Business Management Strategies, Capital Formation and Sustainable African Development in the 21st Century and Beyond

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Abstract

This theoretical paper examined business management strategies, capital formation and sustainable African development inx the 21st Century and beyond (a case-study of Nigeria). Three research questions were formulated to guide the study. Relevant secondary materials were reviewed to buttress to arguments puts forward in the paper. The paper concluded that sustainable development in Nigeria and the rest of Africa in the 21st Century and beyond is based on the adoption of business management strategies, capital formation and government's provision of the real political goods as canvassed by the researchers. A number of recommendations were made one of which was that Nigerians need to have a change of attitude towards government and embrace entrepreneurship and the private sector as the driving force of sustainable industrialization and development.

Keywords:
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Background to the Study

This theoretical paper sets out to explore business management strategies, capital formation and sustainable African development in the 21ˢᵗ century and beyond (a case study of Nigeria). At independence, most Nigerians, as other Africans, looked up to the government to put three square meals on their tables, pay their medical bills, children's school fees, provide roads, water and electricity. In fact, provide all the good things of life for them. These were what they emereously thought were political goods or benefits of freedom from colonialism. Consequently, this wrong conception become the foundation of their attitude towards government whereas the real political goods available to truly independent people according to Almond, Powell, Jr, Strom and Dalton (2004) include "system goods (System maintenance and adaption), system process (participation in political imports, compliance and support), procedural justice (effectiveness and efficiency) and policy goods (welfare, security, fairness and liberty). It did not occur to politicians who championed the cause of freedom from colonialism to back up their effort with appropriate political education; rather, they began to fight for positions, tribal superiority, control of apparatus of state and recourses. Consequently, the people were deprived of a proper appreciation of the real political goods that constitute the foundation for development. Unfortunately for Nigerians, the retreating colonialists capitalized on the ignorance and gullibility of the people to establish an exploitative dependence-development philosophy which still holds sway across the country. Maybe, our brothers from South Africa would tell us how many gold refining companies exist there, those from Democratic Republic of Congo and Zaire, how many diamond refining companies. In Nigeria, none of Shell, Agip or Exxom Mobil, etc. oil multinationals, has established a refinery in the country. This is against an obvious economic factor of siting industries close to the source of raw materials.

The importance of business or the private sector to the development of any country cannot be over emphasized; especially when its multifaceted effects on the socio-economic, scientific, technological and political development of a country are considered. For instance, development of the industrialized countries is driven by the private sector. Many of these countries rely on small-scale and medium enterprises as well as multinational corporations for sustainable development. For instance, apart from multinational corporations, the United States boasts of 23 million SMEs that employ more than 50% private work force and generate more than half of the nations GDP; in the EU countries, SMEs account for 99% of all companies and 65% of business turn over and in Taiwan, SMEs generate 70% of jobs that employ less than 20 workers each with 40,000 firms accounting for 75% of this country's exports' (NIM/NYSC Programme – SMPE 104). Nigeria cannot be an exception.

For Nigeria to join the league of countries that enjoy sustained development, Nigerians have to have a change of attitude from expecting government to spoon feed them to providing them with the real political goods to enable them drive development from the private sector. Successive governments in Nigeria have experienced distractions from providing real political goods for the people due to political instability lack of a well articulated development philosophy and policy, a high import consumption culture and over dependence on government. This explains why 55 years after independence, the country has no definite industrial development policy, its integrated development efforts epileptic and its educational system wishy-washy.

Methodology/Literature Review

In order to address the issues raised in the introduction, both methodology and literature review were taken together as shown below:

Research Questions 1

What kind of business management strategies will ensure sustainable development for Nigeria and Africa in the 21st Century and beyond?

Business Management Strategies

Edwards and Edwards (1996) have identified individual qualities of successful entrepreneurs (self-employed people) to include;

1) Develop the confidence, motivation and self-discipline to succeed;
2) Overcome uncertainty, fears and self-doubts;
3) Create a profitable, secure and enjoyable work style,
4) Get the world to take you seriously,
5) A directory of loans, advisers, government resources and classes.

Methods to assess your personal strengths, and weaknesses and strategies for taking adversity in stride. Lester (2008) surveyed 21 businesses that are globally successful and concluded that the businesses used methods that assessed their personal strengths, weaknesses and strategies for taking adversity in strides. These businesses cut across clothing and customer brands, food and drink, manufacturing,, media, services and retail, technology and websites. Most of the properties started with very little capital but backed it up with a clear vision and passion to provide goods and services that are unique as well as tailored to give consumers value for money. They now arouse global attention. Examples include Adidas, the Coca-Cola company, Volvo cars, Nokia, Sony and Google. Lapan (2008) outlines strategies and management principles that cut across sourcing for resources, their optimum combination, utilization, evaluation and fall-back alternatives. All these business management strategies are captured by Collins and Porras (2002) in their book; *Built to Last*.

Built to Last (2002) is a careful and thorough survey of the characteristics (habits) of visionary and very successful companies in the United States when judged against the performance of other companies. Collins and Porras (2002) have painstakingly identified why these companies do well. The following eight characteristics were identified as factors that made these companies excel with the ninth added by these researchers as shown in Diagram 2 below: The researchers strongly recommend the adoption of these strategies by companies operating in Nigeria or throughout the African continent.

Diagram 2: Characteristics of Highly Successful Companies in the United States.
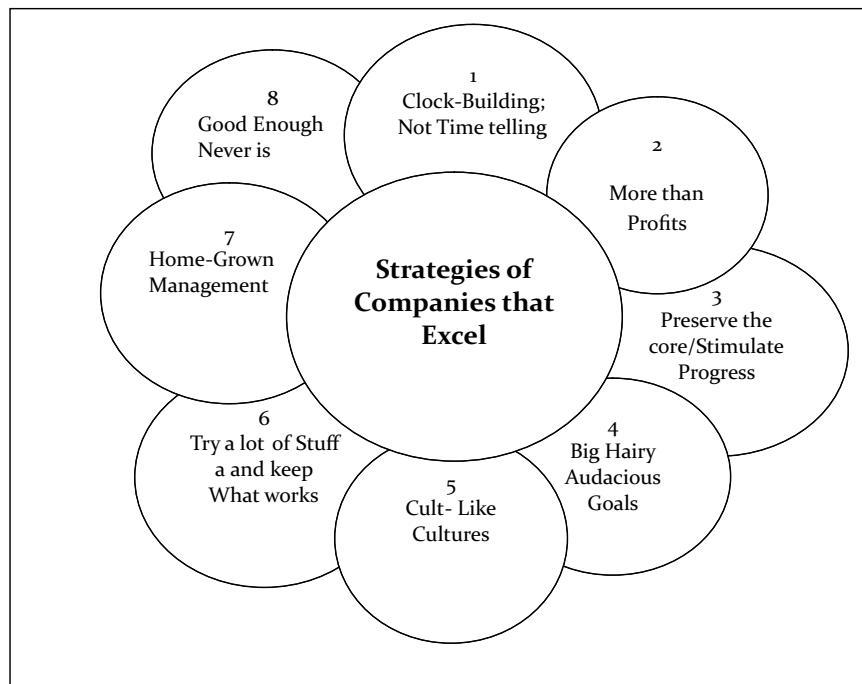
1) **Clock building, not time telling** — The companies are not conscious of hours of work; rather what needs be done; a sort of clear-table policy and customers' total satisfaction.

2) **More than Profits** — These companies are not only concerned about profits but an overall satisfactory service and products that guarantee profits.

3) **Preserve the Core/Stimulate Progress** — All efforts are made to preserve the core values of the companies while they keep striving for progress.

4) **Big, hairy, audacious goals** — Lofty goals are set for the companies that challenge both managers and staff to attain.

5) **Cult-like Culture** — everything is done to maintain the cultures of these companies.

6) **Try a lot of stuff and keep what works** — This is based on pragmatism, having several options on the table as possible solutions problems.

7) **Home-grown Management** — Assignments and responsibilities should be given to tested and proved staff who demonstrates total commitment to the core values of the establishment or organization.

8) **Good enough never is** — There is no level of excellence that the organization attains at which no more effort is made to improve; and

It is quite clear that the concepts discussed in *Built to Last* (2002) are quite illuminating by virtue of the core values of private companies in Nigeria. However, *Built to Last* (2002) appears to be incomplete without featuring a characteristic or habit on "Motivation Culture". The motivation culture envisaged here should focus on a reward system that will ensure job

satisfaction and engender explicit and implicit loyalty and commitment of workers to the core values of their companies. For instance, Byars and Rue (1997) report that Lincoln Electric Company celebrated its 100th anniversary that year (it's now about 118 years old). The 2000 blue-collar employees of the Cleveland, Ohio-based manufacturer of arc welders don't belong to a union, had never gone on strike and deferred 614 weeks of vacation in 1994 to meet worldwide demand. The key to Lincoln's success is that it "bases its pay on performance and sets virtually no limit on what employees earn". An interesting point is that the employees have not experienced any lay off since 1948 and received annual bonus for the past 61 years (in 1997 but now about 79 years). Bonuses are paid to employees yearly, sometimes as much as 50% of their annual earnings. Some companies engage in "gains' sharing", e.g. Whirlpool Corporation based at Benton Hanbour, Michigan. This company's programme is designed to provide employees with incentives to treat their work as though they were the owners of the company.

Motivational Culture as a Management Strategy
It is necessary to observe at this point that the inability of companies that excel, as analyzed by Collins and Porras (2002), to have a definite compensation policy for their workers though they subtly acknowledge their workers' contribution to the success and survival of the companies, is unfair. There should be an established culture of motivation that is synonymous with the goals, objectives and core values of the organization. This characteristic is added by the researchers; and not part of the eight analyzed in Built to last. The absence of a sustainable motivation culture explains why many companies' staff in Nigeria 90 on strike to press home their entitlements that should ordinarily be given them. If they were treated as co-workers of the business, it will act as motivation for them because they would not close the doors of their business.

Research Question 2:
What are the methods Nigerians and other Africans could use to generate or build up capital for sustainable development in the 21st century and beyond?

Capital Generation/Formation
One of the most difficult problems Nigerians have faced is capital generation/formation. We imagine this may be the same problem faced by other Africans too. Capon (2008) has listed several sources of capital for business investment to include: Internal financial resources, external sources such as equity finance (shares of various categories), rights issues, listing on the stock exchange, underwriting and loans financing. It has been particularly difficult (indeed, impossible) for most Nigerians who have business inclinations to raise capital from these sources because they lack property rights that should be used as collateral (Guest, 2004). The only way out of this is for government to activate dead capital lying waste across the country. Guest (2004) argues that if Africans title to lands could be provided, billion dollars of capital value could be activated to provide the needed capital for investment and, expansion of existing businesses. However, impediments to capital formation among Nigerians include the following factors: low incomes (seasonal and regular), high consumption propensity, ostentatious life style/revelry, lack of commitment to goals, lack of mutual trust misplaced priorities and huge social responsibilities and the Land Use Act first promulgated as the Land Use Decree in 1978. James (1987). This law took away ownership of land from (a) Nigerians.

Although it spreads a wool of certificate of occupancy, statutory right of occupancy and customary right of occupancy across land ownership of Nigerian, the fact is that no lending institution is confident in the rights of any Nigerian over any piece of land. In any case, Nigerians enjoy possession and occupation of land for a maximum of 99 years and the land reverts to the government unless the rights are renewed again. This is why Nigerians cannot easily raise capital for business purposes.

Research question 3:
Which better strategies could Nigerians and other Africans use to ensure sustainable development in the 21st century and beyond?

Development in Nigeria
There are two patterns of development in Nigeria; the period of colonialism and that after independence. British development philosophy in her former colonies is vividly captured by Ngugi (1969), Fanon (1980), Foster (1980), Abraham (1968) and Rodney (2005). In this paper, we define development to mean an improvement of the mental, physical, and social conditions of a people with a potential for continual self-improvements that makes living meaningful.

Based on this definition, we argue that the colonial masters had a skewed selfish development strategy as could be seen in the construction of European Quarters (for their comfort here) seaports for shipping raw materials abroad and railway lines for evacuation of raw materials from the hitherland to the seaports. In others words, they preserved a dependent-development philosophy and policy. Even today, multinational companies doing business in Nigeria or Africa continue with the same development philosophy-a visit to Shell Camp in Port-Harcourt will convince any doubting person of the differential development practices in vogue. The cumulative effect of this is that the finished products, that come back to Nigeria (and other African countries) incorporate the cost of shipping raw materials abroad, processing them into finished products, shipping the finished products back to consumers and of course, a margin of profit for the businessmen. This explains the perennial poverty among Nigerians (and we believe other Africans too) whereas if the factories were sited close to the sources of raw materials, the shipping costs of raw materials and finished products could have been avoided thereby lowering the cost of finished products and, thus, live more meaningful. The other aspect is that construction companies build houses on rails (cabins). On completion of their jobs, they transport the houses back home to Europe leaving the African jingle as they met it! If the houses were built on land, those operational coups of construction companies could become the nucleus of new urban or semi-urban areas. Business may also start off from these areas and, consequently, development.

The second is the post-independence period. Successive governments in Nigeria have focused on integrated development of the country. Here, too many factors have militated against its success. Factors such as tribalism, nepotism, political insecurity, poor policy articulation and corruption have been stumbling blocks on Nigeria's path of development. Though gigantic strides have been made by government in establishing raw material processing plants, assembly plants, steel mills and machine tools industries, these have not made the required effect because of lack of transfer of technology and brain drain. This is why although from the

University College, Ibadan in 1948, the country now boasts of nearly 100 private and public universities, an equal number of monothechnics and polytechnics as well as colleges of education not much has been achieved technologically. Furthermore, in realization of the contributions of the private sector to national development, government has made it mandatory for all tertiary institutions to have functional Entrepreneurship Development Centers to qualify for licensing and accreditation of programmes. Nigeria has equally made strides in land, sea and air transportation and the most revolutionizing development is the introduction of mobile phones.

The pattern of development that has evolved in the country since independence has been; mega cities (e.g. Lagos, Port-Harcourt, Ibadan, Kano, Abuja, Kaduna etc), semi-urban centers. Industrial cities such as Ajaokuta (steel complex), Eleme (petrol-chemical , orine fertilizer) Jos and Oshogbo (steel), Kaduna and Port-Harcourt (refineries) and Kainyi (hydro electricity) have been grounded for poor managerial expertise. The development pattern that emerges from this situation is:

a. Transformation of erstwhile farm/plantation/settlements to model rural centers with comprehensive amenities.
b. Urban-Rural development strategy whereby development grows from the urban centers towards the rural areas.
c. Industrial districts to less industrialized areas. This still needs clear government policies and appropriate political will to execute through well defined industrial development policies.
d. Rural-Urban strategy: This is known as community development. This is a strategy which identifies the felt needs of communities, harnesses human and material resources to solve identified problems under government technical guide and financial support.
e. Integrated development strategy-where all factors are taken into consideration; e.g. Lagos, Abuja and modernization of other mega cities in the country.

Causes/Effects of Insecurity on Development
The following researchers have identified causes of insecurity that cut across the whole gamut of human relationships: Abdulraliman (2008), Nweke (1985), Rodney (2005); Ezeani (2013); Guest (2004); Ademola (2007); Fanon (1963); Maier (2000); Dinneya (2006); Bassey (2007); Yaqub (2010); Eteng (2008); Bassey (2905), Garba(1987); and Best (2007). These sources give detailed analyses of the causes of insecurity, their multifarious effects and their capability of not only destabilizing the socio-political and economic stability of Nigeria but also their long-term effect on the over-all development of the country. These researchers cite factors such as competition to control the apparatus of state, resource control, real and perceived inequalities in the distribution of national wealth, absence of real political goods, ethnic and religious bigotism and inability of ethnic groups to discuss the basis for nationhood.

Sustainable African Development: The Nigerian Strategy
The communiqué of a National Workshop on Local Institutions as Alternative Strategies for Promotion of Socio-economic Development in Nigeria (1991) provides a good signpost to sustainable in Nigeria and the rest of Africa. Of particular interest is the portion of the communiqué which dealt with Community Development Associates and Official and

Non-official Thrift and Credit Cooperatives. The one dealt with integrated rural development and the other strategies for capital formation. These could be adapted in the industrialization effort of Nigerians as well as other Africans. Specifically, these aspects of the communiqué stated that:

Table 2: Communiqué on CDAs and ONTCCS

	Community Development Associations		Official & Non-official Thrift Credit Cooperation
1.	Effective collaboration between CDAs and government institutions should be intensified through without threats to the sovereignty of CDAs.	1.	Encouragement should be given to ensure that all thrift and credit cooperatives become more democratized and that all cooperatives stick to their role as business enterprise designed to faster th e economic upliftment of their members and satisfying their felt needs.
2.	The activities of Development Area Officers should be revived and re-invigorated all over the country. The DAOs should work in close association with the CDAs.	2.	More investment oppo rtunities should be created to allow rural cooperatives integrate with main stream financial capital flows in the country.
3.	A single coordinating agency at the state level is recommended for the CDAs, for such an agency is to be result -oriented. However, such an agency should serve as a clearing in use of information on CDAs in each state and should not exercise supervisory powers over CDAs.	3.	The people's Bank (then) should be made to carry out a census of all Cooperative Thrift and Credit Societies nationwide to provide comprehensive base line information akin to what the Directorate of Foods Keads and Rural Infrastructures is doing for CDAs currently.
4.	Women participation in Community Development as well as political activities should be enhanced. The contributions of the Country Women Association of Nigeria (COWA) should serve as an eye -opener to Nigerian women.	4.	Cooperatives should be given free hand to operate, and government interference should be reduced to the barest minimum.

From the research carried out for this paper, we have identified the following conditions as genmare to sustainable development in Nigeria and other African countries with the same characteristics as those that obtain in this country.

Findings

The following findings were made based on the analyses of issues discussed in this paper.

1. Nigerians and probably other Africans have the attitude of expecting government to provide everything for them instead of expecting government to provide the real political goods.
2. Nigerians as most other Africans do not embrace entrepreneurship as a key to a private-sector driven economy that will ensure sustainable development in the country.
3. Government in Nigeria as in most other African countries does not have a well articulated industrial or development policy that can ensure sustainable development.

4. Government in Nigeria has not tackled the problem of brain drain with the consequence that not only Nigerians who train abroad remain there but also a consistent emigration of home trained professionals to greener pastures abroad.

Challenges to Sustainable Development
Nigerians face many challenges in their effort to cultivate a sustainable development culture; some of which include the following:
1. Inability of governments to provide real political goods in the country (Almond, et al; 2004).
2. High turnover of governments especially during the military era. Each new government in power would be pre-occupied with efforts to legitimate it and during the democratic dispensation, majority tribes' interests are treated as national interests (Dinneya, 2006).
3. Mutual Distrust and Fear- For instance the reluctance of Nigerian governments since the end of the civil war to tap the technological feats of their brothers who were in Biafra for solution of today's needs beats the imagination of any right-thinking person. This is unlike the British and the Americans who brought together German scientists and technologists at the end of the Second World War (Peacok, 1982).
4. Neo colonialism- Evans (1969) captures this new trend vividly and concludes that the industrialized world is at the verge of re-colonizing the less industrialized parts of the world through the interests, policies and activities of multinational corporations. This argument is supported by Clarke (2008), Abdulrahman (2008), Fakiyesi (2008) and Chattarji (2008).
5. Brain Drain- This challenge can be overcome by first providing good liberal education which Huxley (1963) argue cultivates a harmonizing will or develops select intellect with the following as qualities of a good liberal education:
   a) That man has had a liberal education that has been so trained in youth that his body is the ready servant of his will, and does with ease and pleasure all the work that, as a mechanism, is capable of.
   b) Whose intellect is a clear cold logic engine, with all its parts of equal strength and in smooth working order?
   c) Ready like a steam engine, to be turned to any kind of work and spin the gossamers as well as forge the anchors of the mind.
   d) Whose mind is stored with knowledge of the great and fundamental truths of nature and the laws of her operation?
   e) One who, no stunted ascetic, is full of life and fire, but whose passions are trained to come to heel by a vigorous will, the servant of a tender conscience.
   f) Who has learned to love all beauty whether of nature or out; to hate all vileness and to respect others as himself?
   g) Who demonstrates technical skills and intellectual mission?
   h) Another measure is a deliberate policy of ensuring that Nigerians who train abroad return home to contribute to the development of the country. According to Evans (1969), this is what Israel does.
   i) Yet another measure is a policy that multinational corporations must establish factories in the country that produces finished products with a view to capacity building and development of local technical manpower.

Conclusion

This paper concludes that sustainable development in Nigeria and the rest of Africa is based on the adoption of business management strategies, capital formation and government's provision of real political goods as analyzed by Almond et al (2004).

Recommendations

The following recommendations were made based on the findings in this paper.

1. There should be a change of attitude from expecting government to provide everything for the people instead of providing political goods as listed in the introduction.

2. Nigerians must embrace entrepreneurship as a key to a private-sector driven economy that will ensure sustainable development of the country.

3. Government should properly articulate policies that will ensure sustainable development over long-term periods, e.g. Vision 2020.

4. Government should muster adequate political will to necessary enablement environment for the private sector to thrive by providing the real political goods as analyzed in the paper.

5. Government should institute an industrial development policy will make it mandatory for each of the 774 Local Government Councils to establish a viable medium-scale industry during each tenure. This should be a specific directive backed by appropriate legislation.

6. The same should go for the 36 states and Abuja which should establish not less than three (3) viable industries during their tenure. This, too, should be specific policy directives backed by appropriate legislation.

7. Government needs to tackle the problem of brain drain squarely as well as ensure that Entrepreneur Development Centers function in all tertiary institutions across the country.

8. Nigerians who study and/or train abroad should be encouraged to return home to provide the needed manpower and serve as scientific and technological capacity builders for the country.

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