Effect of Culture on Entrepreneurship in Nigeria

Clement C. M. Ajekwe

Department of Accounting Benue State University, Makurdi

ABSTRACT: *The paper reviews literature which supports the position that culture is a contributor to economic activities of a nation, and by extension entrepreneurship. The paper identifies and explains cultural factors, attributes and variables considered important to entrepreneurship. The particular cultural values and forces which impact Nigerian entrepreneurship are also discussed. The conclusion is that the identified cultural values and practices can inhibit the evolution of an entrepreneurial culture in Nigeria. Based on the above, the paper recommends a change in values and mindset so as to enable both a high entrepreneurial behaviour and culture in Nigeria.*
Keywords: *Culture, Entrepreneurship, Nigeria, Tiv*

I. INTRODUCTION

There have been several explanations as to why some nations and ethnic groups are more entrepreneurial than others. One of the explanations for the differences has been attributed to cultural differences in values and beliefs. Several authors have amplified this view: Harrison & Huntington (2000), Aldrich &Waldinger, (1990), Light & Rosenstein (1995); Thomas &Mueller, (2000). This paper contributes to the literature which attributes differences in the levels of entrepreneurial behaviour to differences in cultural values, beliefs and practices. Specifically, the paper seeks to answer three related questions: Could the "average Nigerian" be regarded as one who portrays a high entrepreneurial behaviour? If all Nigerians were to act as one person, would he or she exhibit an entrepreneurial personality? Does the 'Nigerian culture' promote or inhibit the development of entrepreneurship? The paper analyses culture in its objective and subjective forms, observing that almost all subjective cultural traits carry a value component. Hofstede's (1980) national value dimensions as well as cultural traits thought to be relevant to entrepreneurship are discussed. Finally, the paper identifies and explains the particular cultural values and forces that impact Nigerian entrepreneurship, followed by concluding remarks.

II. CULTURE

Hofstede (1996) defines culture as a collective programming of the mind which distinguishes the members of one group or category of people from others. Terpstra and David (1991) describe culture as a learned, shared, compelling interrelated set of symbols, whose meanings provide a set of orientations for members of a society. Schein (1992) describes culture as the pattern of basic assumptions that are invented, discovered, or developed by a given human group. These patterns emerge to help the group cope with problems of external adaptation and internal integration. This paper integrates all three definitions: Culture is the learned, shared, interrelated set of symbols and patterned assumptions that help a group cope with the challenges it faces. Culture determines the identity of a human group in the same way as personality determines the identity of an individual. Triandis (1972) identifies two forms of culture: objective and subjective culture. Objective culture represents the "visible" cultural attributes or variables such as symbols, language, behaviour, practice, customs and norms. The subjective culture is the present, and felt but "invisible" cultural traits or variables such as tradition, beliefs, priorities, assumptions, values and attitudes which programme, influence or build the visible objective culture (Schwartz, 1992). The figure below depicts the two forms of culture as well as their relationship.
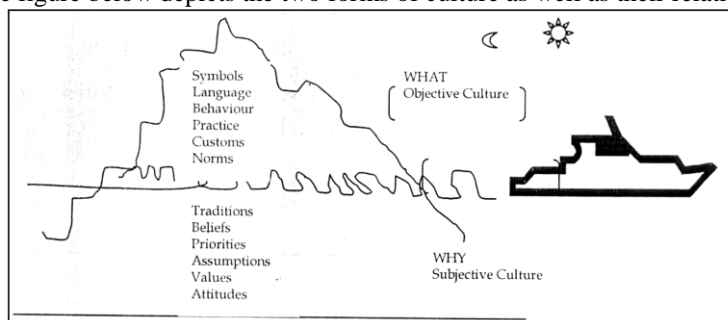

Figure: The Cultural Iceberg

Nearly all the other mental programmes, that is, the subjective underlying culture traits; carry a value component. "Value" connotes "a broad tendency to prefer certain states of affairs over others" (Hofstede, 1980). Thus, in trying to understand the entrepreneurial behaviour of a nation or ethnic group, it is appropriate to first analyze their culture and its underpinning value systems.
 Several studies have adopted this approach:

- Weber (1976) showed the significance of religion (as a component of culture) on economic performance of society. Weber argued that Protestantism encouraged a culture that emphasized individualism, achievement motivation, legitimating entrepreneurial vocations, rationality, asceticism and self reliance. The protestant work ethics discouraged extravagance, conspicuous consumption and indolence. However, Weber (1976) felt that this ethos of rational individualism was absent in other spiritual traditions. For instance, he argued that a rational economic ethic would not develop in Hinduism owing to its belief in the caste system, fate, rebirth, excessive ritualism and reliance on magic.
- **In** their cross-regional study of entrepreneurship, Davidson and Wiklund (1995), claimed that "cultural and economic determinants of the new firm formation rate are positively co-related"; suggesting that cultural differences in both values and belief help explain regional variations in the supply of entrepreneurship.
- Fukuyama (1995) also provided evidence that social capital (especially interpersonal trust among members of society) is a major determinant of the society welfare.
- Inglehart (2000) investigated the influence of numerous factors that shape the world value system on a sample of 65 societies. He found evidence that economic differences are linked with large and pervasive cultural differences. Interestingly, the World Values Survey, of which Ronald Inglehart is the lead researcher, found that links between culture and economic performance go both ways. A shift in economic performance can affect a culture; and a cultural change can affect economic performance.
- **In** a landmark study which took him over twenty years to accomplish, Sowell (1993), after tracing histories of different ethnic groups over the' centuries came to the conclusion that:

> "A particular people usually have its own particular set of skills for dealing with economic and social necessities of life and its own particular set of values as to what are the higher and lower purposes of life. These sets of skills and values typically follow them wherever they go "(No wonder, therefore, that)" significant group differences exist in such variables as reputation for honesty, work habits, perseverance, social cohesion and law abiding patterns of life, chastity, willingness to sacrifice to obtain education, trust and preferred types of employment" (Sowell,1993:1148)

2.1 National Cultural Values
Hofstede (1980, 1984, & 1996) investigated workers of IBM in more than 50 countries to identify values useful in cross-cultural management. Hofstede (1980) originally described four dimensions of national cultural values to which a fifth was later added as follows:

1. **Power Distance** reflects the extent to which a society accepts that power is distributed unequally in society, its institutions, and organizations. Inherent to a monarchy or caste system, for example, is a belief that some are born to power and others are not. This inequality is expected and accepted in a society high in power distance. In contrast, members of a low power distance society believe that status differences between individuals are not inherent although they may be associated with work roles, for example one is the boss. A preference for high power distance translates into behaviours that suggest one's position in life is determined into a clear family hierarchy, and at work into a clear definition of who is to lead and who to follow. In a low-power distance society, social inequalities are minimized; there is substantial belief in individual equality and belief that hierarchies are convenient but not unalterable.
2. **Individualism/ Collectivism** reflect the degree to which people prefer to act as individuals rather than members of a group. High individualism is a preference to act independently and it is reflected in a greater desire to work independently rather than in groups. High collectivism reflects a greater preference to work in relationship with others. In family life, individualism might create nuclear families whereas collectivism would be associated with extended families.
3. **Uncertainty Avoidance** measures the extent to which people are willing or unwilling to take risks. Individuals high on uncertainty avoidance prefer rules and absolute truths. Individuals who are low on uncertainty avoidance are comfortable with lax rules, relative truths and the uncertain world of self employment.
4. **Masculinity/Femininity** reflects a society's preference for things versus people. In a masculine society, the emphasis is on valuing money and things; assertive acquisition of these things is reflective of a masculine society. Conversely, a feminine society is more likely to emphasize quality of life values, relationship, and nurturing behaviour toward people in society.

5. **Long -term Vs Short -term Orientation** reflect the extent to which people are oriented towards the future by saving and being persistent as against being oriented toward the present and the past by respecting tradition and meeting social obligations, living and spending to enjoy the moment.

Hofstede (1984) also indicated that societies which score high on individualism, and low on power dimension, have a higher economic growth and greater tendency to innovate. High individualism with low power distance and weak uncertainty avoidance would encourage pro- innovative culture and entrepreneurship. Moreover, as cultures become less individualistic and more collectivist, people are more likely to identify with the group to which they belong, diminishing the degree of control that they feel over their environment.

III. CULTURAL TRAITS RELEVANT TO ENTREPRENEURSHIP
The particular cultural factors, attributes and variables found in the literature and relevant to entrepreneurship are discussed below:
i.   Family background and tradition in self-employment: A characteristic of entrepreneurship is that it tends to pervade family life, with the entrepreneur being unable to divorce business from social living (Deakin, 1996). In this respect, family background plays a role in two ways: (a) It inculcates a business culture and (b) It may provide access to capital and information within the family.
ii. Religion determines a person's basic values and beliefs which in turn affect entrepreneurship (Weber, 1976).
iii. Formal education: The manner, in which the young are conditioned from an early age and the fact that dominant approaches are frequently reinforced within family life, plays a significant role in the initiation of characteristics generally associated with entrepreneurial behaviour (Gibb, 1996).
iv. Consequence of History: The resultant characteristics of the society may determine the extent to which their structures are designed to enable expression of individualism and collectivism, conformity or deviancy, equality or hierarchy (Haggett, 1983). These are political and social systems which serve to grow people who are either fostered or lacking in the personal attributes generally associated with entrepreneurship, particularly leadership, creativity, self-reliance and self confidence.
v.   Ideological Practices of a population refer to the pattern of thinking which is most characteristic (Burrows, 1991). The practices relevant to entrepreneurship are: (a) the manner in which failure is viewed, and (b) the management of financial resources at an individual's disposal. Some societies appear to have a low tolerance for failure. Such societies stigmatize entrepreneurs who have tried but failed. Some societies applaud entrepreneurial behaviour and failure in enterprise has few associated negative connotations. Rather, the significance and value of having applied personal initiative and enterprise, albeit unsuccessfully, is viewed positively. Furthermore, within some societies, -there is a practice of saving for the future, while within others; the focus is on living and spending to enjoy the moment. This has an implication for the amount of personal funds that may be available for investment in business.
vi. Prevalence of an entrepreneurial culture: An entrepreneurial culture is seen as "a set of values, beliefs and attitudes commonly held in society which support the notion that an entrepreneurial life system is desirable, and that, in their turn strongly support the search for effective entrepreneurial behaviour by individuals or groups" (Gibb, 1996). Entrepreneurial behaviour has been defined as "...the sum of activities that can reasonably be construed as likely to lead to greater and/or better results in any human endeavour, from playing football, to courtship, to running a business or the economy of a nation; so an element of risk-taking, an element of drive, vision and planning will constitute part and parcel of this entrepreneurial behaviour" (Dondo&Ngumo, 1998). An entrepreneurial culture nurtures individuals in original and significant ways (Joynt& Warner, 1966). It does not stigmatize entrepreneurs who have tried but failed; rather it recognizes the positive influence of entrepreneurs/ entrepreneurship on society and serves as an incubator in the entrepreneurship initiation process (Johannison, 1987). Moreover, those economies and regions which have flourished in the late 20th century have a common business culture which can be broadly described as entrepreneurial (Davidsson&Wiklund, 1985). The converse is also true: In societies where entrepreneurship is tainted with charges of profiteering, speculation, corruption, violence and criminality, it has not been well received. This negativity may be an inevitable stage of traditional development (Bateman, 1997), but it also may foster strong and durable anti-entrepreneurial values.

vii. The dominant culture attitudes, values and beliefs of a population at one particular point in time will result in a particular common mindset relative to the degree to which entrepreneurship is supported by society (Gilder, 1971). In particular, the extent to which these culture attitudes are communal or individualistic has been identified as significant (Morrison, 1998). Societies that predominantly hold strong communal and collective values do not support individualistic wealth creation through entrepreneurship, while those with strong individualistic values generally do. Furthermore, in those countries where there is moral obligation to

provide for the community, the priority for income earned is to the community as opposed to investment in private enterprise.

IV. NIGERIAN CULTURE

It must be made clear from the outset that Nigeria is composed of more than 200 different ethnic groups and sub-ethnic groups. If you press for an answer, members of each ethnic group would accept having something "in common" with other groups, and many other things "not in common". Attempting, therefore, to discuss the "average Nigerian" or "Nigerian culture" is a hazardous business. Some Nigerians may even argue that there is "no average Nigerian", and there is "no Nigerian culture". But the fact is that all Nigerians comprising all the different and numerous ethnic groups have had a long history (since 1914) of being administered as one unit under the same political and economic system. It should not be out of place to assume therefore, that increased knowledge of each other, combined with the need for a sense of common identity; the cultures of the different ethnic groups in Nigeria are converging and integrating. However, the perspective presented here is based on the author's own observations and experience rather than an exchange of literature and research findings. The particular Nigerian cultural forces are discussed below:

4.1 Religion

Berger (1991) suggests that religion is an important cultural root associated with the development of entrepreneurship in North America. According to him, religion, introduced the concept of individualism, stressing diligence, reliability, fidelity and responsibility in all matters. Thus a solid foundation was laid for entrepreneurship when the American family agricultural culture and the new religious ethic led to new forms of production which emphasized hard work, frugality, individual accountability and reliability as well as habits of self regulation and personal drive.

Religion may not have played such a crucial role for Nigeria as far as entrepreneurship development is concerned. Our cultures did not imbibe the concept of individualism and churches inadvertently discouraged entrepreneurship. In their sermons, the churches continued to condemn the rich with assertions such as "the love of money is the root of all evil" and "it is easier for a camel to go through the eye of a needle than for a rich man to enter heaven". In a country seriously religious like Nigeria, no one knows the harm these messages cause to efforts aimed at creating enterprise, innovation and achievement. What is more, those people who exhibited some entrepreneurial spirit were often rebuked in public and in social places, while those who remained poor and generally unsuccessful were consoled since" it was not their fault". No wonder, Karl Marx had remarked that religion is the opium of the people.

4.2 Communal Spirit:

Cultures in Nigeria did not encourage individual autonomy in their membership. From time immemorial, Nigerian cultures practiced a policy of "communalism" or "collectivism." Consequently, all activities like tilling the land; building living quarters, food security, etc., were approached collectively. Even children belonged to the collective society. The strong and able members were required to help the less able members of the society. This practice continues even today, in varying degrees of intensity by several Nigerian ethnic groups.

The communal approach to life has implications on entrepreneurial behaviour. First it does not encourage a savings culture. It is not uncommon that a Nigerian in regular employment supports ten other members of his community in one way or the other. It therefore becomes very difficult to accumulate sufficient savings with which to invest in a new business. Without investments, there will be no jobs that can increase the number of working population and reduce the number of "mouths' one person has to feed. In this way, the communal spirit becomes a millstone around the necks of aspiring entrepreneurs; acting as an inhibitor of entrepreneurial development. Moreover, the communal spirit may have had a hand in the high level of corruption in Nigeria about which Transparency International has been commenting upon. Whether it is in employment, or in the award of contracts, the priority or preference is to members of our community. Where members of our community cannot have it; "outsiders' have to 'buy' their way in. What is more, the perpetrators of these acts may feel justified. African ethics (Nigerian inclusive) forbid stealing, particularly from co-ethnics. However, stealing from "strangers", "outsiders" and the government where what is stolen is redistributed within the community, is permissible (Quarcoopome, 1987). No one knows how much this behaviour is costing the country in diminished potential benefits or productivity.

The communal approach to life may also have contributed to stunting the development of social capital in Nigeria. (Social capital refers to the level of inter-personal trust within a society). Despite the rural-urban migration, further education, and in spite of government initiatives at national integration with programmes such

as the National Youth Service Corps (NYSC), etc., all members of even Nigeria's urbanized population, can say without hesitation to which tribe they belong. A nation's economic and human resources are not sufficient to guarantee its economic development. A nation's social capital must interact with the economic and human resources to ensure economic development. The prevalence of advanced fee fraud (419), sycophancy, corruption, tribalism, has all contributed to making Nigeria a low trust society.

The level of trust in a society, (i.e. social capital) also affects the incidence and scale of business in society (Utomi, 1998). In a low-trust society, one cannot take for granted that non-family members or non-tribal members will be honest, loyal and co-operative. Therefore businesses are likely to be small; not larger than what the entrepreneur and his family members can control. Even where family members do not have the necessary skills, entrepreneurs may be unwilling to handover management to professionals since the people cannot be trusted. While trust may abound within the family the level of trust between family members and outsiders is low. This has implications not only for the size of business but also for their growth and survival.

4.3 Respects for Seniority and Authority
Dondo and Ngumo (1998) have given a perfect perspective of the African culture of respecting seniority, and authority. Africans (Nigerians inclusive) respect seniority. Seniority can emerge from age (gerontology) or it can also be derived from official rank or education (professionally). It is this seniority that makes our educational institutions, particularly primary schools very weak breeding grounds for future entrepreneurs. In those institutions children are inculcated with conformist ideals, while their natural curiosity is suppressed. They are taught how to obey and respect senior people, and that success- of their future careers can only accrue from this type of respect. The parents again, due to seniority of age, consolidate and reinforce this type of conformist behaviour in the home. At work, the senior officers expect to be respected, such that their decisions are not questioned whatsoever. It is this type of obedience to seniority that leads to both "power distance" and "risk avoidance" through obedience to the system, and which discourages trial and error attitudes and learning from mistakes in business behaviour. The fact that one feels "powerless" or less powerful in relation to others results in a dependency syndrome and as such, entrepreneurial traits such as self confidence and decision making ability are seriously eroded.
 Seniority could also accrue from an enhanced economic status. People who are generally more affluent are often held in respect by those who are less affluent. This is the case even if the more affluent are the subject of gossip and intrigue from those less well off. Thus, in the Nigerian society, the person who is more educated is the same person who is likely to have a higher rank, is more affluent, and is certainly more senior in age. The combination of these factors creates, on the one hand "seniors" with autocratic tendencies and on the other hand "juniors" who are not only incapable of taking responsibility but are also docile and obsequious when it comes to their relationship with their seniors. This combination of these factors cannot be regarded as a fertile breeding ground for entrepreneurs.

4.4 Belief in Destiny, Magic "Medicine" and Witchcraft
It is generally known that, in many communities, cultural beliefs such as witchcraft and superstition affect the relationship between men and women. There are many working people who believe that promotions, or opportunities for advancement, require the application of "medicine" to influence superiors in their favour. By extension, there are those persons who believe that the reason they have not climbed substantially up the corporate ladder is as a result of witchcraft being used by their competitors, rivals or enemies. Thus, if an entrepreneur starts a business which fails, it is due to witchcraft "juju" or even jealous kinsmen. Others will say that "God wished it to happen". It is generally accepted that an entrepreneur takes responsibility for what goes wrong, and does not attribute failure to Destiny, external forces, or the hands of evil people. The entrepreneur uses the resources available to him or her to make gain, and regards failure as a learning experience and a reason for better planning and more diligence. In the Nigerian situation, the tendency to refuse to accept responsibility and to attribute adversity to external forces is an inhibitor towards the cultivation of an entrepreneurial culture.

4.5 The Paradox of Plenty
Nigeria presents itself as a paradox; a rich country with poor citizens. Several attempts have been made to explain why Nigerians are poor when Nigeria is, in fact, very rich. The only plausible conclusion one can come to is that Nigerians have been too busy sharing Nigeria's wealth to have time to create their own wealth. Again at the individual and community level, the effects of natural resources, particularly land, can be identified as the reason why certain communities appear to be more entrepreneurial than others. Those communities that have little land have to identify other means of survival and have often migrated from their ancestral lands in search of "greener pastures", green both literally and figuratively. Thus, the availability of natural resources (such as

ample arable land) can be an inhibitor of entrepreneurship, while its absence may lead to higher entrepreneurial activity. That is to say that, in this scenario, adversity promotes entrepreneurial activities.

IV. CONCLUSION

It has been averred that the Nigerian society has a communal life system which is not conducive to savings for investment and which can lead to entrepreneurial myopia and even corruption. The paper also mentions how the Nigerian culture tends to explain poor performance or bad happenings to destiny or evil spirits; how it encourages conformist behaviour, respect for age and authority thereby discouraging independent thought and behaviour. These beliefs and practices can inhibit the evolution of an entrepreneurial culture in Nigeria. We need to change these beliefs and practices. We need to identify and document our role models; people whose exemplary and wise entrepreneurial behaviour our new generations can emulate/imitate. Our people need to be trained to realize that business can both be enjoyable and ethical. Furthermore, as much as we can be mindful of the welfare of the less fortunate in our communities, we can demand and indeed expect members of our community to engage in honest hard work. No society ever developed with only a handful of hard-working persons, while the rest were content with begging.

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