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BUSINESS ENVIRONMENT IN NIGERIA: THE WAYS TO IMPROVE

Every country has its own business environment, just as every organization has its own set culture and business surroundings. While undertaking a business locally or abroad, the managers or CEOs of the organizations have to account for and consider all the external and internal as well as macro and microeconomic factors, which are likely to contribute to the success or failure of the business.

Nigeria is one of the most culturally rich yet traditional nations of the world. It is both male-centric country and class conscious, with men making most of the important household decisions and respect given to those with titles and degrees.

The Doing Business 2017 report, conducted under the International Finance Corporation and the World Bank, ranks Nigeria 169 out of 190 economies for overall ease of doing business, up 1 place from its 2016 rank.

A country's business environment is crucial for innovation and entrepreneurial development. It determines whether there are strong incentives for individuals to identify market opportunities and create wealth, jobs, and economic growth. An enabling environment that makes it easy for individuals to start up businesses, run them, sell them, and fold them if they are not successful, is one that fosters national economic growth. There are numerous indices that can benchmark Nigeria's standing in this area.

The costs of doing business in Nigeria are high. An adverse business environment can add substantial production costs to firms and stifle innovation and entrepreneurship. Electricity, finance, and transport are perceived as the major constraints to doing business in Nigeria, according to a World Bank Group Enterprise Survey that asked Nigerian managers to name the major constraints to doing business.

Nigeria, having a diversified social structure and complex business environment, also poses many merits and demerits for companies, both of which affecting the country locally and globally. The country has opportunities to form good bilateral relations by increasing its export base, diversifying its economy by going global, exchanging goods and services, and even laborers. The concept of outsourcing can be a very valuable opportunity for the country like Nigeria, where there is a large labor base and good, hardworking people. By going global, small companies in the country can avail and enjoy the opportunities of cross-border trade and appreciated foreign exchange, as

well as ultimately, attain more profits. Similarly, they can expand their activities, diversify their operations, and bring in new ideas from abroad to improve their local productivity methods and procedures. This would also provide further growth opportunities and space for acquiring modern skills for coping up with the tough competition effectively. In this way, the competitiveness and productivity will boost with the passage of time while making the Nigerian companies more innovative, resilient, and profitable.

The Nigerian business environment is very threatening for itself. There is an increasing rate of crimes, frauds, and scams in the country. It has been years since the stories of water shortages have prevailed in the country and still, weak and dysfunctional resources continue to dominate. Then, there was even a time when, due to deregulation and corruption, fuel scarcity occurred in Nigeria. Thus, these crimes, frauds, illegal acts, violence, and corruption all lead to the falling reputation of the organization and losses in business. These factors hamper the productivity and become an obstacle in the way of enhancing business competitiveness. Another threat for the Nigerian companies operating locally is the foreign companies which are ruling the local markets and making the competition tougher for the Nigerian small industries.

The Nigerian companies do not have much capital to invest, are short of material resources, and have low standards of products and services. They are not equipped with advanced machinery, newer and innovative production methods, as well as educated and skilled labor. Thus, most of them almost fail when going on international platforms. The Nigerian companies do not have access to extensive allocation of financial resources on research and development programs. Thus, they will have to incur large production costs and costs of doing business if they want to go global.

The country is rich in oil resources and is the 8th largest producer of petroleum in the world. It possesses great potential of becoming the world's largest economy by exploiting the unexploited resources and undertaking the ignored business ventures. If the Nigerian company goes global, it may not be recognized for its products and services except for its oil and gas sector.

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