcourt	Kano	Total
Manufacturing entrepreneurship							
Construction/fabrication	20	29	25	30	15	10	129 (15.18%)
Agro-allied products	16	24	10	10	10	20	90 (10.59%)
Food & Beverages	15	15	5	20	30	10	95 (11.18%)
Home appliances & equipment	18	17	10	4	7	9	65 (7.65%)

Industrial equipment	35	22	18	12	25	10	122 14.35%
Fashion and Clothing	45	11	25	10	25	15	131(15.41%)
Total	149	118	93	86	112	74	632 (74.35%)
Commercial Entrepreneurship							
Export of local products	20	6	10	12	6	2	56 (6.59%)
Domestic trading	40	12	25	30	30	25	162 (19.06%)
Total	60	18	35	42	36	27	218 (25.65%)
Grand Total	209	136	128	128	148	101	850

Source: Field Survey

Table II: Number of enterprises/entrepreneurs under each industry type who claim that globalization has positive impact or negative impact on their business.

Industry Type \ Impact Response	Positive Impact	Negative Impact	Total
	Manufacturing Entrepreneurship		
Construction/fabrication	42 (32.56%)	87 (67.44%)	129
Agro-allied products	20 (22.22%)	70 (77.78%)	90
Food & Beverages	30 (31.58%)	65 (68.42%)	95
Home appliances & equipment	4 (6.15%)	61 (93.85%)	65
Industrial equipment	32 (26.23%)	90 (73.77%)	122
Fashion and Clothing	40 (30.53%)	91 (69.47%)	131
Total	168 (26.58%)	464(73.42%)	632
Commercial Entrepreneurship			
Export of local products	39 (69.64%)	17 (30.36%)	56
Domestic trading	152 (93.83%)	10 (6.17%)	162
Total	191(87.61%)	27(12.39%)	218
Grand Total	359 (42.24%)	491(57.76%)	850

Source: Field Survey

Table III: Number of enterprises/entrepreneurs under specific business aspect of each industry type who claim that globalization has positive impact or negative impact on their business.

Industry Type	Total 632			Commerce 218		Total 850
	Positive Impact	Negative Impact	Total	Positive Impact	Negative Impact	Total
Market competition	45 (14.02%)	276 (85.98%)	321 (50.79%)	26 (13.90%)	161 (86.10%)	187 (85.78%)
Product pricing	108 (35.29%)	198 (64.71%)	306 (48.42%)	21 (13.91%)	130 (86.09%)	151 (69.27%)
Product patronage	67 (32.21%)	141 (67.79%)	208 (32.91%)	23 (13.14%)	152 (86.86%)	175 (80.28%)
Market share	42 (13.50%)	269 (86.50%)	311 (49.21%)	17 (21.79%)	61 (78.21%)	78 (35.78%)
Raw materials/Product sourcing	186 (64.69%)	101 (35.31%)	287 (45.41%)	187 (93.97%)	12 (6.03%)	199 (91.28%)
Manpower sourcing	89 (97.80%)	2 (2.20%)	91 (14.40%)	-	-	-
Skill development	39 (59.09%)	27 (40.91%)	66 (10.44%)	-	-	-
Technology acquisition	87 (63.50%)	50 (36.50%)	137 (21.68%)	-	-	-
Creativity and Innovation	301 (72.53%)	114 (27.47%)	415 (65.66%)	86 (100%)	-	86 (39.45%)
Product quality	301 (100%)	-	301 (47.63%)	109 (57.07%)	82 (42.93%)	191 (87.61%)
Operating cost	22 (5.16%)	404 (94.84%)	426 (67.41%)	13 (19.70%)	53 (80.30%)	66 (30.28%)
Profitability	261 (45.95%)	307 (54.05%)	568 (89.87%)	89 (44.28%)	112 (55.72%)	201 (92.20%)

Source: Field Survey

4.1 Descriptive Statistical Analysis

In the tables presented, the figures which represent the number of respondents translate into score points from entrepreneurs in each of the industry types across the sample industrial centres on the impact of globalization on entrepreneurship under the different industry size categories. The score distribution shown in table II indicates that globalization scored a total of 42.24 percent responses and 57.76 percent responses for positive impact and negative impact respectively across industry lines. This implies that, in general, there are more opinions against globalization than are for it. However, for manufacturing entrepreneurship, it is indicated that the impact of globalization is more negative than positive with a percentage score of 73.42% and 26.58% respectively. The reverse is the case for commercial entrepreneurship with a higher percentage score for positive impact (87.61%) than negative impact (12.39%). The response scores in both industrial sectors indicate that in relative terms, manufacturing entrepreneurship is more negatively impacted than commercial entrepreneurship and in the reverse commercial entrepreneurship is more positively impacted. Whereas in all types of manufacturing entrepreneurship there is a higher negative globalization impact than positive impact with the following order of scores by types of manufacturing enterprises: Home appliances & equipment (93.85%), Agro-allied products (77.78%), Industrial equipment (73.77%), Fashion and Clothing (69.47%), Food & Beverages(68.42%), and Construction/fabrication (67.44%); in commercial entrepreneurship, both forms of businesses enjoy higher level of positive impact than the negative impact suffered in globalization with domestic trade scoring 93.83% and export trade scoring 69.64%.

positive impact responses. Table III reveals the responses of entrepreneurs about globalization impact on specific aspects of their businesses. The distribution is interpreted thus: 50.79% of the 632 manufacturing enterprises sampled, indicate that globalization has impact on them in market competition in their industry.

Among these responses 14.02% indicates that the direction of impact in market competition is positive, while 85.98% of them indicate that globalization impacts on them negatively in market competition. The interpretation follows this manner for other items under manufacturing and commerce. The analysis of the opinion scores on globalization impact on specific aspects of enterprises in manufacturing and commerce shown in table III reveals that in manufacturing enterprises the aspect of business most negatively impacted are operating cost, market share, market competition, product patronage, product pricing, and profitability with scores of 94.84%, 86.50%, 85.98%, 67.79%, 64.71%, and 54.05% respectively. On the other hand, the most positively impacted aspects of business in manufacturing enterprises are product quality (100%), manpower sourcing (97.80%), creativity and innovativeness (72.53%), raw materials/product sourcing (64.69%), technology acquisition (63.50%), and skill development (59.09%) in order of intensity. From the analysis it is revealed that in commerce (trade), the most negatively impacted aspects of business in order of intensity are product patronage (86.86%), market competition (86.10%), product pricing (86.09%), operating cost (80.30%), market share (78.21%), and profitability (55.72%); while the most positively impacted aspects of commerce are creativity and innovation, raw materials/product sourcing, and product quality with percentage score of 100%, 93.97%, and 57.07% respectively.

4.2 Chi-square Statistical Analysis

Beyond the descriptive statistics, the data was subjected to chi-square statistical test to validate the hypotheses of the study. The hypotheses were tested for the two groups of industries using the chi-square test model and based on the frequencies in tables IV and V.

Chi-square Model Statement

$$\chi^2 = \sum (o - e)^2/e$$

Where:

χ^2 = Chi-square value

o = Observed frequency

e = Expected frequency

Table IV: Calculated Frequencies for Chi-square test of Globalization positive impact and negative impact on Manufacturing and Commercial Entrepreneurship without specific business aspects.

Impact Response Industry Type	Positive Impact		Negative Impact		Row Total
	Observed Frequencies	Expected Frequencies	Observed Frequencies	Expected Frequencies	
Manufacturing Entrepreneurship					
Construction/fabrication	42	34	87	95	129

Innovative Journal of Entrepreneurship and Business (IJEB)

Volume 11 Issue 3, July-September 2023

ISSN: 2837-3960

Impact Factor: 8.42

Journal Homepage: <https://americaserial.com/Journals/index.php/IJEB/index>

Email: contact@americaserial.com

Official Journal of America Serial Publication

Agro-allied products	20	24	70	66	90
Food & Beverages	30	25	65	70	95
Home appliances & equipment	4	17	61	48	65
Industrial equipment	32	32	90	90	122
Fashion and Clothing	40	35	91	96	131
Column Total	168		464		632
Commercial Entrepreneurship					
Export of local products	39	49	17	10	56
Domestic trading	152	142	10	20	162
Column Total	191		27		218
Grand Total	359		491		850

Source: Field Survey

Table V: Calculated Frequencies for Chi-square test of Globalization positive impact and negative impact on Manufacturing and Commercial Entrepreneurship based on specific business aspects.

Industry Type Specific Business Aspect	Manufacturing Total 632					Commerce 218				Total 850
	Positive Impact		Negative Impact		Row Total	Positive Impact		Negative Impact		
	Obs. Freq.	Exp. Freq.	Obs. Freq.	Exp. Freq.		Row Total	Obs. Freq.	Exp. Freq.	Obs. Freq.	Exp. Freq.
Market competition	45	145	276	176	321	26	80	161	107	187
Product pricing	108	138	198	168	306	21	65	130	86	151
Product patronage	67	94	141	114	208	23	75	152	100	175
Market share	42	140	269	171	311	17	33	61	45	78
Raw materials/ Product sourcing	186	129	101	158	287	187	85	12	114	199
Manpower sourcing	89	41	2	50	91	0	0	0	1	0

Skill development	39	30	27	36	66	0	0	0	1	0
Technology acquisition	87	62	50	75	137	0	0	0	1	0
Creativity and Innovation	301	187	114	228	415	86	37	0	49	86
Product quality	301	136	0	165	301	109	82	82	109	191
Operating cost	22	192	404	234	426	13	28	53	38	66
Profitability	261	256	307	312	568	89	86	112	115	201
Column Total	1548		1889		3437	571		763		1334

Source: Field Survey

Chi-square values from table 1V

(i) Globalization positive impact in manufacturing entrepreneurship: $\chi^2_{cal.} = 14.204$; $\chi^2_{crit.} = 11.070$ (df = 5; p = 0.05)

(ii) Globalization negative impact in manufacturing entrepreneurship: $\chi^2_{cal.} = 5.357$; $\chi^2_{crit.} = 11.070$ (df = 5; p = 0.05)

(iii) Globalization positive impact in commercial entrepreneurship: $\chi^2_{cal.} = 2.745$; $\chi^2_{crit.} = 3.841$ (df = 1; p = 0.05)

(iv) Globalization negative impact in commercial entrepreneurship: $\chi^2_{cal.} = 9.90$; $\chi^2_{crit.} = 3.841$ (df = 1; p = 0.05)

Test of the hypotheses from Chi-square values in table IV

1. **H₀:** Globalization has no positive impact on manufacturing entrepreneurship $\chi^2_{cal.} = 14.204 > \chi^2_{crit.} = 11.070$ (Reject H₀)

2. **H₀:** Globalization has no negative impact on manufacturing entrepreneurship $\chi^2_{cal.} = 5.357 < \chi^2_{crit.} = 11.070$ (Accept H₀)

3. **H₀:** Globalization has no positive impact on commercial entrepreneurship $\chi^2_{cal.} = 2.745 < \chi^2_{crit.} = 3.841$ (Accept H₀)

4. **H₀:** Globalization has no negative impact on commercial entrepreneurship $\chi^2_{cal.} = 9.90 > \chi^2_{crit.} = 3.841$ (Reject H₀)

Chi-square values from table V

(i) Globalization positive impact in manufacturing entrepreneurship: $\chi^2_{cal.} = 666.306$; $\chi^2_{crit.} = 19.675$ (df = 11; p = 0.05)

(ii) Globalization negative impact in manufacturing entrepreneurship: $\chi^2_{cal.} = 547.544$; $\chi^2_{crit.} = 19.675$ (df = 11; p = 0.05)

(iii) Globalization positive impact in commercial entrepreneurship: $\chi^2_{cal.} = 314.369$; $\chi^2_{crit.} = 19.675$ (df = 11; p = 0.05)

(iv) Globalization negative impact in commercial entrepreneurship: $\chi^2_{cal.} = 238.443$; $\chi^2_{crit.} = 19.675$ (df = 11; p = 0.05)

Test of the hypotheses from Chi-square values in table V

1. **H₀:** Globalization has no positive impact on manufacturing entrepreneurship:

$$\chi^2_{cal.} = 666.306 > \chi^2_{crit.} = 19.675 \text{ (Reject } H_0\text{)}$$

2. **H₀:** Globalization has no negative impact on manufacturing entrepreneurship:

$$547.544 > \chi^2_{crit.} = 19.675 \text{ (Reject } H_0\text{)}$$

$$\chi^2_{cal.} =$$

3. **H₀:** Globalization has no positive impact on commercial entrepreneurship:

$$314.369 > \chi^2_{crit.} = 19.675 \text{ (Reject } H_0\text{)}$$

$$\chi^2_{cal.} =$$

4. **H₀:** Globalization has no negative impact on commercial entrepreneurship:

$$\chi^2_{cal.} = 238.443 > \chi^2_{crit.} = 19.675 \text{ (Reject } H_0\text{)}$$

5. Results

The results of the test of the hypotheses using the chi-square values in table IV indicate a mix of positive and negative impact of globalization on indigenous entrepreneurship. From the test the hypothesis that globalization has no positive impact on indigenous manufacturing entrepreneurship was rejected. This implies that globalization has positive impact on indigenous manufacturing entrepreneurship. On the other hand, the hypothesis that globalization has no negative impact on indigenous manufacturing entrepreneurship was accepted. This impliedly supports the fact that globalization has positive impact on manufacturing entrepreneurship by Nigerians. This revelation may be difficult to accept and therefore subject to argument, particularly, considering the high level of market competition from foreign products against local products which globalization causes.

The results of the test of the hypotheses for commercial entrepreneurship are the reverse of those for manufacturing entrepreneurship. The hypothesis that globalization has no positive impact on indigenous commercial entrepreneurship was accepted. While the hypothesis that globalization has no negative impact on indigenous commercial entrepreneurship was rejected. The interpretation of this result is somewhat straight forward. It simply means that globalization has disadvantages for commercial entrepreneurship. Apparently, the rejection of this hypothesis is a validation of the acceptance of the hypothesis that globalization has no positive impact on commerce. This result may be arguable theoretically considering that globalization makes easily available tradable goods by opening up sources of goods to interested parties, which means that the volume and the variety of goods available to trade on is enlarged through globalization.

The test of the hypotheses using the values in table V showed a clear mix of the impact of globalization both for manufacturing entrepreneurship and commercial entrepreneurship. In both cases the Null hypotheses were rejected meaning that globalization has both positive and negative impact on both manufacturing and commercial entrepreneurship. Critically, the 12 parameters of entrepreneurial performance specified under both industry types in the study are affected both positively and negatively in varying degree. The results of these tests make clearer and validate the results of the previous tests using the values in table IV.

5.1 Discussion of the Results

From the result of the analysis of the response data it is evident that globalization impacts both positively and negatively on indigenous entrepreneurship in developing economies and it affects the different parameters of entrepreneurial effectiveness, although the level of impact may vary from one industry to another, and one parameter to another. However, in general, the analysis showed that globalization more positively impacts than it negatively impacts on indigenous entrepreneurship.

That is, indigenous entrepreneurial ventures are benefiting from globalization more than they are losing by reason of it. It also revealed that it impacts more positively on manufacturing entrepreneurship than commercial entrepreneurship as shown in their size of calculated chi-square values.

An interesting revelation from the test of the hypothesis which perhaps is mind agitating and provoking is that globalization has no negative impact on indigenous manufacturing entrepreneurship. On the surface this could not be true but thinking deeply about it would reveal the validity of the result. The result simply suggests that globalization in itself is not a force to weaken and does not weaken indigenous manufacturing in Nigeria and other developing countries. Its roles and benefits are universal to all countries, but the extent to which a country benefits would depend on its internal environment and capabilities. In other words globalization poses the same threats and opportunities to all countries but the extent of benefits and losses by a country depends on its strengths and weaknesses. The case with Nigeria is that it lacks the conditions and capabilities to tap into and enjoy the numerous opportunities and benefits that globalization presents to it, particularly in the manufacturing industry. So the apparent disadvantages that Nigerian manufacturing industry suffers as it has been argued in theoretical discourse is not due to weakness of globalization paradigm to support and enhance manufacturing ventures in Nigeria, but due to internally self-inflicted inadequacies. Nigeria is unable to create an enabling internal manufacturing environment or platform for indigenous manufacturers to thrive and enhance their competitiveness to take advantage of the opportunities that globalization process presents to economies of the world in various industries, particularly in manufacturing.

The negative impact on commercial entrepreneurship shown in the test can be explained by the fact that globalization allows for inflow of cheaper goods to the country by foreign companies which have marketing subsidiaries in the country as distribution centres. Such subsidiaries get their stock of goods from their parent companies at cost price which they now sell at competitive prices. Indigenous traders often do not have access to such producers or other producers of similar products because of their little financial capacity to buy at cheap rate that allow them to sell at lower prices in the face of competition.

6. Conclusion

The study revealed primarily that globalization has both positive and negative impact on indigenous manufacturing and trading entrepreneurship. That is, it impacts on the various forms of manufacturing and trading business, and parameters of performance and operational effectiveness. The study also revealed that the four most negatively affected performance parameters in manufacturing are operating cost, profitability, market completion and market share; while the mostly positively affected parameters are creativity & innovation, product quality, profitability and raw materials sourcing. For commerce the most positively affected parameters are product sourcing, product quality, profitability, and creativity & innovation; while the most negatively affected parameters are market competition, product patronage, product pricing, and profitability. The Nigerian experience is a pointer to the experience of other developing countries, particularly in Africa. Obviously, developing nations experience a mix of the impact of globalization on entrepreneurship development. The extent of positive or negative impact they enjoy or suffer as the case may be depends on the adequacy and strength of the internal environment of individual nations. The Nigerian experience is exacerbated for two main reasons. First, because of the very poor conditions of its business environment which lack infrastructures that would enable entrepreneurs in manufacturing and commerce to operate effectively and be able to face competition from outside. Because of the unfriendly local environment of business, entrepreneurs in Nigeria are at a disadvantaged position compared to their foreign counterparts with very friendly business environment which enable them to operate at lower cost function, and who through globalization now have access to the local market in Nigeria, where indigenous Nigerian entrepreneurs have high cost of operations and therefore unable to compete effectively with their competitors from abroad. Second, Nigerian indigenous manufacturing entrepreneurs are incapacitated to effectively and profitably access foreign markets because of the weaknesses of the Nigerian business environment which does not allow for lower price products that can be sold at competitive prices overseas. Thus on both sides of the coin, whether in their home market or foreign markets they are unable to match competition from their counterparts in old industrial economies with better industrial environments. By and large, considering the limitations of entrepreneurs in developing nations found from the analysis of the Nigerian situation in this study as a pointer, it would be safe to say that, globalization is only providing markets and sources for mobilizing resources for industrialized nations from non-industrialized developing nations.

7. Recommendations

The burden which globalization brings to bear on developing, non-industrialized economies, particularly in manufacturing presents challenges to which these nations can only close eyes at their own risk and detriment. The central challenge for these nations is however, for them to create an enabling manufacturing business environment that would make their indigenous manufacturing industries and companies competitive relative to their foreign counterparts.

In this regard, the call is to government to must make conscious effort to create an enabling environment for

operation by industries to make them competitive in the global market by creating infrastructures to support industry operations and thereby making their operations cost effective. Furthermore, government must engage economic policies to protect local industries from the marketing power and aggression of foreign competitors who definitely have advantage over local producers because of

Innovative Journal of Entrepreneurship and Business (IJEB)

Volume 11 Issue 3, July-September 2023

ISSN: 2837-3960

Impact Factor: 8.42

Journal Homepage: <https://americaserial.com/Journals/index.php/IJEB/index>

Email: contact@americaserial.com

Official Journal of America Serial Publication

obvious reasons. It is recommended that developing countries have to operate a selective or guided open system with regards to business or product entry into their economies from outside, to guard against market adverse effect associated with the globalization phenomenon.

References

Adenuga, A.O. (2003) Information technology and globalization: The challenges of human capital development in Nigeria, CBN Bullion, July/Sept, 45-55

Ajayi, S.I. (2003) Globalization and Equity in Sub-Saharan African: The Myth and the Reality @www.gdnet.org

Akpor-Robaro, M. Robaro (2004) Introductory Notes on the Theories of Entrepreneurship, Bendona and Associates, Lagos.

Arruda, M.C. and Enderle, G. (2004) Improving Globalization, FGV Editors, Brazil

Awe, K.O. (2007) "The Environmental Influences that Shape the path to Entrepreneurship" in Folarin, B.A., Ogundele, O.J.K. and Alaka, N.S.(Eds) Environment, Values and Policies in Nigeria, Environment and Behaviour Association of Nigeria (EBAN), Lagos.

Baker, M. J. (1996) Marketing: An Introductory Text (6th ed) Macmillan Press Ltd., London.

Danladi, J.D., Akomolafe, K.J., Babalola, O. & Oladipupo, A.R.(2015). Globalization and the Nigerian Manufacturing Sector. Journal of Law, Policy and Globalization, Vol.41. 202-211

Hisrich, R. D. and Peters, M.P. (2002) Entrepreneurship (5th ed.) McGraw-Hill, Irwin, London.

Kuratko, D.F. and Hodgetts, R.N. (1998) Entrepreneurship: A Contemporary Approach, The Dryden Press, Harcourt Brace College Publisher Orlando, U.S.A.

Meredith, G.G., Nelson, R.E. and Neck, P.A. (1991) The Practice of Entrepreneurship, University of Lagos Press, Lagos.

Nickels, W.G., McHuch, J. M. and McHuch, S. M. (2002) Understanding Business (6th ed.) McGraw-Hill, Irwin, London.

Pearce II, J.A. and Robinson, R.B. (2003) Strategic Management: Formulation, Implementation and Control (8th ed.) McGraw-Hill, Irwin, London.

Sagagi, M.S. (2007) "Globalization and Business Environment : Critical success factors for Corporate leaders in Nigeria" in Folarin B.A. et.al (ed.) Environment, Values and Policies in Nigeria: A book of readings, EBAN, LASU, Ojo.

Innovative Journal of Entrepreneurship and Business (IJEB)

<https://americaserial.com/Journals/index.php/IJEB/index>, Email: contact@americaserial.com

Innovative Journal of Entrepreneurship and Business (IJEB)

Volume 11 Issue 3, July-September 2023

ISSN: 2837-3960

Impact Factor: 8.42

Journal Homepage: <https://americaserial.com/Journals/index.php/IJEB/index>

Email: contact@americaserial.com

Official Journal of America Serial Publication

Sola, O., Obamuyi, T.M., Adekunjo, F.O. & Ogunleye, E.O. (2013). Manufacturing Performance in Nigeria: Implications for Sustainable Development. *Asian Economic and Financial Review*, 3 (9). 1195-1213.

Stokes, D. (1995) *Small Business Management: An Active Learning Approach* Letts Educational Aldine Place, London.