

# **WESTERN INFLUENCE ON THE DEVELOPMENT OF MODERN BUSINESS ENVIRONMENT IN NIGERIA**

**Asuelime Lucky**  
(University of Johannesburg)

## **OBJECTIVE**

To highlight the fundamental impact of economic phenomena such as Industrialization, Capitalism, and Globalization which originated from Europe; and how they have aided the growth and development of a remodeled business terrain in Nigeria.

## **FOCUS**

- The work is an overview of Nigerian business development with particular reference to external contributions
- European Business empire and capital investment in the development of Nigerian local business terrain
- The development of Entrepreneurship and small businesses in Nigerian

## PHENOMENAL BACKGROUND

- From the 14<sup>th</sup> century, Europe had begun to expand her **mercantile** practices. By this time, the nations of Europe had begun ceaselessly to explore different parts of the globe.
- The advent of **Industrial revolution** which evidently flourished as another essential feature of capitalism was a very focal instrument that globalized European businesses which sought regions in Africa as an extension of their much needed new markets. These trends did not only see to the introduction of finished manufactured European products, but also European economic systems and business practices.

- **Capitalism** as an economic system which entails the accumulation of means of production for the purpose of maximizing profit and accumulating properties brought its influence.

An economic system characterized by private ownership of capital goods, by investments that are determined by private decisions rather than by state or community control, and by prices, production, and the distribution of goods that are determined mainly in a **free market**.

- **Globalization** is perceived as universalization of western values. It proposes a celebration of a globalized world and the unabashed victory of political and economic liberalism that is evidenced in the triumph of western ideas and values.
- **Globalization provided new markets for exports and new possibilities for trade and investment in Nigeria.**

- There are **four** basic requirements for economic development namely.
  - i) Investment capital
  - ii) Technical skills
  - iii) Enterprise and
  - iv) Natural resources.
- The first three were brought and developed by foreign agents, which are mostly of Western origin.
- In order to seek the highest of return for capital, economists tend to favour the free flow of capital across national borders

- In Colonial times up until independence, Nigerians were not parties to capital investments and large concerns, commercial firms such as, banking, shipping, and industries.
- But, the evolution of business ethics, management, administration, strategies and policies in Europe spread to, and influenced specifically, Nigerian business terrain.

Major corporations and companies that principally operated in the Nigerian business environment during the colonial period included:

The United Trading Company (UCT), United African Company (UAC), Lever Brothers (now Unilever), Leventis, G.B. Olivant, Peterson Zochanis (PZ), Elder Dempster, Shell, British Petroleum (BP), Barkleys Bank, John Holt, etc.

- These transnational entities which originated from outside of Nigeria, was taken over at independence by the newly independent Nigerian Government and formed the basis for the modern development of different sectors of the economy which include insurance, banking, housing etc.
- Multinationals like Elder Dempster and Company Limited which operated in the West African coast gave an enormous contribution to the development of the shipping industry in Nigeria. It was largely depended on for the freight of palm oil to Europe.

# OIL BUSINESS

- Interest in crude oil and its exploration in Nigeria started from the granting of license in Nigeria to Shell D'Arcy in 1938. In 1956 it merged with British Petroleum (BP) and crude oil was discovered Oloibiri in the Eastern Niger Delta, marking the beginning of an era in the economy of Nigeria.
- Two years later, oil exploration and exportation commenced.
- **These oil companies' roles in the Nigerian economy today are so significant because it accounts for over 90% of Nigeria's gross earnings.**

From 1972 onwards, oil gained ascendancy over all other commodities as the largest contributor to the GDP, and also as a major foreign exchange earner. There was substantial increase in oil production accompanied by a sharp increase in the global market price of high-grade crude oil from low price of \$3.8 per barrel in October 1973 to a skyrocketing price of \$14.7 per barrel in January 1974. This trend continued till 1981 when the price of crude oil attained a high level of \$38.77 per barrel. Within the same period, total revenue from oil rose correspondingly from N1billion to N4billion while external reserves increased from N180million to N3.7billion in 1975

# ENTREPRENEURSHIP

- Europeanization of Nigerian trading system saw the emergence of new ideologies to entrepreneurship which is reflected in its scope and form.
- This instills the skill and will to plan, organise, and coordinate activities and resources necessary to manage an enterprise, as well as how to take financial
- Entrepreneurship became so important in the growth and development of the Nigerian economy. It is a strong factor that organizes other factors of production; creating wealth, employment and avenues of investments.

- The present entrepreneurial landscape of modern Nigerian economic system has dovetailed over the years from a narrowly focused exclusive of the privileged chiefs and kings of different area within the geopolitical unit now known as Nigeria; to a mass economically empowered citizenry.

Business transaction is no longer an exclusive of a sect but rather a deliberate involvement of all and sundry specializing in different sectors of the economy.

## Note 1.

Although, A study done by the Federal Office of Statistics shows that 97% of all businesses in Nigeria employ less than 100 employees. The SME sector provides, on average, 50% of Nigeria's employment, and 50% of its industrial output.

## Note 2

Nigerians have arguably become one of the most enterprising individuals in the world today.

## Note 3.

Today, Nigerian based companies are becoming multinationals. Leading the park is the banking (GTB, 1<sup>ST</sup> Bank and Intercontinental) as well as the telecommunications (Globacom) industry. They are spreading across Africa and trying to gain a foothold in Europe and America. For instance, GTB is the first to be listed in the London Stock exchange.

# CONCLUSION

## Note 4.

In retrospect, it is clear that a definite link can be drawn between the expansion of European economy, business evolution and ethics as well as its relation and impact on the present business environment in Nigeria.

The expansion of European economy and the development of Nigerian business systems, as presently constituted cannot be distinguished from one another.