

**THE ENVIRONMENTAL FACTORS AFFECTING THE GROWTH OF
ENTREPRENEURSHIP IN THE OIL PRODUCING COMMUNITIES OF ONDO
STATE, NIGERIA, AND THE ROLES OF INTERVENTION AGENCIES**

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ABSTRACT

Introduction

The Oil Producing Communities of Ondo State, Nigeria (otherwise called the Niger Delta Area of Ondo State) are inhabited by three ethnic nationalities – Apoi, Arogbo-Ijaw and Ilaje. There are vast agricultural lands for farming and potentials for fish farming in the coastal areas. The entrepreneurs in the area are all sole proprietors engaging in small businesses in the informal sector of the economy. They are engaged in small industries comprising gari processing, industrial starch manufacturing, rice milling, mat weaving, canoe and boat building, processing of fish and fish meals, salt making and gin distilling. About 90 per cent of the entrepreneurs do not have the basic literacy and skills. Thus, after the crises between the Arogbo-Ijaws and Ilajes which started in 1998, the urge to acquire the necessary skills is now high among them.

However, the people in the area have continued to suffer from gross social and infrastructural neglect, poverty, frustrations, as well as environmental and other socio-economic problems. The most serious of these problems in term of pervasiveness and the severity of environmental and socio-economic impacts are coastal erosion, sea incursion, flooding, oil pollution and the infestation of the creeks, canals, and lagoons by water hyacinth (Ebisemiju, 2001). These environmental problems have negatively affected the businesses, thereby depriving the entrepreneurs of their sources of livelihood. Hence, in recent years, the area has been associated with violence, hijacking and hostage taking as a means of registering their grievances.

The communities are of vital importance because of the oil and gas production, which are taking place in the coastal and offshore locations. Thus, at the Federal level, the Niger Delta Development Commission (NDDC), which replaced the Oil Mineral Producing Area Development Commission (OMPADEC), was set up for the socio-economic transformation of the Oil Producing States. At the State level, the government introduced the Ondo State Oil Producing Area Development Commission (OSOPADEC) for the same purpose of development

This paper examines the links between the environmental factors and entrepreneurship development in the communities. Specifically, the study examines the effects of the environment on the small firms' performance, and the extent to which the intervention agencies have moderated the environment - firm relationship.

Methodology

This exploratory study was conducted in Nigeria. The country has a large markets and overall economic development, which compares favourably with most of the developing countries, where SMEs are expected to play pivotal roles in the development process. Ondo State of Nigeria was chosen, being one of the Oil Producing States in the country having the largest coastline with rich deposits of mineral resources, presence of many small firms and several socio-economic and environmental problems. Face –to-face interview using structured questionnaires were conducted to collect primary data from 100 entrepreneurs and 80 community leaders, randomly selected from the oil producing communities in the State. Descriptive statistics and regression analysis were used to analyze the data.

Key Findings

The expected positive links between the activities of the intervention agencies and the performance of the firms were found, while a negative relationship was observed between the environmental factors and the firms' performance. Government policies aimed at developing the area were inconsistent with reality, and in most cases, were haphazardly implemented. Oftentimes, funds from the intervention agencies for entrepreneurship development and skills acquisition were either misdirected or gone to the wrong hands.

Policy Implications

The entire Niger Delta area of Ondo State is rural. Government policy should encourage growth centre strategy and clustering of firms to reduce cost to the intervention agencies. The government should develop sustainable entrepreneurship through infrastructural development, technical expertise, training and skill development for them to cope with the developmental challenges posed by the environmental factors. The intervention agencies should engage the services of consultants, as part of their social responsibilities, to advise the entrepreneurs on the types and forms of businesses to undertake, sourcing of funds, marketing of their products and re-investment of their profits.

Reference

Ebisemiju, F.S(2001) "Environmental and Developmental Issues in the Niger-Delta Area of Ondo State, Nigeria", *A paper presented at the Stakeholders Forum/Workshop*, organized by the Board of the Niger-Delta Development Commission(NDDC) at Igbokoda on 2nd July.