

## Environmental Problems of Entrepreneurship and Business Sustainability in South East Nigeria

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### ABSTRACT

Businesses do not exist in isolation but rather within the confines of boundary called environment. It is an obvious fact that every business exists and operates within two forms of environment – the external and the internal environment. This research work dwelt on the environmental problems that affect entrepreneurship and business sustainability in the south east Nigeria. The south east is the region dominated by the Igbos. The study has two objectives and adopted a conceptual approach in identifying the environmental problems of business, the measures to tackle them and the key strategies for achieving business sustainability. A major conclusion was that no business exists in a vacuum and therefore must adapt itself to the forces of its environment in order to grow and succeed. A measure of a business success is its ability to accomplish its performance indicators in a sustainable manner. It was recommended among other things that government should be more supportive to business by creating the enabling environment and providing infrastructure for business to thrive.

**Key words:** Environmental, Entrepreneurship, Business, Insecurity, Sustainability

### INTRODUCTION

Business ideas are conceived, fine-tuned, translated into activity, that is established, nurtured and managed to flourish within an environment. Classified as a business environment is a sum total of interacting and intervening variables that either support and encourage business growth or hamper the survival, growth and maturity of a business. Situations around businesses change and such changes whether favourable or unfavourable, affect the overall performance of the business. The nexus, interaction and dependability that exist between a business and its environment are inevitable. The affiliation between a business and its environment is mutual and interwoven. The environment influences, affects and determines the conduct and performance of business activities that takes place within it while the business in turn moderates some aspects of its environment. This could be because the environment itself is understood to be subject to a larger degree of change. The success of every business is hinged on its ability to tolerate the influences that are exerted on it by the environment in which it operates. It is equally important to infer that the success of any business is dependent on its ability to adapt to its environment (Anekwe, Ndubuisi-Okolo, & Uzoezie, 2019).

For any business activity to thrive, flourish or survive, the environment must be conducive, supportive and not harsh to it. Very turbulent and extreme harsh environment serves as a fulcrum for business extinction especially where the business is still budding. Businesses are therefore sustained only when the environment is conducive. This also to a large extent depend on the availability of infrastructure the government/society has put in place and which are available for use businesses. It is an aberration to talk of environmental conduciveness and business sustainability where there is obvious infrastructural decay, neglect, paucity and non-availability. In sane and developed climes, provision of infrastructure forms the pillar that

drives development and business sustainability. Unfortunately, dearth or poor infrastructure is at the heart of our dwindling entrepreneurship successes and invariably the bane of Nigeria business environment. The Nigeria business environment is ridden with fear, uncertainty and unpredictability. It is ridden with neglect and absence of well written and implementable action plan. This has led to the collapse of many businesses especially the Small Scale Enterprises (SMEs).

Business environment is taken to mean the combination of all the variables and factors (internal and external) that are capable of affecting, influencing and determining the operations and overall performance of a business outfit. By this understanding, external business environment includes economic recession; government regulations; political instability; cultural differences; technological changes; changes in material inputs supply; insecurity such as insurgency and military invasions; poor competition; poor customer attitudes; factors that are capable of altering the life, growth and development of a business venture (Ibecheozor, 2023). At the operational base of a business, internal factors such as poor quality staff, poor internal control mechanism, poor financial management, paucity of material resources, excessive staff turnover, influence the success of the business (Njoku, 2016; Ibecheozor, 2023). These factors, acting individually and collectively shape the thinking and approach managers adopt or apply in conducting the affairs of their business. In support of this view, Obasan (2014) opines that “business environment is marked by different dynamic features such as global competition, information technology, quality service revolution and corporate social responsibility which are compelling managers to rethink and reshape their approach to their various operation responsibilities”. This thinking has necessitated new and emerging firms to be more alive and responsive to both their internal and external environment (Agulanna, 2018; Luthans, 1995).

Changes in the environment as pointed out above are not quite bad but seen as red alert call for business entrepreneurs and managers not to be complacent for the future is still not near. Steady review, adjustment and realignment of strategies offer a striking competitive advantage to entrepreneurs and operators of business that kept pace with environmental changes (Njoku, 2016; Bayode & Adebola, 2012).

With the peculiarities of the Nigeria business environment, almost all the intervening variables appear quite extraneous but most especially classified as the external environment. They are quite beyond the control, powers and manipulations of the entrepreneurs or managers of the business. It becomes instructive therefore that the business should strive to adjust itself to adapt to their influences bearing in mind that both should enjoy a mutually interdependent interaction and relationship. Of note is the fact that entrepreneurs and operators of small and medium scale enterprises in Nigeria operate in a turbulent business environment filled with threats, uncertainty, unpredictable political regime, superfluous of resources, unlimited investment opportunities, yet a lot of good things are still elusive.

### **Statement of the Problem**

Unlike most economies of the world, Nigeria is blessed with abundance of resources that could make its environment one of the strongest if not the strongest in whole world. But for obvious reasons, the environment has not been very supportive to the entrepreneurs and business enterprises operating within it. This can be gleaned from the retarded growth rate of business; steady winding up, high rate of unemployment; energy crisis that has resulted in dependence on generators as alternative source of power, poor market and demand for tangible items and services, difficulty in accessing funds from financial institutions; changing government rules and regulations; absence of necessary infrastructure; lack of support system from the authorities. The most critical infrastructure needed to drive the economy and business activities are visibly absent. For instance, power (electricity) supply is poor, roads are bad,

policies are inconsistent and unstable, and insecurity with different nomenclature is on the Sprawl (Ogunro, 2014). The synopses above are quite evident that the business environment has an outlook that is harsh, rash, unfriendly and discouraging for both local entrepreneurs and foreign investors. Unless addressed, these problems can strangulate and impede business activities and growth of any economy.

### Objectives of Study

1. To ascertain the environmental challenges confronting entrepreneurship in south east Nigeria.
2. To identify the key strategies for business sustainability in South East Nigeria.

## REVIEW OF RELATED LITERATURE

### Business Environment

Business activities do not take place in a vacuum, but within the context of an environment, the success of business enterprises do not also happen by accident but by consciously adapting to the forces and variables within its domain of operation. The term business environment is sum or collection of all internal and external factors such as employees, customers need and expectation, supply and demand, management, clients, suppliers, owners, activities by government innovation in technology, social trends, market trends, and economic changes. These factors affect the functioning of an enterprise (Hans, 2018). Business environment represents all forces, factors and institutions that are beyond the control of the business and affect the functioning of a business enterprise (Anekwe et al., 2019). Mayor and Blaze (2016) holds that environment of business means the external forces influencing the business decisions. They can be forces of economic, social, political and technological factors. These factors are outside the control of the business and the business enterprise can do little or nothing to change them. It is instructive that the entrepreneur, the business and invariably its management, should always adjust itself – her decisions, choices and activities to adapt to the influence these forces in the environment exert.

Ola (1993) classified Nigeria business environment as the Nigerian economy since the businesses are established and managed within an economy. He was of the opinion that the state of affairs has significance on the business within that economy.

Every business has its uniqueness and operates in a distinctive environment, as it cannot exist in isolation. Such an environment influence business and also gets affected by its activities. Business environment enjoys such salient features and characteristics which include: dynamic, complex, uncertain, multifaceted, far-reaching impact, relative (Eruemegbe 2015; Mayor & Blaze, 2016).

The environment presents a business entrepreneur with opportunities and threats within it while the business is expected to rely on its strength to explore and harness those environmental opportunities for investment, as well as overcome all those challenges and threats that could impede its successful operation in the environment. It is worthwhile for business organizations to watch the trends in the industry and adjust, align and or realign its strategies in order to remain relevant and in business by engaging in regular environmental scanning.

The quantum of environmental influence that business enterprises received is a function of the nature of the business and its expanse of activities. Ogundele (2005) opined that the perception of the organizations about the nature of business environment to a large extent depends on their size and industry in which it operates. The impact of environmental influence on the business has to be well managed for the business to survive.

The environment of business is categorized into the internal environment and the external environment (Adebayo, Ogunyomc, & Ojodu, 2005; Oluremi & Gbenga, 2011; Akali & Isa, 2012). The scholars agreed in views that internal environment comprise of factors or variables within the control and manipulation of the firm to attain set objectives, while the external environment encompasses factors that are outside the control and manipulation of the firm. Thus, firms must develop plans that will support and help it cope with the various environmental factors.

### **Problems of Entrepreneurship in South East Nigeria**

In Nigeria, especially within the region called south east, entrepreneurs and business organizations are bedeviled with a litany of environmental challenges that hamper their operations and strangulate their success stories. Some of these challenges are succinctly captured and presented below:

#### ***Poor and Dilapidated State of Infrastructure***

In the words of Fulmer (2009), infrastructure includes all the services and facilities that are indispensable for an economy to function well. According to Onugu (2005) infrastructure is identified as one of the ten major challenges facing Nigerian entrepreneurs and SMEs. Aminu, Salau and Pearse inferred that not all types of infrastructure are adequately developed in Nigeria. Okoro (2015) identified the south east as the most disadvantaged region in Nigeria in terms of provision and development of infrastructure and enabling environment for business development. Infrastructure as it applies here includes such basic facilities like good water supply, good and motor-able roads, constant and dependable power supply, entrepreneurship and business development centers, trade and investment information accessibility, and many others.

The region has over the years been denied of adequate presence of the Federal government and her agencies because of political considerations or equations. The crack caused by the Nigeria – Biafra civil war of 1966-1970 has not been completely filled and the region is still paying for it. However, the people of the region had long ago accepted the realities of this ugly treatment and have moved on not to be dissuaded by the reminiscence of their sordid experience in the larger environment. Pedagogically speaking, such situation as experienced in the South East business environment could be very discouraging and not supportive of business development in the area. But in spite this perceived injustice and unfair treatment, the penchant for business and quest for survival by the people of the region, and the commitment and dexterity they exhibit in the things that they do is the reason for the unprecedented performance and success of business organizations that operate within the region. The people of the region are blessed with rich business acumen. They have always carved a niche for themselves notwithstanding how turbulent, harsh and attenuating that the environment is to them. This situation can and has frustrated a lot of potential entrepreneurs especially among the youths with very beautiful and bright ideas. The lips service or attention paid to infrastructural development by Nigerian government is a drawback and thus undermines growth prospects of businesses.

#### ***Insecurity***

Security means the pursuit of freedom from threat and the ability of states and societies to maintain their independent identity and their functional integrity against forces of change, which they see as hostile (Buzan, 1991). The essence and bottom line of security is survival.

As opined by Nwagbosa (2012) and affirmed by Okoro (2015) insecurity connotes anxiety, fear, instability, uncertainty, danger; hazard; absence of safety and lack of production. Insecurity in the land poses a huge quantum of threats to business activities and their prospects for growth. People in the south east could recall with great disappointment, and disdain the invasion of the commercial hub and nerve center of Aba, in Abia State by the Nigerian army

during operation python dance. That show of military force by the Nigerian Army took place in September 2017. It was according to them, an approach to force the Independent People of Biafra (IPOB) boys into extinction turned out to be an onslaught on businesses that operated there. The destruction, looting, damages and loss the exercise exposed the residents and entrepreneurs to, was devastating. Many have not recovered from the shock and loss. The influx of cattle rearers called Fulani Herdsmen in some areas and Boko Haram in far north are obvious threats to entrepreneurship and business sustainability in Nigeria at large. Recently too, the fear of Ebubeagu in the south east and the unfortunate sit-at-home as pronounced by IPOB has jointly and severally hampered the successful conduct of businesses in the south east Nigeria.

#### ***Discouraging Tax Regimes***

Taxation is a mandatory payment by the citizens and business entities within the state to the government for the general good of all. To Sanni (2012) tax is a statutory obligatory levy charged on property, individual income or an enterprise income, or transaction purposefully for funding the government. Often times, business organizations are subjected to multiple taxes and, this erodes into the business capital. Multiplicity of taxes by the various tiers of government does not support the thriving of entrepreneurship. Faced with such discouraging situation, most entrepreneurs are constrained to leave the business.

#### ***Improper Waste Management System***

Poor waste management system usually results to pollution of land, air and water resources. Manifest lack of environmental regulations and enforcement in the country can cause environmental degradation.

#### ***Inadequate and Erratic Power Supply***

At the center of environmental problems of entrepreneurship in Nigeria is lack of access to clean and reliable energy sources. Despite huge sum of money invested in power and energy sector, the Nigerian business activities have not been supported with regular supply of power. Electricity is part of infrastructure and access to it is a yardstick for measuring success of SMEs operation (Oni, 2004). Constancy and accessibility of power is an antidote for business growth, productivity, and encourages investment but when it is inadequate, business productivity and growth suffer. A lot of infant industries have been forced out of business due to irregular power supply and inability to hold on to alternative power source for a very long time. The effect of unreliability of power supply and heavy reliance on the use of generators by entrepreneurs and business organization are reflected on the cost of material inputs, a hike in the final prices of goods payable by customers, reduction in the number of investors, cutting of cost by entrepreneurs (Abiodun 2014). Regrettably, many Nigerian entrepreneurs rely on diesel-powered generators which have negative impact on the quality of air we breathe and also contribute to climate change.

#### ***Transportation and Linkages of Local markets***

Transportation and connectivity of local markets is a major problem in the south east Nigeria. For political reasons, the federal government has failed to extend and to allow the construction of rail lines to any of the states in the south east Nigeria. Rail lines as at today is the cheapest means of transportation in Nigeria. The region is the only one without train services to support commercial activities within the entire geography of Nigeria. Daramola (2003), Anyadike, Emeh and Ukah (2012) admitted that transport infrastructure is a component of external environment of business and a lack of it as is experienced in the south east will affect the quality of services rendered, accessibility of product, and timely delivery of goods ordered. There is no gain saying that absence of rail services has a negative effect on the economic activities that go on in the south east Nigeria. For political reasons too, majority of the important roads in the south eat that perhaps links states are abandoned by the federal government. Where the connecting road are not motor-able, there is usually an obvious impasse in moving and conveying consumables to the markets. This affects access to local markets and

products, in addition to loss of man hour, acquisition of higher cost which in turn affects the prices of good and a depletion of case base for business expansion.

### **Business Sustainability**

As opined by Rouse (2013) business sustainability is the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success. It is an approach to ensure a steady increase on return on investment made. It is normal that conscious efforts made must yield positive reward to keep the hope for the future alive. Anekwe et al. (2019) stated that sustainability is an approach to creating true and real value to the systems and resources upon which the value depends on; while business sustainability is seen as a process of analysis and decision making across business functions, obtained through a committee and clear understanding of transitions that may occur in the present or the future. Entrepreneurial adaptation to the environment is a business sustainability strategy in the South East. The peoples' awareness of the situation in which they found themselves and their resolve to break any force along its way guarantees sustainability. Business sustainability is not just about making profit, but about creating long-term value for all stakeholders, including employees, customers, and the environment.

### **Possible Means of Tackling the Environmental Challenges**

Aligning with pedagogy, it is very important to remember and note that solving environmental problems is not limited to implementing technical solutions, but includes changing mindsets and behaviours. People need to understand the importance of protecting the environment and the benefits of living in a more sustainable way. A few of the challenges that have been listed above can still be improved upon to offer greater light of support to entrepreneurs and business organizations that operate within the geographic boundaries and space called Nigeria.

- *Improved power supply* – Power supply is a public good and should be made available to all business entrepreneurs and organizations. Electricity is indispensable to the socio-economic and industrial development of the south east Nigeria. The role of power and electricity to economic transformation of the area is cannot be doubted. They need it and the government should provide it.
- *Improved security architecture and network*: Any environment that cannot guarantee the lives and property of the people in it is not safe for business. While the plan of the government to improve on this is awaited to mature, the people can group themselves into neighbourhood vigilante to guard against any form of nuptial attacks on their investment or broad day robbery.
- *Adequacy of infrastructure* – Dearth of infrastructure had set entrepreneurs and businesses backward. Huge investment in infrastructure should reflect on economic growth. Availability of Public investment on infrastructure influences the marginal productivity of private capital. The government that holds the public fund and trust should pay more attention to infrastructure. The spread of it to every region balances the sentiments of marginalization.
- Multiple tax regime should be abolished since the future of the economy depends on the vibrancy of SMEs and entrepreneurial spirit.
- Strict Enforcement of the laws on corruption and allowing the law to mete out equal punishment to same crime committers. Strengthening environmental regulations and enforcement will require political will and public support.

- Government is a continuum and relative stability in policies gives equal opportunity to all. Policies that are harsh and are not favourable to business development should be jettisoned.

### Strategies for Business Sustainability

Business organizations and entrepreneurs must be social and environmentally sensitive in order to successfully gain sustainability. Danciu (2013) posits that the four strategies below are germane to achieve business sustainability:

#### *a. Sustainability Management*

Is an inclusive approach to management that brings all departments and operation on the same page. To become a sustainable company demands active leadership, commitment, employee engagement and a disciplined mechanism for execution of business operation. The system of operation also takes care of associated sustainability risk.

#### *b. Sustainable Innovation*

Innovative ideas that hold a business strong critically depend on qualified workforce, management systems result and stakeholders' orientation, interactions between the actors of the economy, job creation, etc. (Lemken et al., 2010). The three parts of sustainable innovation are the targets, the mechanisms and the impacts. The target covers the areas of environment, product, marketing methods, and organization. The mechanism denotes the ways of operating the changes in the target field. The impact shows the effect of innovation on the targets.

#### *c. Eco-Efficiency*

This is based on the use of available resources. The concept demands creating more goods and services while using fewer resources and having less waste. It awakens businesses to be frugal in the use of resources. Maximization is the focus.

#### *d. Sustainable competitive advantage*

At this point the business has built some confidence for itself. Sustainable competitive advantage can leverage the sustainability to increase all business values.

Very important to note is that businesses are at liberty to initiate and tailor their sustainability strategies to their specific needs and goals. The essence is to make sure that sustainability is integrated into every aspects of the business ranging from marketing to operations to supply chain management and to human resources. In carrying out the above, businesses can equally deploy any of these strategies to become more sustainable: paying attention to investing in employee well-being; engaging sustainable energy resources; embracing renewable energy sources; reduction in waste and pollution; deploying sustainable materials; and engaging in environmental and social initiatives.

## CONCLUSION

No business or economic activity can take place independent of an environment. Fundamentally, business environment is very crucial to the success or failure of business. The uncontrollable nature of the external environment makes it inevitable for business to adapt to their influence. The success of an enterprise is measured by its ability to accomplish its key performance indicators. This momentum has to be sustained. Business environment therefore constitutes a part of the parameters for determining the objectives of business, its policy framework, and nature of strategy adopted.

## RECOMMENDATIONS

- Government should ensure adequate provision of infrastructure and design ways of managing and keeping sound the ones already in existence.
- Anti-business policies should be dropped and enabling environment created to bring fresh air of encouragement to old and new investors.

- The institutions of government that regulate business should be strengthened and well funded to respond to the demands of the business and investors within their area of jurisdiction.

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