

## Strategic Technical Partnerships between Entrepreneurs and Corporate Ventures for Competitiveness and Sustainable Development in Nigeria

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### Abstract

Entrepreneurs, their start-ups and businesses in Nigeria and Africa/ experience many challenges and few survive two to five-year range. Some of the challenges include lack of business savageness and plans, handful corporate investors and venture capitals and the need for these fund centers to appropriately understand entrepreneurs, their businesses and markets. The study examined the structures and operations of the strategic technical partnership between corporate investors/venture capitals and entrepreneurs businesses for enhancing sustainable business performance innovation and competitiveness. Such corporate include banks, governments, private equities, investors and non-governmental organizations operating in banking, financing agricultural, energy and power, and other technological sectors. Findings showed there exists urgent need for more alliance, understanding and patience with the enterprises, structures and markets by corporate investors and capitals. These bodies can organize as syndicates to help in funding research and innovations in project execution and marketing strategies and stretching new technologies. It is recommended for the development of the entrepreneurial spirits, more of training, coaching and mentoring of the business desiring and trainable entrepreneurs in view of the weaknesses noticed in Nigerian entrepreneurs.

**Keywords:** *Corporate Ventures, Corporate Capital, Entrepreneurs, Strategic Partnership, and Innovation*

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## **Background to the Study**

As given in the literature, the immense growth that has been witnessed in the developed nations has been accounted for by means of collaboration, development and empowerment. This is evidence in all sectors of national economies including entrepreneurship, banking and finance, IT, other corporate venture and government and non-governmental organizations. This should be the context and the way forward for the sustainable technological and innovative development of entrepreneurship sectors in Nigeria and the Africa continent.

The above stated path and paradigm shift will at least for Nigeria and Africa will provide the critical path and possible solution to the objective of the millennium and the new agenda for sustainable development goals (SDG's) which came into effect in 2010. Answers for certain critical and urgent development needs has also given heed to clarion call for all stakeholders on the sustainable business and technological development of entrepreneurship and SME's in Nigeria. These stakeholders include the corporate ventures, corporate capital, banks, IT companies, government and non-governmental organizations (NGO's). In appropriate services, expansive interventions that cut across all field of the entrepreneurs, education, training, and mentoring, operational/structures, financing and marketing strategies.

There exist the urgent need to identify, document and analyze these interventions in the interactive processes between the entrepreneurs, their business and corporate ventures. Close monitoring of the relationship between Nigerian entrepreneurship and corporate ventures/capital is needed to stimulate the strategic technical partnership discourse. The basic attempt is to formalize the role of corporate ventures/capital and consider how it resonated with available evidence and the implication for public and private policies and strategies. This accords with one grand idea in development economics which states that development requires structural transformation of what how and where production and consumption takes places from low-value added, low productivity, low technology and rural based activities to more technological productions higher value added in services and manufacturing located incites. This also include analysis of the impact of entrepreneurship development on developing countries path to business growth innovation and competitiveness (Braton et al 2008, shine 1997).

## **Objectives of the Study**

This paper provides an overview of the state of strategic technical partnership between entrepreneurs/ their businesses, markets and corporate ventures and capitals. It is concerned with the identification, documentation, analysis, theoretical insights, value intersection, interactions of entrepreneurs in Nigeria corporate ventures and capital. The result and state of strategic partnership for development, innovation and competitiveness in terms of quality product and services and the extent of market dominance locally and internationally. The sub-objectives are as follows;

1. To examine the strategic partnership between entrepreneurs and corporate ventures in Nigeria especially with regards to analysis of the conceptual and theoretical perspectives.
2. To examine the role played by corporate bodies, ventures and capital in enhancing the strategic technical partnership in terms of competitiveness and sustainable development.

3. To examine the outcome of the strategic partnership between the parties in terms of organizational competitiveness and sustainable development in Nigeria.
4. To examine the conclusion and recommendations for up-scaling and improving the strategic technical partnership for the parties for competitiveness and sustainable development.

### **Conceptual and Theoretical Perspectives**

Schumpeter (1950) defined the entrepreneur as the coordinator of production and agent of change, creative disruption. That is an innovator, the view among scholars emphasizes the opportunity grabbing for profit nature of entrepreneurship (Shane and Ventakaraman, 2000), particular in developing countries where market disequilibria may be common. Behavioral definition also stress the risk-taking dimension of entrepreneurship especially developing countries characterized by high risk and uncertainty and pro-dominance of small and medium scale enterprises. In these cases, policy implication stress government policies, promoting entrepreneurship reduce uncertainty and transaction cost. A synthesis definition that combine behavioral and occupational views defines entrepreneurship as the resource, process and state of being through and in which individuals utilize positive opportunities in the market by creating and growing business firm (Gries and Naude 2011).

### **Theoretical Perspectives**

Entrepreneurship is not restricted to innovation and business development but as a social phenomenon reflects broader institutional characteristics of the society, as catalyst for structural change and institutional evolution such as of corporate investor venture capitals, government special and financing agencies non-governmental and international development agencies.

As a resource, a funding, investment and capital related concept, entrepreneurship has instrumental value and as process, it encompasses that start-up, growth and exist of firms and as state of being, entrepreneurship is often valued in itself. The process also describes entrepreneurship opportunities that is, when goods can be sold at profit (Venkataraman, 2008). As state of being, opportunities further the kinds of lives they discuss.

The Gries-Naude structural model or entrepreneurship building on earlier works stakes that entrepreneurs trigger an investment in the another sector once they have perceived profitable opportunities and facilitate re-allocation of production factors from traditional to modern sector Pareto (1999) provided the indigenous growth model if the long-run transformational transform from a growth path driven by capital accumulation to that driven by knowledge accumulation an innovation-driven economy. Nelson and Pack (1999) assigns a key role to the effectiveness of entrepreneurial ability which is vital determinant of the rate of assimilation of technology and road.

Also through entrepreneur create positive externality through bringing new goods and services to the market, show casing new technologies, they also promote pecuniary externalities by providing information and process on the profitability if new activities cost-recovery functions, which information are often lacking in developing economies

(Hausmann and Rodrik 2003). According to this theoretical perspectives start-up and early-stage enterprises in Africa countries face many challenges and few survive such issues range from a lack of business savviness and viable business plans to only a heedful of corporate and angel investors in most markets (Business Quotient Magazine April 2016).

Economic theory: economists see an entrepreneur as a man who perceives economic opportunities and takes advantage of scarce resources to exploit the opportunities. Relevant are the structure of economic incentives that are available in the market. Thus, the structure of economic incentives has acted as stimuli for emergence of entrepreneurs and have also influenced positive responses in terms of behavior and performance (Killby, 1965).

Socio-cultural theory: this approach sees entrepreneurs as a social role and entrepreneurial development as a function of the form of society and characteristics of culture. Socio-cultural environments have aided entrepreneurial emergence by providing funds, business ideas and other forms of social supports, thus directly influencing the processes of emergence behavior and performance of entrepreneurs. Political actions have been reported to have influenced the processes of emergence behavior and performance of entrepreneurs. Africa is certainly on the venture capital (VC) investors have to be patient for returns and they need to spend time on the ground to understand the market.

### **Corporate Venture Capital**

Corporate venture capital (CV) is a strategy to enter industries and markets by employing sources of funds capital and investments. (Business Quotient Magazine April 2016). Reports that such corporate have much to gain in strategic start-ups in Africa. That is, by staying in touch with innovation and on-the-ground solutions to problems has led a wave of corporate (CVC) investments and funds for start-up and SME's African countries. CVC's is happening in a variety of sector such banks has foremost sector, information technology (IT) companies, venture capitals, angel capital, government and non-governmental and international development institutions. There is a vast market for them in Africa subject to the need to test and understand the environment. Reports emerged from a panel discussion highlighted that CVC's and start-up seem to have a perfect marriage. That is, while the start-ups innovate the corporate are experts of execution and bringing the products to markets skills and teaching duties that the young start-ups founders usually do not have. The report stated further that in terms of contrasting approaches that "dump-money" and a lack of value added that CVC's in the US are criticized for is less an issue in Africa because professional teams are used consisting of expert equity and VC ex-executives.

### **Angel Investors**

Such investors include friends, family, mentors, coaches play the role of guiding and developing the entrepreneur and exit when the VC or institutional investor come in. there are seed investors which often follow what the CVC's and VCs are looking for when choosing a sector to invest in banks for instance are creating lot of interesting investment by the angels (Business Day, June 2016; Business Quotient, April 2016).

Many entrepreneurs approach banks or VC's too early without viable model and no skills to execute their ideas, angel investors can be very useful in this context of investors lack experience to properly assist the start-ups. Many governmental and non-governmental development organizations can be very good roles to key start these new entrepreneurial businesses.

### **The Entrepreneurs**

Many entrepreneurs at least in the developing countries do not have the right skills and profitable business models behind their ideas (Ogundele, 2005). A typical start-up founder is often someone young with an innovative viable product, ambition and general intelligence. Inexperience shows that the idea is simple not a viable business for most investors (Business Quotient April 2016). Other problems of entrepreneurs include poor communication skills on their exact idea and business model, lack of innovative solution, courage and ambition to expand their enterprises locally or abroad. The Nigeria entrepreneurs need the strategic technical partnership with corporate ventures, investors and capital for business innovation and competitiveness.

### **Methodology**

The paper is based on theoretical approach. The data was collected from the secondary source that include journals, articles, magazines, newspapers and text literature. The conceptual and theoretical perspectives were derived from research papers, articles and text materials. A qualitative analysis of these data sources, concepts, theories and the activities and programs of corporate ventures, corporate bodies, and corporate capitals was made. The resulted in the analysis of strategic partnership and relationship between entrepreneurship structures and programs of the corporate ventures, capital and government and non-governmental organizations including banks, IT companies, government parastatals and international development bodies. These analysis was followed by the discussion of the data and the effect of the business development, innovation of the competitiveness of entrepreneurs in Nigeria.

### **Analysis/Discussions**

#### **Banks**

In reviewing the outlook on the small and medium scales enterprises (SMEs) in Nigeria, the role of such corporate as banks play in the business development and strategic. Technical partnership with Nigerian start-ups and other entrepreneurs became evident.

First, through free business advisory service types held across the country, a number of banks have helped the Nigerian entrepreneurs raise the level of innovation orientation and competitiveness in the national and international marketplaces through seminars, conferences and other economic for the banks, Diamond, First bank, Fidelity, Wema, Access and some others have on the for some years and strengthen strategic technical partnerships in terms of fundamental long-term collaboration, financing knowledge sharing and management to enhance business start-up, growth and effective, marketing strategies across the different regions of the country. By continuous advisory services and capacity building, programmes, Nigerian banks continue to support SMEs through provision of low-cost current account and loan prod nets (Business Day Special Report June 2016). These corporate

capitals that propel SMEs development, innovation, performance and competitiveness include free one-on-one business activity sessions, virtual advisory sessions on experience and knowledge sharing and other profit tailored financing for market clusters, business value-chains, asset finance and working finance, commercial support, overdraft and cash focused liability products, business activities and other businesses enabler accounts.

### **It Companies**

In recent times the government and economic sectors have realized the need for education in order to obtain sustainable development. The sectors include IT, manufacturing oil and gas drive entrepreneurial development by means and knowledge interventions across all levels of education. The notable IT companies in Nigeria that include Etisalat, MTN, Airtel and some have established and operated programmes and other forms of knowledge sharing and competitiveness enhancing entrepreneurs, start-up and existing enterprises. A major example is the Etisalat telecommunications engineering post graduate programs (ETEPP) which runs in partnership with Ahmadu Bello University, United Kingdom and Etisalat Academy in the United Arab Emirates. It is the first ever Postgraduate degree course in telecom.

### **Government Agencies**

In Nigeria there are 37 million where small and medium scale enterprises (SMEs) in 2013, which contribute 48% collectively employed some 59.7% million people representing 84% of the labor force (NBS 2015). The Nigerian government in recent times has shown strong witness in mortaring SMEs as evidenced by the reduction in business registration costs by 60%. The adoption of pioneering technologies in agriculture and financing services, the allocation of 220 billion naira to support the growth of the SME sector given the problems due with sourcing of bank loans, lack of appropriate collaterals, Bank of industry, current successful in intervention is #10 billion. The youth entrepreneurship programs designed to address youth unemployment, the national MSME policy envisions a sub-sector that can deliver maximum benefits of employment generation, wealth creation, poverty reduction and the growth of the economy.

### **Development Agencies**

These include expert fund, which is managed by BOI for the Africa Development Bank (ADB) the guarantee trust bank partnership with agencies franchise de development (AFO) for the launch of #3 billion AZIZ portfolio guarantee scheme, an initiative designed to boost financing for business start-ups and development projects in Nigeria as rich-sharing scheme. Research has shown that firms able to effectively utilize ICT can provide small firms with a strategic advantage, which can positively influence their competitiveness. Experts in seminars and conferences such as technical partnership had 2016 within Nigeria and Africa from different technological agencies and private companies agree in the need for the Nigerian youth to become more innovative in developing software disrupt technology, worth and allow Nigeria compete favorably in global economy.



### **Venture Capital**

Africa, including Nigeria in recent times experience a wave of corporate venture capital (CVC) investments and funds. Google and Microsoft realized there is vast market and have invested CVC's are widening investor pool for later-stage companies. There is strong interest in the mobile and digital industries such as health care and insurance.

### **Agriculture Corporate**

The answers to challenges of feeding a growing population are innovations in farming technology. Small holders farmer in Nigeria and in Africa have seen a rise in productivity over the last decade. Such technological partnerships between corporates and SME's include

1. Dairy which link smallholders to daily processors, cutting cost and raising income.
2. Fertilizer deep placement increases small holder yield.
3. Mobile Apps which provide online agricultural information to rural farmers/communication.
4. New feeding system for far animals which improve productivity by reducing feed cost
5. Firm management soft-wares and training which calculates rations and milling system.

### **Power and Energy Corporate**

The deregulation of the Nigeria power sector raised about #3 billion and provided opportunities for SMEs in the electricity solar energy value chains. SME's that have the capacity in the allocation or servicing of pre-paid meters will be in great demand. Also, the use of human surveillance pipeline monitoring time technologies provide business opportunities for SME's that can provide solution for gas pipeline that feed power infrastructure.

### **Non-Governmental Organizations**

They provide for SME's business leadership, coaching and mentorships especially for women and youth. Many were organized for women and youth to discuss pertinent issues affecting their business in a dynamic market place. They empower potentials of stalled and uneducated youth equipping them as entrepreneurs.

### **Conclusion**

The quota whereby the SME's sector could contribute to economic growth in Nigeria has been considerably hampered over the years as most SME's operators groan over lack of funds for set-up or expansion grants, loans and other focus of support. Building strategic technical partnerships with cooperator ventures and capital provide necessary solution for sustainable development innovation and competitiveness of Nigeria entrepreneurs in businesses. SME's are the biggest contributor to growth worldwide, drive the Asian economy and are the greatest employers of labor within the literature.

## Recommendations

1. It is believed SME's should actually be the main tool for diversification of agriculture, retail trade, Sme manufacturing of the Nigeria economy, widen tax net and revenue flows.
2. Entrepreneurship in terms of government policies and private sector involvement in institutions, natural economic development innovations, development and competitiveness engendering sector.
3. Greater efforts are needed on the part of corporate capital, ventures, government policies and programmes are need. This should be stepped up and widened to induce greater and sustainable development, innovativeness and competitiveness of businesses of Nigerian entrepreneur.

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