

# THE ISM JOURNAL OF INTERNATIONAL BUSINESS

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## INTRODUCTION



The Covid-19 pandemic has taken a severe toll on our personal life and habits. Virtual communication replaced face-to-face meetings; remote work became the norm; travel was restricted, if not canceled. Despite these challenges, the ISM community has proven resilient and agile in adapting to the new context. This edition of *The ISM Journal of International Business* is evidence of our continuous commitment to quality research and academic excellence.

This edition of the Journal offers research on new theoretical perspectives and previously unearthed realities. The choice of topics illustrates the diversity of ISM's community. The result is a thought-provoking work that creates innovative links between different contexts and management experiences.

**Gerard Bergsma** and **Eduard van Gelderen** analyze the Canadian pension model and its applicability to other contexts, especially in Ghana.

**Dorothy George-Ufot** and **Daphne Halkias** shed light on the experiences and challenges of women entrepreneurs in the Niger Delta, the petroleum production engine of Nigeria.

**Charles Eberonwu's** paper looks at the entrepreneurship culture of the Igbo community of Nigeria.

**Waseem Abdalhalim** and **Daphne Halkias** assess the impact of regional conflicts and government revenue problems on Palestinian entrepreneurs.

A most sincere thanks to all who contributed to making this issue a reality.

Enjoy the reading!

**César Baena**

**Editor-in-chief**

**Dean and Director of Doctoral Research, ISM**

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# The Relevance of the Canadian Model for African Pension Plans: A Case Study in Ghana

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## Abstract

**Among the different investment models around the world, the Canadian model is considered one of the most successful. Having its origin in the restructuring of the Ontario pension plan in the nineties, this model has performed strongly over the last few decades. The Canadian model is a combination of single purpose, strong governance, and internally managed investment. The report “The evolution of the Canadian pension model; practical lessons for building world-class pension organizations” not only describes the merits of the Canadian model in great detail, but it also suggests that this model could serve as a blueprint for other pension funds. More specifically, it emphasizes the relevance of this model for new pension funds in emerging markets. People's Pension Trust in Ghana is such a pension fund. This article analyses the extent to which the establishment of a pension service in Ghana follows the lessons learned from the Canadian model.**

**Keywords:** Canadian model, pensions, investments, governance, emerging markets

## Introduction

Pension management has become a hot topic as of late. People are living longer and have become more dependent on their retirement income. Pension funds are also an important supplier of capital to the real economy and, given their large investment pools, an influential force in society. The pension funds' patient capital and long-term

investment horizon could act as a stabilizing force in the global financial system (Bédard-Pagé et al., 2016), but others warn that their use of derivatives and leverage could increase systemic risk (International Monetary Fund, 2019). Public pension plans<sup>1</sup> can be found worldwide, and very large public pension plans exist in the US, Canada, UK, the Netherlands, Australia, and Japan. The majority of the public pension plans, as we know them today, date back to the pension reforms in the nineties. The debate at the time was that governments could no longer rely on the pay-as-you-go system to deal with the growing pension liabilities going forward. An important consideration was that the retirement of the baby boomers would peak between 2020-2040, and the change in demographics would impact the age dependency ratio significantly (Disney, 2000). The move to a funded pension system was a necessity, but it did require several political trade-offs. The positives were that the retirement system would become more transparent with a more explicit link between contributions, benefits, and market returns<sup>2</sup>. Moreover, the premise was that the real return of the funded system would be higher, and therefore more efficient. However, the drawback was that the government would lose a critical tool to redistribute wealth between wage and age groups based on their political beliefs.

More recently, the public pension plans came under scrutiny again. The demographics changed as expected, but longevity risk has been structurally underestimated. Moreover, in many cases, the basis for the pension benefits is (too) rich<sup>3</sup>, while the low-yielding investment

<sup>1</sup>We use the term pension plan to refer to pension benefits and pension fund being the combination of the investment assets and the investment management organization.

<sup>2</sup>The funded liabilities show up explicitly in the national accounts in contrast to unfunded liabilities

environment puts additional pressure on defined benefit plans going forward. Although a variety of discount rates are in use globally (Landon & Smith, 2019), low discount rates increase the value of the liabilities, which translates to a decline in the funding ratio. In the case of public pension plans in the US and Canada, little guidance exists about what discount rate to use. When discount rates rely on high expected investment returns, as is the case at many US public pension plans (McQuillan, 2015), a two-fold problem could emerge: not only could the investment return fall short of the discount rate, but the pension contributions could also be set too low. Moving entirely away from collective defined benefit plans to individual defined contribution schemes will solve some issues, but it would mean giving up all forms of solidarity<sup>4</sup> too. In the present day, contingent pension plans are developed in order to share the risk between sponsors and members better. Obviously, these changes trigger much debate on intergenerational wealth distributions, as well as sustainability aspects (Gros & Sanders, 2019).

Despite the issues related to public pension plans in the developed world, this stands in sharp contrast to a large group of countries that have limited or no retirement provisions in place. In many emerging markets, the standard three-pillar approach to retirement benefits is an ambition at best. One problem is related to the quality of national identity schemes; what is the coverage of such a scheme, and who is eligible for social benefits? Another problem is that a large percentage of people work in the informal sector with no labor contract and irregular income. In emerging markets, this percentage can be up to 80%. However, there are initiatives to fill this gap. The People's Pension Trust in Ghana is an example of a green-field operation launching a private pension plan with the ambition to introduce this pension solution in other African countries too.

In 2017, Common Wealth, a Toronto-based financial services company focusing on retirement, in cooperation with the World Bank, four Canadian pension funds, and the government of Ontario, issued a report on the Canadian pension model. The aim of the report "The evolution of the Canadian pension model; practical lessons for building world-class pension organizations" was to provide valuable insights for building world-class pension organizations. Interestingly enough, the report mentions pension schemes in emerging markets specifically. The objective of this article is to contrast the findings in the Common Wealth report with the experience of the People's Pension Trust (PPT) in Ghana. A first impression might be that well-established and very large pension funds in Canada would have very little in common with a pension start-up in a developing country like Ghana. And yet, the report suggests differently. The next section of this article will describe the specific characteristics of the Canadian model, which relate to mission, governance, and investment strategies. The following section is a brief introduction to micro-pensions, followed by a mini case study of PPT in Ghana. This mini-case has made use of relevant documentation and personal experiences of one of its founders and the co-author of this article. Subsequently, a comparative analysis of the specific PPT experiences and the Canadian model will be presented. Central in this section is the question of whether the Canadian model can indeed give guidance to pension funds in emerging markets. The article rounds off with conclusions and a suggestion for further research.

### **Description of the Canadian model**

The pension reforms in Ontario in the late eighties are largely considered to be the origin of the Canadian model. Disappointed

with the investment results, its ambiguous governance, and lack of sophistication, the provincial government of Ontario initiated a change that impacted the entire Canadian market. An additional and important reason was that the pension liabilities were partly paid out on a pay-as-you-go basis, which was considered unsustainable and was becoming too much of a fiscal burden. The newly created Ontario Teachers Pension Plan (OTPP) is still considered a leading example of the Canadian model. However, just pointing out OTPP would not do justice to the other public pension plans in Canada. The assets under management (AuM) in the Canadian pension market amounts to Can\$1.5 trillion; Can\$1 trillion is managed by the so-called 'Maple-Eight'<sup>5</sup> (Bédard-Pagé et al., 2016).

The term Canadian model is somewhat misleading as the public pension plans differ in terms of their mandates, investment strategies, and organizational setup. The model is much more a set of principles related to three aspects: mission, governance, and investments. The mission embedded in the Canadian model is straightforward but of utmost importance. The beneficiaries are at the center of this model; the Canadian model is to deliver retirement security for its plan members, taking into account affordability, sustainability, intergenerational fairness, and risk sharing—all efforts within the Canadian model focus on fulfilling this mission.

Governance can become very complicated as public pension plans deal with multiple stakeholders; it is not a simple member-sponsor relationship. Particularly in the public sector where pensions are an essential part of total compensation, which means unions are eager to be part of the pension discussions. Furthermore, as the government is the sponsor, taxpayers (often via Parliament) like to know how tax revenues are being used. Not just regarding the pension contributions but also in terms of the nature and characteristics of the investment portfolio. Moreover, as most public pension plans offer defined benefits, there is a complex dynamic between active and retired members. Given the many stakeholders, it is easy to have conflicting interests and complicated decision-making processes<sup>6</sup>. The Canadian model prides itself on having established transparent and clear-cut governance. All direct and indirect stakeholders know what their role and responsibilities are, and, perhaps most important, act in a collegial fashion with the best interest of the plan members in mind. This setup requires trust in each 'other's' competences and intentions, which in itself requires time and willingness to build relationships. Any form of ambiguity can easily undermine this trust. The pension funds were created by federal or provincial legislation defining the mandate and assigning oversight to the board of directors. These boards are professional boards whose members are selected based on their specific experience and skillsets. They do not represent one of the stakeholders and are accountable to ministers (federal or provincial) with regards to the fund's risk tolerance, investment policy, and risk management. The pension funds operate at arm's length, meaning that the sponsor (the federal or provincial government) will not interfere with the pension funds' operational management or investment activities. The Canadian Office of the Superintendent of Financial Institutions (OSFI) is the regulator of the pension sector, but focuses on the soundness of the pension plan and the protection of its members. The IMF acknowledged this lack of independent investment regulation in its latest financial system stability assessment on Canada (International Monetary Fund, 2019). Given the pension funds' systemic relevance for Canada, one of the key recommendations was to strengthen the oversight of large public pension funds and increase the transparency of their financial disclosures.

<sup>3</sup>The public sector has used generous pension plans to offset the relatively low wages compared to the private sector.

<sup>4</sup>The design of the Superannuation funds in Australia is a compelling case as it is a compulsory collective system, but based on defined contribution in a competitive setting.

<sup>5</sup>CPPIB, CDPG, OTPP, BCI, PSPIB, AIMCo, OMERS and HOOPP

<sup>6</sup>A good example is the Netherlands, where the discussions on pension reforms have been ongoing for years.

The third aspect of the Canadian model is that Canadian public pension funds are of a significant size and are run as professional investment management organizations; this manifests in internal management and significant allocation to alternative asset classes. The Canadian funds are known for building professional investment teams, bringing significant market insights and investment knowledge. These characteristics are different from other pension funds worldwide. Many pension funds simply do not have the size to build up internal investment capabilities and must rely on external investment managers. But even larger and/or growing pension funds frequently turn to external management, because they cannot compete with commercial asset managers to attract the best talent. The investments in alternative assets consist of absolute return strategies and investment in private assets such as infrastructure, natural resources, direct real estate, and private equity. Although many pension funds globally do have exposures to these alternative assets, the exposure and implementation of these investments differ significantly. The average Canadian fund allocates close to half of the assets under management to alternative assets. As the Canadian model allows for an entrepreneurial approach, so-called investment platforms are in place to directly control the assets the funds own. This way, the Canadian funds work closely with their portfolio companies to create and exploit new business opportunities. Another distinguishing mark is the use of leverage; Canadian funds are regular debt issuers in international capital markets. In many other countries, entrepreneurial investing and the use of leverage are not allowed. But, perhaps the most crucial point of the model is that the combination of internal investment professionals, entrepreneurial flexibility, and patient capital makes the Canadian pension funds a very interesting strategic partner for governments, investment companies, and corporates. This position could very well lead to a significant and lucrative deal flow. Several sources (Ambachtheer, 2017; Beath et al., 2020) claim that the Canadian model has indeed delivered superior returns.

The Common Wealth report (2016) provides the following key lessons learned:

- collaboration between stakeholders and alignment around the shared interest of serving plan beneficiaries; the singularity of purpose
- building of trust, adherence to clear design and management principles and focus on execution
- strong independent governance
- building professional pension organizations takes significant time; access to talent is crucial
- the “founding” stage of new or reformed pension organizations requires leadership and vision, including government support
- highly interrelated success drivers

### Micro-pensions: A brief introduction

At present, 177 countries have mandated pension systems. The purpose of these programs has been to smooth out a stream of income and to reduce the incidence of poverty (MacKellar & Horlacher, 2009). On the surface, this looks very promising, but there is no room for complacency.

The most dramatic aging worldwide is projected to take place in low and middle-income countries. Traditional family-based care for the elderly has broken down in many developing countries without

adequate formal mechanisms to take its place. For the elderly, inadequate transfers from either formal pension systems or informal family and community transfers can severely reduce their ability to cope with illness or poor nutrition (Worldbank<sup>7</sup>).

“Today, most people, even in the poorest countries, are living longer lives,” says Dr. Margaret Chan, Director-General of the WHO. “But this is not enough. We need to ensure that these extra years are healthy, meaningful, and dignified. Achieving this will not just be good for older people; it will be good for society as a whole” (World Health Organization, 2015).



**In order for pension plans in Africa to develop more rapidly, different forms of cooperation can be developed ...the Ghanaian model could benefit as of today from the introduction of Canadian best practices concerning governance.**



According to the International Labour Organization (Lee, 2018), more than 60% of the world’s employed population is in the informal economy. While two billion people work informally, most of them (93%) are in emerging and developing countries. The majority lack social protection, rights at work, and decent working conditions. They have no pension, and the cost of living as they get older will increase because of medical expenses. Aging is not just a phenomenon in developed countries, but it occurs in developing countries too. Focusing on the establishment of a well-functioning pension sector in developing countries is therefore very impactful. It prevents old-age poverty and reduces the obligation of children to support their parents. This development would allow the younger generations to invest more in their education, and as such in their own and their country’s progress and prosperity.

Three developments make a case for micro-pensions<sup>8</sup> compelling. First, global aging: people live longer, and therefore more provisions are needed. Secondly, global poverty is rising: the growth of the population in developing countries is twice as high as in developed countries. With currently one in nine persons in the world aged 60 years or over, the projection is that this will increase to one in five by 2050 (Guzman et al., 2012). Assuming that 80% will work in the informal economy, 1.6 billion people will need financial support 35 years from now. Furthermore, following high urbanization rates and industrialization, we observe the break-up of the traditional joint family system that provided support to the elderly through solidarity. However, voluntary saving for retirement is challenging. Our future is uncertain and unknown, and thinking about it is not always pleasant. Retirement brings up thoughts about getting old, mortality, poverty, and an overall feeling of uncertainty. While saving for retirement is essential for future well-being, voluntary contribution levels tend to be low across the world. Research has shown that barriers to saving are wide-ranging: transaction costs, lack of information or knowledge, social constraints, lack of trust in the financial system, ill-designed regulation, as well as human tendencies that hinder good decision-making (Karlan et al., 2014). Many people have no bank account

<sup>7</sup>WorldBank; <https://www.worldbank.org/en/topic/pensions>

<sup>8</sup>The term ‘micro-pensions’ has been used following the development of micro-finance and micro-insurance; it relates to the small amount involved. However, for the people concerned, it is just as important as pensions for people in developed countries.

because it is not convenient, expensive, and there are high barriers to setting one up. Moreover, they often lack flexible and trusted products.

Despite the strong case for micro-pensions from a macro perspective, building a stable and sustainable business is challenging. The primary source of revenue for a pension trust consists of a fee on the assets under management. However, the savings amounts are low and subject to swings as income is not a given. Moreover, the regulator usually sets limits regarding the fee levels. For example, in Ghana, the maximum fee is 1,33%. Given that the annual operating expenses are approximately \$500k, the fund size should be at least \$40 million before breaking even. Informal workers save on average less than \$50 per year, so it takes many participants and/or years before getting to breakeven<sup>9</sup>. Therefore, it is no surprise that the number of successful initiatives has been limited so far.

Examples of micro-pension initiatives are:

- In India, The Dahn Foundation<sup>10</sup> started a project collecting premiums via Self Help Groups, followed by APY Micro Pension Scheme by the government with a guaranteed pension and auto-debit contributions.
- In Kenya, the MBOA Pension Scheme is a private-sector-run scheme directed at informal workers (promoted by the regulator).
- In Rwanda, the government launched a Long-Term Savings Scheme for all Rwandans.
- In Nigeria, the government launched a micro-pension scheme in 2019 for informal workers.

It is evident from these examples that support from the government is crucial. Yet, the results are still limited because of the lack of outreach, inadequate technology, lack of awareness, and low financial literacy. Providing a retirement product itself is simply not enough.

### Mini case-study: People's Pension Trust Ghana

In Ghana, the majority (90%) of the population has no mandatory pension fund. This segment of the population operates in the informal sector, which is known for irregular and uncertain income, a lack of contractual agreements with employers, and is primarily comprised of self-employed individuals such as farmers, traders, small-scale enterprises, and market vendors. Although the pension system in Ghana allows for this segment to save towards their pension voluntarily, none of the existing pension funds have successfully targeted this segment. The reason is that this segment is difficult to serve as it is largely unorganized, operates as a cash-based economy, is low-income, and challenging to reach. The result is that this segment remains mostly ignored although it represents nearly 10 million people.

People's Pension Trust Ghana (PPT) started after a positive feasibility study in 2014 on the conviction that informal sector workers should have the opportunity to save towards a meaningful pension and avoid old-age poverty. Enviu and a Dutch Foundation, called Stichting Duurzame Micropensioenen in Ontwikkelingslanden (SDMO),

supported the feasibility study and the start-up. Enviu is a Dutch company focusing on impactful entrepreneurship<sup>11</sup>. SDMO focused on micro-pensions, making use of the available pension knowledge in the Netherlands. It was sponsored by the umbrella organizations for the pension and insurance sectors as well as the Dutch government<sup>12</sup>. Ghana was selected based on its favorable regulatory environment, political stability, average income, infrastructure, digital opportunities, safety, and language. In September 2016, PPT received its license to operate as a corporate trustee from the regulator NPRA<sup>13</sup>, and as the first trustee to target the informal sector specifically. PPT is, as far as we know, the only social company in the world targeting informal workers.

PPT offers a defined contribution, voluntary pension savings product. The product is called 'Me Daakye' or 'My Future' in the Twi language. Participants save during their active working years, the accumulation phase, for the period of their retirement, the decumulation phase. Pension benefits are paid based on a 20-year annuity (average expected life after age 60 is 16 years<sup>14</sup>). Me Daakye is a pension product in the third-tier voluntary pension provision. The product is flexible; participants can withdraw up to 50% of nominal contributions at any time. Making a deposit is also flexible and straightforward: in cash, by bank, or via mobile wallet. The Pension Trust distributes the product, collects contributions, administers the pension funds, develops investment strategies, and pays out benefits to retirees.

The governance of PPT is straightforward. PPT's management team consists of the CEO, Chief Business Development Manager, Operational Manager, Finance Manager, and Communication Manager. The CEO of PPT formally reports to the Board of Trustees and the Shareholder People's Pension Holding. In general, the Board of Trustees is responsible for strategic direction, establishing goals for management, and monitoring the achievement of these goals. While the Board of Trustees will retain responsibility for the strategic direction and control of the Pension Trust, management is responsible for the day-to-day operation and administration of the Pension Trust.

The Board of Trustees consists of independent individuals who protect the interest of the participants, and are responsible for internal supervision. The NPRA<sup>15</sup> states that a trustee of an occupational pension scheme should have appropriate knowledge and understanding of: 1. the law relating to pensions and trusts, 2. the investment strategies pursued, and 3. be conversant with its scheme-related documents generally. The Board will consist of five board members. A member of the Board of Trustees shall hold office for three years and is eligible for re-appointment. The formal functions of a Trustee are stipulated under the National Pensions Act 766. They include, among other things, scheme registrations, the appointment of the fund manager and custodian, investment policy and risk management, and financial statements. Although the formal regulations are up to standard, the regulator's engagement in the selection and supervision of the Board of trustees has been limited to non-existent. The current Board of Trustees of PPT consists of well-known people with a good reputation, but - with one exception - lacking the knowledge and experience as required.

<sup>9</sup>For illustration purposes only. Assume a 5-year business plan to reach \$40 million AuM and a steady inflow of new participants contributing \$50 annually. The number of new participants must be 53,333 yearly with a total of 233,333 after five years. The impact of investment returns has been ignored in this illustration.

<sup>10</sup>The Development of Humane Action (DHAN) Foundation was initiated on October 2, 1997. Its mission is "Building People and Sustainable Institutions with Value-Driven, Ethics and Democratic process to enable the poor for Poverty Eradication and Nutrition Security; and Inclusive and Ecologically Balanced Development".

<sup>11</sup><https://www.enviu.org>

<sup>12</sup>SDMO ceased to exist in 2018

<sup>13</sup><https://npra.gov.gh/>

<sup>14</sup>PPT is researching a practical solution for the longevity risk. Given the 16-year life expectancy, a 20-year annuity should leave enough room for a pooled solution to cover individual and collective longevity risk.

<sup>15</sup>[https://npra.gov.gh/assets/documents/Occupational\\_Land\\_Personal.pdf](https://npra.gov.gh/assets/documents/Occupational_Land_Personal.pdf)

As said, the formal responsibility for the investment policy lies with the Board of Trustees of PPT, but has delegated the authority to execute the investment policy to the Investment Committee. The Investment Committee (I.C.) consists of 5 members holding monthly meetings to discuss the investment strategy and portfolio of PPT. Three (external) members are foreign investment experts with extensive experience in investments. PPT offers no differentiation in savings products in the accumulation phase; all participants join the same investment pool. Compared to alternative savings methods, such as through banks or savings groups, PPT provides a higher interest rate at lower costs. The average interest over the past three years has been over 18%. After expenses and inflation, the real rate of return is around 8%. We estimate that the contribution via PPT leads to a 55% higher value than similar products offered by savings groups, and even two and half times more value than bank products. Based on the manager-selection experience in the Netherlands of one of its founders, PPT selected Databank as their external asset manager. The investment strategy consists primarily of local fixed income investments as the local regulator, NPRA, put strict asset-allocation guidelines in place<sup>16</sup>. Moreover, the external asset manager has to be a local manager, which is also true regarding the custodian. Based on a similar selection process as the asset manager, Standard Chartered bank was selected as the custodian.

As mentioned, PPT's retirement product is not mandatory, which means that individuals need to be convinced of the benefits of retirement savings. Through education sessions, PPT explains the need to save for later, and technical concepts such as compounding interest, inflation, and benefits. Moreover, the structure and flexibility of the pension product need to be explained carefully to overcome the practical and behavioral barriers. For example, the possibility to withdraw money is an interesting feature, but it does interfere with a steady build-up of retirement money. A network of sales agents is in charge of education, signing up customers, and collecting contributions. This team consists of people with academic degrees, who receive additional internal training. PPT also leverages partnerships like unions, telco's, cocoa organizations, and others to increase outreach into the informal sector through distribution agreements. PPT has been very active in using research and behavioral methodologies to help people to save and think long-term. In 2018 SCAP/WorldBank sponsored one of PPT's projects on the impact of behavioral interventions.

PPT currently has 45,000 customers and administers 100,000 savings transactions per year. Although this is already a large number, the growth has been lower than expected given the total market size. The development of partnerships with large organizations (telco's, banks, unions, cocoa organizations) has taken much longer than foreseen, and selling pensions is a 'high touch' business. It requires several face-to-face contacts before prospected customers sign up. Moreover, although most people have a mobile wallet, digital payments to service providers are less common in Ghana, resulting in a high volume of cash payments. On the positive side, PPT has a strong reputation and brand name in Ghana. The company has won many (inter)national awards and appeared in several television programs about aging/saving<sup>17</sup>. The reputation of being a reliable partner is crucial to building the trust needed to move customers to digital payments.

### Two worlds coming together?

The Common Wealth report talks about the relevance of the Canadian model for pension organizations in emerging markets. In the previous sections, we discussed the Canadian model and the People's Pension Trust in Ghana. In table 1, we set out the main differences between the two models.

**Table 1. Comparison of the Canadian model and People's Pension Trust**

	Canadian Model	People's Pension Trust
<b>Genesis</b>	The Canadian model dates back to the eighties to become more efficient and to reduce the future tax burden of the pay-as-you-go system.	PPT was launched in 2016 to provide retirement security to a large group of people having no access to a pension plan.
<b>Three pillar system</b>	The Canadian model is primarily a second pillar product.	PPT offers mainly a third pillar product.
<b>Pension design</b>	Mandatory; Defined Benefit	Voluntary; Defined Contribution
<b>Sponsor</b>	Federal and Provincial Governments, unions and other stakeholders	Individual
<b>Regulator</b>	Office of the Superintendent of Financial Institutions; focus on pension plans rather than pension funds (see footnote 1)	National Pensions Regulatory Authority; focus on pension plans and funds
<b>Business model</b>	Agency model	For-profit model (social business)

Perhaps the three most important differences are the pension design, sponsor, and business model. Since the start of the Canadian model thirty years ago, it has benefited from the constant inflow in terms of contributions. By design, this is a mandatory contribution, fully supported by the Canadian government, and has led to the Can\$1 billion AuM the 'Maple-eight' are managing today. The situation for the People's Pension Trust is very different. New participants need to be identified, educated, and convinced first before they sign up. This is far from a trivial task, as the target group does not necessarily think about long-term savings at all. As their income is uncertain and fluctuating, and meeting present-day needs takes priority over retirement income. Withdrawals are possible during the accumulation phase, which means more uncertainty around retirement benefits. The government in Ghana is likely to be supportive as it will create more economic stability, but there is no direct involvement.

The difference in the business model is essential too. The agency model means that the Canadian pension funds have been set up to operationalize the investment management activities of the pension plans. Some funds are single-sponsor entities, and others work for multiple sponsors. But, effectively, there is no competition among the pension funds, and they are non-profit organizations. The pension plans cover the costs of running the pension funds. People's Pension Trust, on the other hand, is based on a commercial business model but without a profit target. It prides itself on being a social company. The intention is not to pay out dividends and/or enrich its shareholders, but to work in the best benefit of its members. Nevertheless, in order for the model to be sustainable, its fee income must cover the operational expenses.

Given the fundamental differences between the two models, the question remains what People's Pension Trust could learn from the

<sup>17</sup> see for more information <https://www.peoplespensiontrust.com/news>



Canadian model, as the Common Wealth's report suggests. We will discuss each key lesson learned separately.

- The singularity of purpose. The multiple stakeholders in the Canadian model collaborate with the interests of the members as their overall objective; they subordinate their own specific interests. The experience with People Pension Trust is the same. As a social company and pension trust, the interest of the participants is leading. The main objective is to reduce old-age poverty and have a meaningful and dignified retirement. PPT's shareholders, trustees, and employees feel strongly about this objective.
- Strong independent governance. Clear roles and responsibilities support the singularity of purpose. Moreover, the people involved are selected based on their experience and skills. The formal governance around the People's Pension Trust is transparent in terms of structure, roles, and responsibilities. The main challenge lies in the execution and monitoring. An example is the appointment of professional people. People's Pension Trust has a Board of Trustees with influential people but who were not selected based on skills or experience. This worked well in the initial phase of PPT as the Board of Trustees helped to gain trust in PPT and heightening awareness. But going forward, it would be good to reconsider the selection process of new members in the Board of Trustees and a more active role by the regulator. The Board has left the day-to-day responsibility to its experienced management team. The lack of professional knowledge has been mitigated by implementing best practices from the Dutch pension system and by creating an investment committee and advisory Board with (external) professionals. Although this functions well in combination with robust regulatory control, this is not considered a structural solution.
- Long-term horizon to build the organization and access to investment talent. The Canadian model receives much praise, but it has taken three decades to reach its current status. It is doubtful whether the People's Pension Trust can afford to take the same amount of time as it relies on a business model rather than an agency model. In that respect, the feasibility study explicitly focused on the minimum number of participants required to make People's Pension Trust a viable proposition. Related to this point is access to investment talent. At this point, it is unreasonable to think that People's Pension Trust can build up an internal investment team, let alone teams that specialize in private market investments. The approach taken is to adopt an outsourced CIO model; the relationship with Databank as fiduciary manager is long-term focused with an emphasis on cooperation and low costs.
- Leadership and vision, including government support. A group of dedicated and experienced pension professionals came up with the idea to establish People's Pension Trust. The local CEO<sup>18</sup> was born in Ghana, but was trained and worked for many years in the Netherlands before he moved back to Ghana to help build up the country. As discussed, People's Pension Trust is not government-sponsored. Going forward, the government of Ghana could play an essential role in terms of supporting public-private initiatives to create sustainable retirement solutions and/or introduce mandatory savings schemes as seen in countries as Rwanda and Nigeria.
- Interrelated success drivers. The Canadian model relies heavily on a solid triangle with mission, governance, and investments as its three spearheads. People's Pension Trust has all three spearheads in place too, yet its track record is only four years old. It needs

more time to come to the same balance and interrelated functions as found in the Canadian model.

## Conclusions / Recommendations

The first thing that comes to mind when discussing the Canadian model is the investment approach. Short-term, there is very little that those developing new pension plans in emerging markets can learn from this: scale is too limited, local investment regulations are too strict, and access to investment talent is rare and costly. Nevertheless, as table 2 suggests, the Ghanaian model could benefit as of today from the introduction of Canadian best practices concerning governance:

**Table 2. Lessons learned from the Canadian model**

	Canadian Model	Suggestions Ghanaian model
<b>Leadership</b>	Robust board member appointment process; focus on expertise and integrity	Consider a group of outside experts as nominating committee. Involving specialists from Canadian funds could help to implement best practices
<b>Independence</b>	Independent decision making	Develop tools to monitor and analyze the decision-making processes more carefully
<b>Accountability and transparency</b>	Robust public reporting	Help to develop robust public reporting to heighten awareness and build trust.

The developments in Ghana seem to follow similar patterns as the Canadian one went through many decades ago. In order for pension plans in Africa to develop more rapidly, different forms of cooperation can be developed as the Common Wealth report suggests as well: exchange programs, secondments, training, advisory roles, and joint projects. Moreover, combining networks in terms of government relationships, development banks, and other relevant institutions could prove to be very powerful. The direct impact of these forms of cooperation could be very significant.

A final thought is the following: what could the Canadian model learn from PPT's experience in Ghana? After all, the Canadian model itself is facing several challenges: relatively high costs, longevity risk, and a low-yielding investment environment with potentially more regulation to protect its members. When the development of contingent pension plans and/or more individualism continues, pension plans/funds must educate members. One of the problems is that financial literacy among the members is low. Certainly, this is not just an African phenomenon; it is real for developed countries as well. The experience PPT has built up about savings behavior is equally applicable to western countries. A joint research platform focusing on long-term savings behavior could benefit the Canadian model and would be an exciting first step for Canadian and African funds to collaborate.



<sup>18</sup> In 2020, Samuel Waterberg passed away on account of Covid-19.

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# Challenges of Women Micro-Entrepreneurs in the Niger Delta Region of Nigeria for Business Survival: A Narrative Inquiry

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## Abstract

**The purpose of this qualitative study utilizing a narrative inquiry was to gain a deeper understanding of the daily challenges for business survival faced by women micro-entrepreneurs in the Niger Delta region. A narrative inquiry method was utilized to meet the study's purpose and collect data through storytelling from women entrepreneurs in the Niger Delta about their daily business experiences. A narrative analysis of critical events was utilized to supplement the face-to-face interviews on participants' life experiences with the phenomena under study. Data collection methods also included field notes and video recordings of the participants' storytelling. More information about women-owned microenterprises is critical and significant to inform policymakers that women are an economic force contributing to Nigeria's economy. This study brings new data to the existing literature, highlights new ways of looking at women's involvement in entrepreneurship, and should add significant value to women's entrepreneurship literature. Through this study, practical strategies are suggested to facilitate this set of women micro-entrepreneurs success and well-being. Finding ways to overcome daily business challenges will help them realize an improved economic and personal life for themselves and their families.**

**Keywords:** women entrepreneurs, micro-entrepreneurs, emerging markets

## Introduction

The Niger Delta, a region rich in oil production, brings in a significant amount of Nigeria's external earnings—more than 70% (UNDP, 2006). Youth militants, battling perceived exclusion and marginalization from the region's established political and socio-economic circles, have turned Nigeria into a zone of intensifying conflict. Oil exploitation has caused environmental degradation in this region. The hardships that this has imposed on fishing and farming communities in the region, and women's role in approaching the hardships caused by this environmental damage, are central issues in the discourse concerning the Niger Delta region. Women entrepreneurs in Nigeria still face the cultural barriers of gender inequality, male chauvinism, and their social roles as homemakers/mothers (Amuchie & Asotibe, 2015; Mashi & Yusof, 2016). Along with all the socio-cultural biases against women, women entrepreneurs are also faced with the challenges of lack of entrepreneurial education and skills, low self-esteem, and inaccessibility to finance (Goyal & Yadav, 2014; Ugwuja

& Nweze, 2018). The impact of women entrepreneurs on the growth of other economies has been significant; however, their impact on the Nigerian economy's growth has not been as notable because of the many difficulties and barriers they face (Imhonopi et al., 2016; Kpelai, 2013).

## Background

Business ventures launched in developing countries by women entrepreneurs have been increasingly studied and described. Small-scale or microenterprises in trade and services tend to comprise the majority of businesses owned by women entrepreneurs. These enterprises may be owned by individual women in addition to family members. Skills developed in positions traditionally available to women, such as retail sales, middle and lower management, and education, are often utilized by women entrepreneurs launching their enterprise (Cabrera & Mauricio, 2017). In Indonesia, women own or run most business ventures within the informal sector of the economy (Anggadwita et al., 2017). In West Africa,

women micro-entrepreneurs mainly deal in foods and textiles, such as yam flour, smoked fish, palm oil, textiles, and pottery in Nigeria (Lawan, 2017). This situation aligns with the fact that women micro-entrepreneurs in Africa's rural and urban areas are the foremost purveyors of domestic food supplies.

The bulk of these enterprises cannot become transforming or dynamic, with limited potential for moving into high or formal growth activities. Many of them arise from the absence of opportunities in the labor market. For informal firms or SMEs, the routine hurdles of bribery, insecurity, power unavailability, and the amount of time in dealing with government regulations are compounded with the additional obstacles of lack of market information and skilled labor, poor access to finance, and weak infrastructure (Akinsanmi, 2018; Ugwuja & Nweze, 2018). Niger Delta women have a history of being active participants in all regional and national economies. From the fisherwoman in the creeks of the Niger Delta to the Chief Executive Officer in urban areas, women have strived to be equal partners with men in the labor force (Imhonopi et al., 2016). Those women who can find employment play active roles in the developmental process as farmers, traders, teachers, nurses, and administrators and become significant contributors to their families and their communities' economies located within the Niger Delta region. However, a more substantial portion of women remains marginalized in the local Niger Delta economy (Anugwom, 2011). This imbalance has yet to be addressed in the extant literature or through policy, such as in situations where women are limited in their economic activities due to inadequate access to resources (Ugwuja & Nweze, 2018).

### Statement of the Problem

The specific problem is that a more in-depth understanding is needed of the daily challenges faced by women micro-entrepreneurs for business survival in the Niger Delta region (Akinsanmi, 2018; Igwe, 2018). According to a recent UNDP (2006) report, 70% of the inhabitants of the Niger Delta live in a region mired in subsistence-living conditions characterized by a lack "of basic facilities, such as electricity, piped water, hospitals, proper housing and roads, and are also weighed down by debilitating poverty, malnutrition and diseases" (Anugwom, 2011, p. 243). Niger Delta women's pursuit of micro-entrepreneurship has its roots in their endeavors to fight unemployment and poverty for their close and extended families through necessity entrepreneurship. Microcredit is often touted as a solution to subsistence problems in Nigeria, and poor women with access to microcredit can make investments in microenterprises to combat their poverty; yet, these resources remain out of many of these women's reach (Ajayi, 2016). At the same time, scholars report that daily challenges to these women micro-entrepreneurs that stand as barriers in their fight for business survival remain undocumented (Amesi, 2014; Nutsukpo, 2018). To reconcile the literature gap on the daily challenges faced by women micro-entrepreneurs for business survival in the Niger Delta region, qualitative, social constructivist, and contextualized research approaches are needed that emphasize the relationship between individuals and the socio-cultural issues faced in daily survival challenges within a specific entrepreneurial context (Nutsukpo, 2018; Stead, 2015).

### Purpose of the Study

The purpose of this qualitative study utilizing a narrative inquiry method was to gain a deeper understanding of the daily challenges for business survival faced by women micro-entrepreneurs in the Niger Delta region. Narrative inquiry was employed to meet the study's purpose and collect data through storytelling from women entrepreneurs in Nigeria about their daily business experiences, consistent with the qualitative paradigm. A narrative analysis of critical events was utilized to ensure the data's trustworthiness, the strength of its transparency, and openness in highlighting and gathering the complete description of events within a story (Clandinin, 2016;

Webster & Mertova, 2007).

### Theoretical Framework

In the Nigeria Centenary Country Report on Women (2013), scholars and public policy practitioners provided critical multidimensional perspectives of poverty as including, among other things, social, political, and cultural issues. The current study is inspired by institutional views linked to entrepreneurship by Nguyen et al. (2009) and Bruton and Ahlstrom (2010), and which Lawan (2017) identified as relevant in explaining post-start-up or business development for women entrepreneurs in Nigeria. Three pillars of institutions (normative, regulative, and cognitive) are grounded in the institutional views of entrepreneurship by Bruton and Ahlstrom (2010), Nguyen et al. (2009), and Scott (2007). There is an interaction between the cultural and institutional perspectives that are considered within this framework. Culture and institutions appear to be the significant factors that affect new venture creations' national levels (Begley & Tan, 2001; Peng, 2003; Thomas & Mueller, 2000 as cited by Nguyen et al., 2009). The six dimensions of business development (innovation, growth characteristics of businesses, profitability, finances, networking, and cultural issues) emanating from the three pillars of institutions (Lawan, 2017) were explored in this study to develop a better understanding of the post-start-up phase of businesses run by Nigerian women micro-entrepreneurs. The theoretical framework is explained in further detail, along with details of the sampling process, methodological tools, techniques, and approaches adopted in this study in Chapter 3.

The need to ask the right questions in qualitative research has been highlighted by Browne and Keeley (2009). In alignment with the problem and purpose of the study, the data collected offered knowledge to answer the following central research question (CRQ):

**CRQ:** *What themes emerge from the narratives of women micro-entrepreneurs in the Niger Delta region regarding their daily challenges for business survival?*

Our self-interest lies in better understanding women micro-entrepreneurs. The sheer numbers involved are significant. Vast armies of micro-entrepreneurs populate the poor parts of the world. Ramadani et al. (2015) gave two main reasons why women entrepreneurs merit academic investigations. Women entrepreneurs have been recognized as a significant untapped source of economic growth, considering that they create new jobs for themselves and others and provide different solutions to management organization and business problems and exploit business opportunities. They have also been traditionally neglected both in society in general and in the social sciences. Women entrepreneurs themselves have roles to play to complement government efforts in rural microenterprise development in Nigeria. These include making good business decisions, having the right motive, making efforts to acquire appropriate training, strong network ties, business experience or skills, innovation, and market information (Hammawa & Hashim, 2016).



**This study indicates that in today's current conditions, women are increasingly contributing to the workforce makeup in Nigeria... Empowering women by enveloping them into the economic mainstream is a primary task for today's Nigeria.**



Very little research has been done on the women of the Niger Delta region, creating a research gap. Their microenterprises are the bedrock of support for their communities. There is, therefore, a need for a clear understanding of the challenges hampering the growth and development of these women micro-entrepreneurs. Privileging these women's voices and experiences throws more light and expands our knowledge of women micro-entrepreneurs of the Niger Delta region. It will help to integrate micro-and macro-level analyses of their activities. Also, an advancement of the theorization of entrepreneurship and an entrepreneurial career model of the region is achieved. This study's goal will have been achieved if government policy on the institutional environment affecting these businesses is revisited and greatly improved. Realizing this will also be an eye-opener for the community leaders and an indication of the changing times and the inevitability of the way forward.

### Review of the Literature

Nigeria has diverse ethnic groups with various cultural practices. Such practices have influenced entrepreneurial activities, especially those of women, yet have not received adequate attention (Akinbami & Aransiola, 2016). These cultural problems may harm the economy and Nigeria's socio-political development (Amuchie & Asotibe, 2015). Women entrepreneurs in Nigeria face challenges and barriers by their roles as mothers, homemakers, and often as the head or chief breadwinner of the family (Mashi & Yusof, 2016). Additionally, traditional female gender roles in the Nigerian culture still emphasize submissiveness, supportiveness, and subservience, with most women prevented from participating in certain businesses due to these cultural mindsets (Akinbami & Aransiola, 2016). As Nigeria's socio-economic and political conditions change, women are beginning to gather wealth alongside men; the result is a gradual but notable transition away from gender inequalities and discriminatory trends (Isiwu & Onwuka, 2017). To bridge these gender inequalities, there is a need for understanding of the socio-cultural barriers to women micro-entrepreneurs in various regions of Nigeria and for finding ways for these women micro-entrepreneurs to overcome them to make for an improved economic life for themselves and their families; women entrepreneurs have a significant role to play in the fight to reduce levels of poverty (Halkias et al., 2011; Nutsukpo, 2018; Ogunyemi, 2015).

Women make up a substantial majority of the world's poor and represent the informal sector labor supply bulk, working for low wages at unstable jobs. Compared to men, women and children experience the most significant burden of deprivation. These poor women are often concentrated among minority ethnic groups and indigenous people. Data from a broad cross-section of developing nations support these generalizations (World Bank, 2012). Institutional Theory (Roy, 1999 as cited by Bruton et al., 2010) is a foundational theory utilized to more closely analyze the institutional, business, and developmental environment, which has a great potential to define, limit, and eradicate opportunities for the woman micro-entrepreneur in the Niger Delta region.

This framework is viewed as a theoretical lens to evaluate these women's personal beliefs as micro-entrepreneurs of the Niger Delta region and deliver a deeper understanding of the challenges existing for this particular set of women. It has increasingly become clear that issues such as culture, legal environment, tradition and history of an industry, and economic incentives can all impact industry and, in turn, entrepreneurial success (Baumol et al., 2009). Institutional theory is thus concerned with regulatory, social, and cultural influences that promote the survival and legitimacy of an organization rather than focusing solely on efficiency-seeking behavior (Roy, 1999 as cited by Bruton et al., 2010). Culture is one necessary means by which both normative and cognitive structures are transmitted. The main reason for the increasing standing of the institutional perspective

in entrepreneurship research lies in the dissatisfaction with theories that venerate efficiency but downplay social forces as motives of organizational action (Barley & Tolbert, 1997). Those entrepreneurs are both constrained and enabled by the institutions in their environment and have been widely acknowledged in the literature (Bruton & Alstrom, 2003; Scott, 2007). Other institutional factors in the external environment that impact entrepreneurial development are favorable market incentives and capital availability (Foster, 1986).

### Women's Entrepreneurship in West Africa

Villages throughout Africa's vast rural areas are teeming with entrepreneurs, young and old alike, doing business—selling wares, offering services, and transporting people and goods. Shops are often located in family houses, on market squares, and lining key roads, providing social places for community interactions, family gatherings, and dispute settlement (Nagler, 2015). African women are an untapped powerful economic force. They make up just over 50% of Africa's growing population, and their under-representation in social, political, and economic spheres must be addressed if Africa is to fully leverage the promise and potential that it holds (Ernst & Young, 2011). When their men abandoned agricultural farming for off-farm jobs, women had to pick up the pieces to fend for themselves and their children. Literature has shown that businesses owned by women entrepreneurs are small and underperforming, indicating why the barriers they face must be addressed urgently (Ojo et al., 2015).

Women entrepreneurs themselves have roles to play to complement the government's efforts in rural microenterprise development in Nigeria (Hammawa & Hashim, 2016). It is these women's responsibility to make sound business decisions to survive the challenges they face. Business experience and skills with the additional effort to acquire market information and appropriate training will enable them to build strong networks, experience, and innovation successfully. Most African women work two jobs to care for themselves and their households (Ojo et al., 2015). This situation applies to both urban and rural women. The women may be poor but not completely stranded. They can afford primary education and feed their children as a result of their entrepreneurial efforts. West Africa is at the heart of Africa's transformation. With a projected growth rate of 7.4% in 2014, it is the fastest-growing region on the continent (African Development Bank Group, 2018).

However, West African economic growth has been insufficient in most countries to make significant reductions in poverty; essentially, West Africa's farmers and firms produce and trade in highly localized markets and do not achieve sufficient economies of scale to attract broad-based investment that could accelerate growth and reduce poverty (USAID/Nigeria, 2014). Rural women are the leading players in these local markets. Maintaining in view the crucial role played by micro, small, and medium-scale sectors in poverty alleviation, job creation, revenue generation, balanced regional development of the country, and promotion of exports, the Nigerian government's policy thrust has been in establishing, promoting, and developing women entrepreneurs through micro and small business enterprises, particularly the rural industries and the cottage and village industries in backward areas (Hammawa & Hashim, 2016).

### Access to Finance for Women Micro-Entrepreneurs in Developing Countries

The importance of access to credit is identified as a significant barrier to entry into self-employment throughout the world (Imhonopi et al., 2016). Women setting up businesses will encounter varying degrees of difficulty obtaining capital, collateral, and fair lending terms. According to one study, 41% of entrepreneurs report that lack of money is the greatest obstacle to starting a business, and 47% cite a lack of capital as the most significant barrier to business growth (Clark & Kays, 1995).

Rural people lack personal savings, credibility, collateral securities for debt financing and business experience, and skills, and savings increase the amount of capital available, contributing to business growth and development. The inability of women entrepreneurs to save and effectively utilize their financial resources might severely affect business performance (O et al. 2015). They also face strict credit scoring methodologies and regulations, complex documentation procedures, and long waiting periods when they apply for funding (Robinson et al., 2004).

The majority of institutional credit is still channeled through formal sector agencies, and women often have fewer opportunities than their male counterparts in having such access to credit. Low-wealth-potential entrepreneurs may be unable to start a business due to financial constraints. The women, therefore, remain poor due to a lack of adequate financing. The lack of adequate startup finance is one of the most significant impediments to people seeking to create their businesses in rural areas (Robinson et al., 2004; Sarasvathy, 2004; Ulrich, 2006). This gender-based discrimination, which creates conditions in which the poor have no access to credit, ensures that a woman cannot finance her children's education and well-being. This absence of physical and monetary investment opportunities causes a country's per capita growth to be less than expected if there were greater equality. However, women cannot easily access sizeable volumes of the credit for the following reasons: lack of property rights; local cultural practices, and social norms; the difficulty of conventional lenders to determine borrowers' quality; small loans are more expensive to process per dollar lent; and the belief that women generally lack opportunities to invest in high-return projects. These lead to crippling financial constraints for women-owned businesses. The financial constraints are exacerbated by lack of education, lack of women's lobbies, low employment levels of women, lack of collateral, lack of information about the availability of loans, negative attitudes by banks, and the need to see business earnings (El-Namaki, 1988; Parker et al., 1995; Rohana et al., 2013; Rutashobya & Nchimbi., 1999).

### **Challenges Faced by Women Micro- and Rural Entrepreneurs in West Africa**

On the West African coast, Afro-European contact created novel opportunities for African women and men to engage in the slave and commodity trade before 1800 (Havik, 2015). From that time until today, women own and manage various micro, small, and medium enterprises that not only provide goods and services but also employment as well as financial and social support for their families, communities, and countries at large (Global Entrepreneurship Monitor, 2015; Vossenber, 2013). Local West African women-owned factories and vessels, traded in slaves, ivory, gold, and hides, and mediated transactions, tenancy agreements, and conflicts between strangers, traders, and members of African ruling lineages herbalist healers. Women were able to consolidate and expand their roles as economic and social actors. Located on the crossroads between the trans-Atlantic slave trade and mobile trade networks in the African hinterland, this hybrid space enables women to accumulate economic, social, and cultural capital, thereby achieving a "multiplier effect" in terms of the benefits that accrued from their affairs that also had direct implication for their siblings and dependents (Havik, 2015).

Culturally, in most communities in Nigeria, women have been adjudged to be enterprising (Akinbami & Momodu, 2012). However, the petrodollar resulted in more economic problems due to oil dependence on the negligence of all other sectors, including stock trades and agriculture, which provide more women in the country with employment. The environment in which the women operate also created another obstacle to their development in the rural sector. This environment is dominated by the observance of several cultural practices that limit their growth (Abimbola et al., 2011)

Akinbami undertook the research, and Aransiola (2016) of Nigeria's southwest and southeast women revealed that four leading cultural practices hindered these women's entrepreneurial development. These were traditional festivals, inheritance structures, widowhood practices, and the area's general belief system.

1. The traditional festivals were celebrations that forbade the women from going outside their homes for a period ranging from two to seven days. These festivals caused breaks in their businesses, causing them to become unstable with the business's resultant unprofitability.
2. Widowhood practices involved the women staying home for a protracted length of time; up to a year. This jeopardizes their entrepreneurial development. These cultural norms bring about financial hardship with attendant denial of any form of inheritance from the husband's estate. During this period of seclusion and denial of business activities, a total collapse of the business occurs as the woman's business capital is used for personal upkeep during the widowhood rites.
3. In some cases, the authors reported a complete seizure of the women's properties by the in-laws. Some cultures even required them burnt as part of the cleansing burial rites. All these bring untold hardship and economic misfortunes to women entrepreneurs.
4. Various cultural beliefs were also found in the research as negatively affecting the entrepreneurial development of women. For example, "a woman who becomes richer than her husband will lose respect for him." This belief is why the men would use different strategies to hinder women from progressively succeeding in their business whenever they noticed considerable progress.

In Nigeria, outside of agriculture, the informal sector is the largest employer of women, dominated by self-employment in SMEs, with women entrepreneurs having limited access to other critical resources such as land, technology, and credit facilities (Mba, 1982). Although many factors, including poor planning and implementation, corruption, and lack of continuity, have contributed to the failure of government efforts on women's entrepreneurship development in Nigeria (Abimbola & Agboola, 2011). It is important to note that any government intervention that fails to integrate the cultural context into women's entrepreneurship development may not achieve the desired results (Akinbami & Aransiola, 2016). In some instances, women play essential roles in the poverty reduction of their immediate family, especially if the husband's earnings are too meager to cater to the family's basic needs (Garba, 2011).

Risk-taking is an essential feature in entrepreneurship, primarily discussed in management literature. It is a crucial factor determining the success or deep involvement in entrepreneurship. Women in their patriarchal homes take fewer risks and are financially dependent. They are mothers who do not assume risks or precarious responsibilities (Garba, 2011). This further limits the potential of a woman entrepreneur. The gender gap is another issue that continues to limit women's entrepreneurial disposition (Imhonopi et al., 2016). The gender gap in ownership and control of the property is one decisive factor that contributes to women's problems (Imhonopi & Urim, 2011). The liberal feminist theory argues that women's domination and inequality are due to sexism/discrimination, sex-role stereotyping, socialization, and that gender equality can be achieved by changing the existing systems and institutions such as law, work, family, education, and media. This theory supports that all human beings have the same essential features such as the capacity for reasoning and self-actualization, that they are capable of exercising these capacities if given equal rights, and that the inequalities existing between man and woman because of their

biological differences and social constitutions that are assigned to them by society have no basis in nature ((Mashi & Yusof, 2016).).

## Research Method and Design

“People are always tellers of tales. They live surrounded by their stories and the stories of others; they see everything that happens to them through those stories and try living their lives as if they were recounting them” (Webster & Mertova, 2007, p. 1). The nature of this qualitative, narrative inquiry research study was to explore the business lives of 10 women entrepreneurs in the Niger Delta region of Nigeria. Consistent with this study’s purpose, this narrative inquiry research study documented through storytelling the daily business experiences of women micro-entrepreneurs of the Niger Delta. The narrative inquiry research method allowed the data collected through the stories to present the women’s experiences holistically in all their complexity and richness. The data collected via primary sources was done through face-to-face interviews with ten women, drawn from five out of the nine states of the Niger Delta region of Nigeria.

Stories help to make sense of, evaluate, and integrate the inherent tensions in experiences; the past with the present, the fictional with the “real,” the official with the unofficial, the personal with the professional, and the canonical with the different and unexpected (Webster & Mertova, 2007). Although narrative inquiry research is utilized for various purposes, it is used predominantly to explore social settings that encompass the usage of transcript or dialogue within storytelling in qualitative research studies (Clandinin & Connelly, 1987). The recent increase in narrative inquiry across disciplines stems from the realization that traditional empirical research methods cannot sufficiently address complexity, the multiplicity of perspectives, and human-centeredness (Webster & Mertova, 2007).

The narrative method allows the researcher to work closely with participants and establish trusting relationships to better support those who reveal feelings of possible discomfort that can result from disclosing critical events of life experiences (Wimberly, 2011). Through telling their experiences in story form, individuals were able to reflect on their experiences related to being a woman rural micro-entrepreneur in the Niger Delta region, identifying characteristics they perceived to be significant, and assembling them in a way that produced a holistic picture that gives meaning to the business challenges of women micro-entrepreneurs in a volatile region like the Niger Delta.

The study is based on documentary/narrative data and interviews conducted in five states of the Niger Delta region. A total sample of 60 women was considered for the study. The researcher kept an electronic record of all critical information and critical observations and organized personal stories and life experiences related to home and cultural, racial, ethnic, time, place issues, and context (Clandinin & Connelly, 1987). The researcher and the participants worked together in collaborative dialogue in the form of personal contact to build rapport and relationships. The procedures used were field notes, journals, records, interview transcripts, and the researcher’s observation (Creswell et al., 2007)

### a. Population

The study population was women micro-entrepreneurs in the Niger Delta region of Nigeria, an area labeled among the most impoverished communities in the country, deep in an economic depression, with evidence manifesting through high poverty and unemployment rates in the region. The target cities for this population sample were: Port Harcourt in Rivers State, Uyo and Eket in Akwa Ibom State, Umuahia in Abia State, Benin City in Edo State, and Owerri in Imo State.

### b. Sample

A sample is “a smaller (but hopefully representative) collection of units

from a population used to determine truths about that population” (Field et al., 2012, p. 925). As in this research, an exploratory study is a beneficial approach when a researcher wishes to improve the understanding of a phenomenon (Saunders et al., 2000) or assess a phenomenon in a new light (Robson, 1993). The participants of this study included women from different types of entrepreneurial endeavors. A sample of 10 rural women aged 34–86 from five of the oil-producing states of the Niger Delta was recruited out of the population through purposeful sampling and explicitly using a network and snowball sampling strategy. The researcher used the participants who agreed and committed to participating in the study. Through qualitative narrative inquiry research, the researcher could accrue a comprehensive account of a topic in an individual’s narrative where the participant’s experiences are preserved (Trahar, 2009).

### c. Sampling criteria

This qualitative study participants were a purposeful sample of ten 34–86-year-old rural women from five oil-producing states of the Niger Delta region. These women are micro-entrepreneurs who faced barriers or problems in starting a personal business or who, despite these challenges, penetrated business sectors that traditionally were dominated by men.

### d. Sampling strategy

The researcher selected the sampling strategy naturally flowed from the chosen research design and research methods. The researcher also took into account issues of research ethics. For this study, non-probability sampling was selected, which includes snowball sampling and purposive sampling. Snowballing was included because the Niger Delta region is a highly volatile region due to militancy, kidnapping, and violence. So, a few women in each state were identified as the first step. These women organized the rest as the second step. This process continued until the desired sample size was met. A purposeful sample’s participant selection strategy employs a small sample of standardized participants that contains information-rich individuals (Patton, 2002).

### e. Materials/instruments

Semi-structured questions were grounded in the extant literature and the study’s conceptual framework on the daily challenges for business survival faced by women micro-entrepreneurs in the Niger Delta region. Lawan (2017) developed the interview protocol in her seminal study by basing each item from the theoretical literature on applying institutional theory to study women’s entrepreneurship in Nigeria. Aligning with Lawan’s (2017) instrument design, the interview questions were designed to elicit data on five foundational issues addressed in this research: 1. Personal characteristics of the women micro-entrepreneurs; 2. Nigerian women micro-entrepreneurs and entrepreneurial innovation; 3. Growth characteristics of businesses run by Nigerian women micro-entrepreneurs; 4. The profitability of businesses run by Nigerian women micro-entrepreneurs; and 5. Nigerian women micro-entrepreneurs and financial capital.

### f. Data collection, processing, and analysis

The collected data analysis through a narrative inquiry method was based on Clandinin and Connelly’s (1987) three-dimensional narrative inquiry space. This approach explores, across the dimensions of time, place(s), interactions, the personal and social aspects of an individual’s experiences as narrated by the individual. It is a collaboration between researcher and study participant through which the researcher can delve into and more deeply understand the participant’s experiences through their stories. Narrative analysis, such as that generated by the three-dimensional narrative inquiry space, helped the researcher identify critical events based on essential life decisions and how they had potentially life-changing consequences in a person’s life (Webster & Mertova, 2007). In the restorying of the participants’ narratives



and the revealing of the themes, the narrative researcher was able to pay close attention to detail and descriptions that included valuable details about the setting or framework of the participants' experiences (Clandinin & Connelly, 1987; Webster & Mertova, 2007). The practice of using this critical event method is incredibly beneficial because it showcases how an event affects and may change aspects of one's perception or worldviews (Webster & Mertova, 2007). Thematic coding was applied to the restudied data in a two-stage procedure: firstly, by interpreting the single case and producing a description for each case; and, secondly, by cross-checking the developed categories and thematic domains linked to the single cases for comparative purposes.

## Results of the Study

The most profound aspect of this study was that it gave these women an opportunity to tell their stories and to use their voices on behalf of other women. Through these women's lenses, one is better able to understand their experiences, challenges, barriers, and domestic environments as they struggle for business survival. Open-ended interviewing was used as the instrument to gather primary data concerning participants' stories of experiences. A critical event approach (Webster & Mertova, 2007) was used to capture momentous events in the participants' narratives, thereby addressing the study's purpose and research questions. The narrative data analysis methodology for the data collected in this study was based on Clandinin and Connelly's (1987) restorying and thematic analysis process. Thematic analysis was used on the collected data to identify the women's stories' underlying pattern (Clandinin & Connelly, 1987).

**CRQ:** *What themes emerge from the narratives of women micro-entrepreneurs in the Niger Delta region regarding their daily challenges for business survival?*

The results section is organized around the research question and themes that became apparent from the data. The evaluation of the findings comprises interpretations of the results that were enlightened by current research and theory and positions the study within the context of similar studies in the field.

### a. Demographics

The ages of the 10 participants who were interviewed varied from 34 to 86 years. This range was intended to capture the consistency of the barriers over time. They were from different parts of the Niger Delta, occupied with various small-scale businesses.

### b. Critical event narrative analysis

A critical event has a significant impact on the people involved and is identified as an event with a unique illustrative and confirmatory nature. An event such as this changed the participants' perceptions of business and barriers to its success. Critical events can only be determined after the event happened in an unplanned and unstructured manner (Webster & Mertova, 2007). Thematic analysis of interview transcripts unfolded patterns that provided answers to the CRQ. The major themes were the basis for answering the research question. The critical event approach for data analysis confirms validity and reliability because of its essential characteristics of openness and transparency in emphasizing, highlighting, capturing, and describing events embodied in stories of experience (Webster & Mertova, 2007).

### Themes

The selected women micro-entrepreneurs shared their outlooks and perspectives on their daily challenges for business survival. The narratives revealed critical events that resulted in similar themes across participants. Critical and like events centered on the themes of:

1. Startup capital found only from family and friends

2. Using basic technology in operating the business
3. Found it impossible to access grants meant to assist women
4. Difficult domestic economy
5. Satisfying the need to be a successful entrepreneur in the community
6. Started businesses that would serve humanity
7. Used the money earned to support their household or help their husbands
8. Committed to the success of the business
9. Integrity and reputation of the business paramount
10. Inheritance laws are not favorable to women. Only men are allowed to inherit.

### NIGERIAN WOMEN MICRO-ENTREPRENEURS AND ENTREPRENEURIAL INNOVATION

The participants' narratives revealed that they started their business based on past work experiences and opportunities.

### GROWTH CHARACTERISTICS OF BUSINESSES RUN BY NIGERIAN WOMEN MICRO-ENTREPRENEURS

The participants' narratives revealed their commitment to their businesses' success even though they do not enjoy a vibrant economy. Giving to humanity is essential to them.

### PROFITABILITY OF BUSINESS RUN BY NIGERIAN WOMEN MICRO-ENTREPRENEURS

The participants' narratives revealed their struggles to keep their businesses afloat. The economy and multiple government levies have been a significant problem.

### NIGERIAN WOMEN MICRO-ENTREPRENEURS AND FINANCIAL CAPITAL

Participants' narratives revealed that they all shied away from banking relationships. The few who tried felt banking was too expensive, and the banks had no grants that favored women to offer them.

### NIGERIAN WOMEN MICRO-ENTREPRENEURS AND SOCIAL CAPITAL (NETWORKING)

Participants' narratives revealed that they get help from family and friends. They did not get grants or help from the government. All survived by practicing lean management.

### WOMEN MICRO-ENTREPRENEURS AND CULTURE IN NIGERIA

Participants' narratives revealed that supportive relationships in their community encouraged them. Most confirmed not being eligible for inheritance. Across all narratives, inheritance laws did not favor women in the Niger Delta region of Nigeria. Across the board, the women have shown much resilience.

### c. Evaluation of findings

The ten themes identified from participants' narratives of the text showed common issues in the participants' business challenges. All 10 participants experienced the majority of the themes in their business experiences. This study supports the literature of those individuals who note that women typically do not possess the kind of tangible assets banks require to lend them money (Halkias et al., 2009). The ten themes' findings are the basis that confirms that all 10 participants faced barriers and different market-based challenges like unfavorable economic circumstances, unhealthy market competition, and lack of access to cash liquidity. Besides, this study shows that the increasing participation of women in profit-yielding activities creates a multiplier

effect on sustained efficiency, productivity, and economic growth. It elevates the standard of living of the family. Families are guaranteed good healthcare, good food, and education beyond the primary level when their women are involved in profitable economic activities.

This study revealed that researchers are correct in stating that infrastructure challenges hamper women's productivity (Ernst & Young, 2011). In a developing economy like Nigeria, women continue to participate in microenterprise businesses to overcome family and domestic constraints (Hammawa & Hashim, 2016). This study's findings support that women become entrepreneurs to gain some financial freedom and satisfy the desire to become an entrepreneur. It is also out of necessity that they are motivated to become entrepreneurs to enhance the standard of their family life. Typically, women entrepreneurs share several common traits with their male counterparts. Some of these traits include creativity and innovation, foresight, imagination, and daring (Imhonopi et al., 2016).

This study's findings support the theory that lack of credit access is a significant barrier to self-employment and women's entrepreneurship. The worsening economic recession in Nigeria, inadequate infrastructure, and religious and traditional beliefs that discourage gender parity contribute to incapacitating women financially. According to the study results, it is therefore essential to acknowledge that the extent of a woman's human capital, entrepreneurship, and how she is perceived in society affect her ability to participate and impact her society. The study indicates that women are hard-working and enterprising. However, this study's findings support the cultural trend that women are limited in their independent decision-making abilities regarding their businesses. They must continually seek their husbands' approval.

Through the result of this study, it appears that all 10 participants did not receive government support. SME development and sustainability in developing countries can be influenced by the government's stance concerning encouraging people to start and develop their businesses and political and government officials' behavior in their dealings with entrepreneurs and would-be entrepreneurs. Such an approach is undoubtedly fundamental for developing countries because the way entrepreneurs are viewed and treated can be either enabling or constraining. All the participants identified the enabling environment as the capital required to purchase appropriate equipment, rent for workshops, and training/apprenticeship fees. Literature was accurate in its account that inadequate institutional development can complicate new venture development (Baumol et al., 2009), while a more developed institutional environment with overly restrictive regulation can hamper a firm's founding. Entrepreneurial efforts are impacted by institutional factors such as governmental activities directed at creating an enabling environment for profitable entrepreneurship.

The findings also confirmed that women micro-entrepreneurs are weighed down by numerous procedural requirements and documentation, which demands their time and money. The findings further confirmed that women micro-entrepreneurs are individualistic, creative, committed, enthusiastic, quick to grab an opportunity and initiative, and flexible. From the findings, one could sense that they have the common motivators to become entrepreneurs found in the extant literature, such as a good reputation, status, a secure career, flexible work schedule, job satisfaction, prosperous image, and financial freedom. Their success factors were the ability to deal with problems and issues that may arise in doing business. They were found to have entrepreneurial skills such as marketing and networking, innovation, and financial engineering while planning and organizing their vision.

#### **i. STARTUP CAPITAL FROM FAMILY AND FRIENDS**

The use of informal finance is common in Nigeria (Smallbone & Welter,

2001). This study revealed that most women micro-entrepreneurs received help only from family and friends. Nevertheless, we know that even a micro enterprise will be challenged without cash flow in a business. It is the most formidable barrier to self-employment. Without access to finance, an existing business can not expand, and a new one cannot startup. Financial institutions' requirements and high interest rates have created a barrier to women-owned enterprises' success and flourishing. From this study, it is clear that women shied away from banking relationships because they lacked collateral readily acceptable by formal banking institutions. FME5 commented:

As a woman, I did not have a house or land because my husband did not believe in it. In his name, any property we had was not mine, so my Dad, who had the same surname as my maiden name, came and bailed me out. That is how I was able to get my first bank loan.

#### **ii. FOUND IT IMPOSSIBLE TO ACCESS LOANS MEANT FOR WOMEN PROVIDED BY THE CENTRAL BANK OF NIGERIA**

For years, women have heard of the 60% of 220 billion Naira provided for women by the Central Bank of Nigeria. All 10 participants had heard of this facility, but none of the banks have it available to access. Lack of easy access to financial products adapted to serve women micro-entrepreneurs remains a challenge and a barrier—business survival and scaling up depending on the availability of these women-friendly tailored facilities. FME7 noted: "The Central bank of Nigeria 220 billion grant has not been successfully deployed because CBN's conditions to the microfinance banks to take and disburse were so stringent it was difficult to access." FME3 stated: "I do not feel financially included. I have not received any grants meant for women from the government. This worries me."

#### **iii. DIFFICULT DOMESTIC ECONOMY**

Now that the oil production is down, government patronage is also down; the vicious cycle has affected even the women micro-entrepreneurs. There is less money in the hands of the average Nigerian. All participants complained about the recession and lack of government intervention. One can class the Nigerian economy as that of an economically stagnant society, offering a limited market and incentives, and where the level of capital accumulation is too small to enable potential entrepreneurs to take advantage of the limited opportunities that exist. There is not enough cash flow in these women entrepreneurs' hands in the study to expand their business. FME1 said: "People's financial ability is meager today due to the poor state of the economy. We keep our prices as low as the open market prices."

#### **iv. USED ONLY BASIC TECHNOLOGY**

The 10 participants kept their use of technology down to the very basics to keep the cost down, such as a point-of-sale system with a computer, Internet access, and private telephones or iPads. Technology speeds up their lives and businesses. As Imhonopi and Urim (2011) have argued, technology has further eased women's entry into entrepreneurial activity. Information and communication technologies have galvanized women to contribute their quota to activities that contribute to national economic development. However, it is clear from the findings that entrepreneurial women need to be up to date in technological innovation to maintain sustainable growth. FME7 remarked: "For a microfinance bank, we use only basic technology to keep the cost down."

#### **v. SATISFYING THE NEED TO BE A SUCCESSFUL ENTREPRENEUR IN THE COMMUNITY**

All 10 participants indicated that entrepreneurship offers tremendous opportunities to be relevant to their communities. It opened a new world of growth, self-esteem, and sufficiency for their businesses and their families and employees. This study has shown that women's entrepreneurship has continued to experience significant growth and

expansion due to such factors as education, achievements made by many women, professionals, and women's traits, and propensity to achieve (Imhonopi et al., 2016).

#### **vi. STARTED A BUSINESS TO SERVE HUMANITY**

The 10 participants looked at the needs of the community and started a business to serve these needs. The participants started their business based on their life experiences and observations; thus, they introduced something fresh and helpful to their communities. One of the most pressing challenges for entrepreneurs to attain business sustainability is innovation (Lepeley et al., 2015). Therefore, finding a way to serve humanity led to innovation on the part of these participants. FME5 said:

I decided to render a service which I could get paid for. I noticed in Nigeria many people are traveling and they need tickets. Nigerians had issues with airlines who close their office daily by 4 pm. I then noticed I could make money being a middle man. I decided to start a travel agency. Another element found in this study is that the participants created jobs for themselves and others. This provided flexibility for their work schedule, which made them more efficient managers of their homestead.

#### **vii. USED MONEY EARNED TO SUPPORT THE FAMILY**

This study found that all participants put most of their money back into the business. However, they also used a lot for their children's welfare, helping their spouses with school fees and feeding, confirming a woman's perceived primary role as a wife, mother, and homemaker.

#### **viii. COMMITTED TO THE SUCCESS OF THE BUSINESS**

The study exposed the resilience of the participants and their commitment to the success of their business. FME2 mentioned: "I am committed to my business success 100%. I start my day early and end it late. The lack of political will to encourage women micro-entrepreneurs with financial capital amounts to keeping African women in the global economy's back seat."

#### **ix. INTEGRITY AND GOOD REPUTATION OF THE BUSINESS IS PARAMOUNT**

All 10 participants revealed that their integrity and business reputation were of great importance to them. Women entrepreneurs in the Niger Delta are not only enterprising and courageous, but they have also gained acceptance and credibility (Anugwom, 2011). FME1 maintained that integrity and excellent customer service are important because every good business we do is a referral.

#### **x. INHERITANCE LAWS ARE NOT FAVORABLE TO WOMEN**

All the participants in this study revealed that only men are allowed to inherit property in their communities. The patriarchal system and culture make women subordinate to men in the Niger Delta region. The outcome is that women are kept under subjugation to men, with an inferiority complex, lack of confidence, and inability to sit at the same table with men to discuss issues that affect women and children. Education did not help these participants change the inheritance laws but helped them navigate their society's harmful customs, traditions, and beliefs. FME9 offered her view on this: "When my husband died, it was not easy. My in-laws poorly treated me. I was not given anything to take care of my young children. I could not even collect his pension money."

#### **Discussion, Recommendations, and Conclusions**

Women's role and their contributions to influencing the labor market have been increasingly acknowledged in extant literature. Their desire to be economically independent is evident in their relentless efforts in the micro-entrepreneurship space. However, it cannot be overemphasized that much still needs to be done to improve the economic conditions and opportunities available to women. Women

play essential roles in their nations' economic well-being and should have the same access to opportunities and resources for success as their male counterparts (Ojo et al., 2015). This study indicates that in today's current conditions, women are increasingly contributing to the workforce makeup in Nigeria. They are establishing new businesses aimed at filling the service gaps in the communities where they live. Innovations found in the participants' businesses indicate this orientation, which further confirms that women entrepreneurs have the know-how to determine economic opportunities and market gaps and deliver the required solutions to those identified needs. Another factor in the finding was that all 10 participants could not access loans and grants popularly discussed as an effort of the government to drive financial inclusion to women's benefit in Nigeria. All participants found financial inclusion as a mirage. Obtaining the necessary capital to start or to scale up a business has been a significant challenge.

Microcredit and women-friendly financial products essential to women's entrepreneurship are either not adequate to go around or impossible to access. Some of these financial products have borrowing thresholds and requirements beyond the reach of these women. As usual, they fail due to the stringent conditions placed on drawing down on the funds. However, there has recently been a reduction in women's under-representation in the formal banking system as formal institutions compete to woo this market segment. Leading institutions are doing more to bring in women customers with appealing products (Mclyment, 2008). It is popularly known and confirmed by the 10 participants in this study that women, due to cultural norms, do not have access to the kind of tangible assets and security that banks require to release depositors' funds as loans to them enable them to be financially included. The financial inclusion of these women has gained attention in development discourse as the concept of poverty reduction gains momentum in government political manifestos. This increased interest has brought to the fore microcredit schemes; therefore, microcredit is considered a development paradigm in enhancing and delivering financial services to the poor and rural population. These microcredit schemes also link these financially disadvantaged communities to formal banking institutions in the big cities.

#### **a. Recommendations for practice**

The findings of this narrative study through women's voices validate years of scholarly literature. Entrepreneurial empowerment is being considered as an antidote to the prevailing abject poverty in Nigeria. Empowering women by enveloping them into the economic mainstream is a primary task for today's Nigeria. Going by the themes that emerged through this narrative inquiry, the following recommendations should result in women's micro-entrepreneurship.

Programs need to be created to improve the economic environments of the women micro-entrepreneurs.

The government must continue evolving policy development to provide incentives that will encourage equal opportunities and gender parity.

The government must evolve networking facilities that will provide women with mentoring and networking opportunities.

To stimulate an entrepreneurial career/desire, women should be educated on business possibilities.

#### **b. Recommendation for Future Research**

This study's findings may inspire and be used to confront the process of procedures, strategies, and decision-making initiatives currently being utilized by the government, which concerns women's interest in micro-entrepreneurs in the Niger Delta region of Nigeria as a whole. Besides, a new way forward can be planned for policymakers, stakeholders, and professionals responsible for policy development.

These policies would create an economic environment for the women micro-entrepreneurs, where regulatory impediments are minimized. It is recommended that more research be conducted to maximize the long-term success rate of the Nigerian government undertaking fundamental actions discussed earlier that would radically transform the lives of the women micro-entrepreneurs for business survival. Furthermore, it is recommended that policymakers and stakeholders invest more time and effort in encouraging the reflection process by maintaining contact with women micro-entrepreneurs so that a continued support-based structure is employed and carried forward to ensure subsequent government policies' success. Additional narrative inquiry studies should be conducted to explore the impact of new government policies.

### c. Conclusion

This study's conclusions support the existing literature cited profusely all through this narrative inquiry, which indicates the need for more attention to be given by the government to create a better economic environment for women micro-entrepreneurs in the Niger Delta region and Nigeria as a whole. With this region accounting for more than 80% of Nigeria's foreign exchange and 70% of government revenues, the government must conquer this study's issues and themes. Moreover, existing business owners' training is essential because the pressures of day-to-day management and the constraints of scarce resources force SMEs to adopt a tactical rather than a strategic approach to challenges (Ebie, 2015). Available data indicate that most rural people in the Niger Delta lack information and technical abilities (UNDP, 2006); providing information and technical know-how would be a good avenue for the government to persist in improving the economic environment. Job creation and increased GDP will occur as a result of the development of entrepreneurial capacities. The study also revealed that a possible solution to the challenges facing the women micro-entrepreneurs is seeking out their active and influential input in decisions that affect their business survival. Engaging them in this manner would be an effective way to carry people along while providing checks and balances.



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# The Role of Culture in Entrepreneurship: A Focus on the Igbo Trade Apprenticeship System

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## Abstract

The success of cognitive apprenticeship as a learning method is dependent on the ability of the system to create viable employment for its graduates. Interestingly, the apprenticeship system in Nigeria is an indigenous knowledge system that is based on culture and tradition. Therefore, this study evaluated the role of culture in entrepreneurship with a focus on the Igbo trade apprenticeship system in Nigeria. Start-up capital accumulation, availability of networking and customer base, profitability, employment creation, and business survival /growth were assessed using a structured questionnaire. Respondents include 350 Igbo Traders who are members of the General Electric Dealers Association (GEDA) at Alaba International Market, Lagos State, Nigeria. Results showed that the respondents within the age of 40 – 49 years had the highest percentage (42.6%). The respondents were mostly male (99.4%) and had passed through formal education. Most of the respondents spent 6 to 8 years as apprentices. The respondents were composed mainly of the Igbo tribe (92.4%) and already owned their own businesses with good patronage. Most of the respondents affirmed that they were settled by their masters at the end of apprenticeship (86.7%), that their settlement was only in cash from their masters (55.4%), and that the settlement from their masters was the single source of start-up capital (72.5%). Results also showed significant relationships between the number of years of apprenticeship and accumulation of start-up capital, customer acquisition and networking, and employment creation by graduates from the Igbo Trade Apprenticeship System. Thus, the Igbo apprenticeship system is a self-sustaining system that could be adopted by the government and other skill acquisition institutions.

**Keywords:** Igbo culture, apprenticeship, profitability, employees, customers, Nigeria

## INTRODUCTION

Entrepreneurs contribute significantly to any nation's economic activities. Several studies on the causes, impact, and remedial actions of unemployment in Nigeria have emphasised the role of entrepreneurship in the reduction of youth unemployment (Nwankwo & Ifejiofor, 2014; Uddin & Uddin, 2013; Ajufo, 2013). Hisrich and Kearney (2012) described entrepreneurship as the creation of wealth by individuals who bear the main risks necessary for the provision of value in the form of a product or service. Similarly, Hisrich and Kearney identified three main types of entrepreneurs: private (individual), corporate, and social. Also, all the components which interact to catalyse the formation of new businesses and other entrepreneurial activities, within a given region have been referred to as an entrepreneurial ecosystem (Mack & Mayer, 2016; Roundy, 2016).

Culture, being the generally accepted way of life of a group of people, has been explained as the shared ways of thinking and behaving that are passed on from parents to children or transmitted by social organisations, developed and then reinforced through social pressure (Hisrich et al., 2017). The role of culture was also identified in the way different varieties of problems are solved by groups of people (Trompenaars & Hampden-Turner, 2012). Each culture teaches its members unique sets of values, behaviours, and communication preferences (Stringer & Cassidy, 2009) through which they perceive and relate with the world (Shinnar et al., 2012). Culture is not limited to ethnic groups and social gatherings alone. Stringer and Cassidy (2009) affirmed that corporate organisations also have their organisational cultures which dictate the way they do things in their workplaces. Thus, Taras et al. (2011) observe that culture goes beyond clothing, food, and rituals but more importantly, includes the communication



and behavioural attributes and manifestations deriving from the beliefs and values which distinguish one group from another.

Entrepreneurial activities have been observed to differ from one country to another regardless of similarity in economic development, making it difficult to attribute the differences to economic variables but instead to other variables such as culture (Pinillos & Reyes, 2009). Other studies noted that national cultural differences influence entrepreneurial consciousness and the search for opportunities (Bosma & Levie, 2010; Mitchell et al., 2010). Also, according to Stenholm et al. (2013), a culture that endorses entrepreneurship as positive and profitable is most likely to be conducive to entrepreneurial intentions. In Nigeria, such culture is predominantly found in the Igbo tradition. In fact, according to Olutayo (1999), when compared with the other major ethnic groups in Nigeria, the Igbos are leading in entrepreneurship and are dominant in the informal sector of the Nigerian economy.

The report of Asikaogu (2018) explained that the Igbo people, natively called Ndi-Igbo, who majorly hailed from Imo, Anambra, Enugu, Abia, and Ebonyi States and parts of Rivers and Delta States are regarded as the third largest ethnic group in Nigeria. They are present in all parts of the country and beyond because of their business interests and quest for wealth. In fact, Agazie (2012) reported that Nigeria would collapse if the Igbos were removed from the country. Furthermore, Udegbe (2013) estimated the Igbo investment in some parts of Nigeria and submitted that Igbo investment in Lagos is not less than N300 trillion and about N600 trillion in Abuja. The study also estimated the Igbo investment was up to N10 trillion in Kano and Kaduna respectively, N5 trillion in Borno, Yobe and Adamawa States respectively, and over N15 trillion in Plateau State. With unemployment posing a significant problem against Nigerian youth (Ajufo, 2013), the Igbo tribe has remained energetic, entrepreneurial, and consistent in trade because their culture has taught them that no condition is permanent (Achebe, 2012). Similarly, it has been observed that the graduates of the Igbo Trade Apprenticeship System start up their businesses as soon as they complete their training. Therefore, this study investigated the impact of the Igbo Trade Apprenticeship System on the entrepreneurial success of only the Igbo entrepreneurs who are members of the General Electric Dealers' Association at the Alaba international market, Lagos, and who passed through the Igbo Trade Apprenticeship System. It did not cover any entrepreneur of Igbo extraction who did not pass through apprenticeship.

## METHODOLOGY

### Study Population

The target population for this research was the General Electric Dealers Association (GEDA) of the Alaba International Market, Lagos, Nigeria. From the membership register, the General Electric Dealers Association (GEDA) of the Alaba International Market, Lagos, Nigeria boasts a population of 2000 members who are entrepreneurs doing business at the market. For the purpose of this research, the population was restricted to the business owners/entrepreneurs (masters) who successfully passed through the Igbo Trade Apprenticeship System.

### Research Strategy

This research was conducted using the survey strategy. A well-structured questionnaire (Appendix 1) was used as the data collection instrument. Responses were obtained through interview methods. The content of the data collection instrument was explained in "pidgin English" due to it being the generally used language among the respondents.

### Sample/Sampling Strategy

The systematic random sampling described by Saunders et al. (2009) was used in the determination of the sample size used in this study. The

method involves the selection of samples from the sampling frame at regular intervals. The serial number as contained in the membership register of the General Electric Dealers Association (GEDA) of the Alaba International Market, Lagos, Nigeria was used. A random sampling fraction of six (6) was used in this study. This means that after the first number which though selected at random must fall within the first six sets of numbers, subsequent numbers were selected at intervals of 6 and this made a minimum of 323 members for selection. Therefore, this study targeted three hundred and fifty (350) respondents.

### Pilot Study

A total of 40 respondents were selected for the pre-test. The sample size was selected following the study of Perneger et al. (2014). The study noted that in order to achieve a power of 90 % to detect a problem present for one out of ten respondents, 22 participants would be needed, or even 38 if the researcher requires a confirmation in another participant before altering the instrument. The questionnaire was administered to business owners who have passed through Igbo trade apprenticeship at Sapon (7°10'20.8" N, 3°2'29.6" E) Abeokuta, the capital city of Ogun State Nigeria. The location is very far away from the intended respondents for the study.

Validity was determined using an internal consistency method. This was tested by the calculation of Cronbach's alpha, whose values between 0.70 and 0.90 were considered to be acceptable. Reliability was determined using the Intra class Correlation Coefficient (ICC) for stability analysis by comparing the score obtained after the application of the questionnaire in the test-retest as recommended by Taherdoost (2016).

### Data Analysis

Collected data were presented in frequency tables and percentages and analysed using the Statistical Package for Social Sciences (SPSS) version 20.0 (IBM Corporation, 2011). This study made use of the Chi-square, Regression with line of best fit, and Analysis of Variance (ANOVA) as appropriate in the testing of set hypotheses. P – value less than 0.05 ( $p < 0.05$ ) was considered to be statistically significant.

## RESULTS

Out of the 350 interviews conducted using the structured questionnaire administered, 343 (98%) of the responses were observed to be valid, having responded to all the major sections of the questionnaire.

**Demographic Information of respondents:** Results showed that the respondents were within the age range of 19 to 59 years old. However, those within the age of 40 – 49 years represented the highest percentage (42.6%) while those within the age of 19 – 29 years (3.2%) were represented the least (Table 1). The respondents were mostly males (99.4%) and had passed through either secondary school or the Ordinary National Diploma (OND). The respondents were composed mainly of the Igbo tribe (92.4%).

**History of apprenticeship and current status of business ownership:** The majority of the respondents 332 (96.8%) own their own business (Table 2). Most of the respondents spent 6 to 8 years as apprentices and were about 2 to 4 in number under their masters while training. A greater percentage (51.4%) of the respondents claimed to have spent about 9 to 15 years as business owners after the apprenticeship. Most of them already have their own apprentice(s) in training ranging from 1 to above 6 in number. The majority of these respondents also claimed to have enough customer patronage.

**Start-up capital at the end of apprenticeship:** Out of the nine items this study assessed on how start-up capital was acquired at the end of apprenticeship, the majority of the respondents (89.6 to 99.4%) disagreed with five of the nine items (Table 3). These include

bank loans as major source of start-up capital, settlement supported by bank loan, family members as only source of start-up capital, settlement supported by family members, and settlement in goods from their masters. Similarly, 60.2% of the respondents also disagreed that they received settlements in both goods and cash from their masters. On the other hand, most of the respondents affirmed that they were settled by their masters at the end of apprenticeship (86.7%), that their settlement was only in cash from their masters (55.4%), and that the settlement from master was the single source of start-up capital (72.5%). Thus, the results of this study showed that apprentices under the Igbo Trade Apprenticeship System were settled by their masters with start-up capital.

**Perceived elements of entrepreneurial/ business success:** The majority of the respondents believed that business survival/growth is a major element of entrepreneurial/business success, start-up capital accumulation is a major element of entrepreneurial/business success, employment creation/number of employees is a major element of entrepreneurial/business success, and that profitability is an element of entrepreneurial/business success (Table 4).

**Perceived effects of apprenticeship system on the masters and apprentices:** Results also showed that the majority of the respondents believed that the apprenticeship system has a significant effect on both the masters and apprentices (Table 5). In this regard, the respondents affirmed that successful completion of apprenticeship contributed significantly to their start-up capital formation, influenced the number of employees they have, enhanced their profitability in the business, and boosted their customer's network chain. Similarly, the respondents agreed that as an apprentice, their efforts contributed to their master's business survival/growth, boosted their master's profitability, and that employment creation/number of employees increased during the days of their apprenticeship.

**Relationship between years of apprenticeship and source of start-up capital, customer network, employment creation, business survival and profitability**

Results showed a statistically significant relationship ( $\chi^2 = 7.430, p = 0.03$ ) between the years of apprenticeship and source of start-up capital among the respondents (Table 6). Similarly, a statistically significant relationship was recorded between years of apprenticeship and Customer acquisition and networking ( $\chi^2 = 7.134, p = 0.03$ ) and Creation of employment (F-value = 3.686,  $p = 0.02$ ). On the other hand, no significant relationship was shown between years of apprenticeship and Growth/survival of businesses ( $\chi^2 = 4.441, p = 0.13$ ) and Profitability of the businesses ( $\chi^2 = 3.401, p = 0.17$ ).

**Table 1: Demographic information of the respondents (N = 343)**

Variables	Frequencies	Percentages
<b>Age</b>		
19-29	11	3.2
30-39	114	33.2
40-49	146	42.6
50-59	72	21.0
<b>Gender</b>		
Male	341	99.4
Female	2	0.6
<b>Educational Qualification</b>		
Secondary	287	83.7
Ordinary National Diploma (OND)	56	16.3
<b>Ethnicity</b>		
Igbo	317	92.4
Yoruba	26	7.6

**Table 2: History of apprenticeship and current status of business ownership among the respondents (N = 343)**

Variables	Frequencies	Percentages
<b>Business Ownership</b>		
Yes	332	96.8
No	11	3.2
<b>Years Spent as apprentices</b>		
3 – 5	65	19.1
6 – 8	257	75.4
Above 8	19	5.5
<b>Number of Apprentice while in training</b>		
2 – 4	332	97.1

5 – 7	9	2.6
Above 7	1	0.3
<b>Number of years as a business owner</b>		
1 – 8	91	27.3
9 – 16	171	51.4
17 – 21	32	9.6
Above 21	39	11.7
<b>Do you have your own apprentice(s)?</b>		
Yes	294	88.8
No	37	11.2
<b>Number of apprentice(s) you currently have</b>		
1 – 3	291	96
4 – 6	9	3
Above 6	3	1
<b>Do you have enough customers?</b>		
Yes	225	67.8
No	107	32.2

**Table 3: Analysis of start-up capital at the end of apprenticeship among the respondents**

S/N	ITEMS	YES	NO	Remarks
1	Bank loans provided my only source of start-up capital	2(0.6)	307(99.4)	Settlements by master
2	Start-up capital was mainly from settlement but supported by bank loan	2(0.6)	308(99.4)	Settlements by master
3	Family members provided my only source of start-up capital	8(2.6)	301(97.4)	Settlement by master
4	Start-up capital was mainly from settlement but supported by family	32(10.4)	277(89.6)	Settlement by master
5	I was settled by my master at the end of my apprenticeship	288(86.7)	44(13.3)	Settlements by master
6	The settlement from my master was my single source of start-up capital	240(72.5)	91(27.5)	Settlements by master
7	My settlement was in cash only from my master	184(55.4)	148(44.6)	Part by master
8	My settlements were in both goods and cash from my master	132(39.8)	200(60.2)	Part by master
9	My settlement was only in goods from my master	3(0.9)	329(99.1)	Settlement by master

**Table 4: Analysis of the perceived elements of entrepreneurial/ business success among the respondents**

S/N	ITEMS	YES	NO	NOT SURE
1	Business Survival/Growth is a major element of entrepreneurial / business success	307(99.4)	1(0.3)	1(0.3)
2	Start-up capital accumulation is a major element of entrepreneurial / business success	307(99.4)	2(0.6)	0(0.0)
3	Employment creation/number of employees is a major element of entrepreneurial / business success	307(99.4)	2(0.6)	0(0.0)
4	Profitability is an element of entrepreneurial / business success	302(97.7)	6(1.9)	1(0.3)

**Table 6: Relationship between years of apprenticeship and source of start-up capital, customer network, employment creation, business survival and profitability**

		Years of apprenticeship			$\chi^2$ value	p-value
		3 - 5 years	6 - 8 years	Above 8 years		
Source of start-up capital	Basically through master's settlement	73.8	86	94.7	7.43	0.03*
	Not basically through master's settlement	26.2	14	5.3		
Customer acquisition and networking	Good network	53.8	70.9	73.7	7.134	0.03*
	Poor network	46.2	29.1	26.3		
Creation of employment	Average number of Employees	1.88a	2.08a	2.53b	3.686 $\pi$	0.02*
Growth/survival of businesses	Enhanced business survival	95.4	88.2	94.7	3.441	0.13
	Did not enhance business survival	4.6	11.8	5.3		
Profitability of the businesses	Enhanced profitability	95.5	87.5	94.7	3.401	0.17
	Did not enhance profitability	4.5	12.5	5.3		

\*Relationship significant at  $p < 0.05$ ; <sup>ab</sup>Mean values having different superscripts significantly different between the years of apprenticeship at  $p < 0.05$ ;  $\pi$  – Value represents F-value generated from ANOVA;  $\chi^2$  = Chi square value

## DISCUSSION

This study showed that the majority of respondents were Igbo and the group was comprised of more males than female respondents at the General Electric Dealers Association (GEDA) of the Alaba International Market, Lagos, Nigeria. Awoniyi (2016) earlier reported that about 80% of business owners at Alaba International Market, Lagos Nigeria, were from the Igbo tribe. A previous study by Ayodele (2018) on Alaba International Market, Lagos, Nigeria, also recorded more male than female respondents. This is an indication that males of Igbo origin are more involved in business at the Alaba International Market than the females. As explained by Ayodele (2018), most Igbo traders at Alaba International Market prefer their wives to be full-time housewives, while those females that participate in apprentice training are likely to be non-Igbo or unmarried Igbo women who are related to Igbo traders either by blood or social networking. Also, the majority of the respondents were between 40 – 49 years old, followed by those within the age bracket of 30-39 years. These categories of people represent the owners and drivers of economic activities (Ayodele, 2018). Similarly, all the respondents have had some level of formal education, with 83.7% of the respondents having secondary education while the remaining 16.3% had tertiary education. This implies that members of the Igbo trade apprenticeship system are learned and could easily adjust to changing business trends to enhance the growth of their businesses. It is possible that this level of education has assisted the Igbo traders in the importation of goods, taking stocks, writing receipts, and explaining item manuals.

One of the major findings in this study is that most of the respondents are business owners, with majority of them (51.4%) claiming to have been running their businesses for 9-16 years and all of them having passed through the Igbo Trade Apprenticeship System. This revealed the beauty and dynamics of the Igbo apprenticeship system. The fact that the majority of the respondents became successful business owners can indicate that the Igbo apprenticeship system is a self-sustaining system. Similarly, this study also revealed that majority of the respondents (75.4%) spent between 6-8 years as apprentices. This is comparable to those reported in other studies on the Igbo



**This study has shown that culture plays a significant role in entrepreneurship, especially on the Igbo Trade Apprenticeship System. The Igbo culture has made its trading apprenticeship system to be a self-sustaining system, training its people to become successful business owners.**



apprenticeship system (Chrisent, 2019; Kanu, 2019). According to Chrisent (2019), the Igbo Apprenticeship System is an unpaid business apprenticeship model that lets people learn business from a master for a certain number of years (5-8) and, at the end of their apprenticeship tenure, get cash infusion and support to start their own business. The report further added that there is no salary paid during the time of the apprenticeship tenure, but meals, clothing, and transportation fare are provided by the master. However, when the years of apprenticeship tenure are over, the apprentice is as good as his master. Orungun and Nafiu (2014) also affirmed that apprentices get cash infusion and support from their masters to start their own business at the end of their apprenticeship period. This present study also affirmed that the Igbo Trade Apprenticeship System ends up establishing new business for its trainee. The response of one of our respondents summarized the system as:

*"As a young boy at the age of 13 years, I started learning the trade through serving my uncles, washing clothes, plates, and running errands. The first three years in the shop were for observing and serving the senior boys. After that, they started introducing me to the small aspects of the businesses and the pros and cons. I learnt the trade for eight years before running a new shop for my uncle for three years and started my own business with financial assistance from my master at the age of 24 years." - (One of the business owners)*

This study also showed that the greater the number of years that the apprentices spent with their masters, the more the likelihood of getting enough financial aid from the masters, the more the likelihood of learning the “tricks” of the business, and the more the likelihood of getting more apprentices and creating employment. This is in agreement with those of other studies (Chrisent, 2019; Eze, 2012; Kanu, 2019; Orungun & Nafiu, 2014).

The results of this study have shown that the Igbo Trade Apprenticeship System is focused on job creation. Unlike the other apprenticeship systems, the Igbo Trade Apprenticeship System provides its graduates with start-up capital for their own businesses. Observing the apprenticeship system of a close tribe to the Igbos, the Yoruba tribe, Kanu (2019) gave an interesting insight. In the Yoruba tribe, the apprentice does not necessarily live with the master. Therefore, the master does not take responsibility for the feeding, clothing, and housing of the apprentice. Also, the apprentice pays the master a ‘freedom fee’, purchases sets of drinks, and throws a party to celebrate the end of apprenticeship tenure, which could last for 2 – 3 years. This is very important because this has to be done for the graduate to be presented with a certificate (and not start-up capital like the Igbos) for them to officially begin to trade. Thus, this present study affirmed that the Igbo Trade Apprenticeship System is a self-sustaining cycle that is responsible for the remarkable achievements of the Igbos in the Nigerian economy. This was evidenced by the fact that the respondents, who are masters of businesses, were also previously apprentices under their various masters and now have a number of apprentices learning under them.

## CONCLUSION

This study has shown that culture plays a significant role in entrepreneurship, especially in the Igbo Trade Apprenticeship System. The Igbo culture has made its trading apprenticeship system self-sustaining, training its people to become successful business owners. The master takes care of his apprentices and provides them with start-up capital at the end of their training. Therefore, it is pertinent to encourage Nigerians and business owners of other tribes to emulate the Igbo entrepreneurship culture. Governments, universities, and other tertiary institutions could incorporate the Igbo Trading Apprenticeship System as Internship Training in entrepreneurship programmes to encourage self-employment/entrepreneurial intentions and reduce the unending search for jobs among the youth in Nigeria.



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## Appendix 1

### Questionnaire for sampled entrepreneurs who are members of the General Electric Dealers' Association, GEDA, at the Alaba International Market, Lagos, Nigeria

**Research Topic:** The Role of Culture in Entrepreneurship – A Focus on the Igbo Trade Apprenticeship System

#### Section A. (Demographic characteristics of the respondents)

1. Age in years:                      19-29                       30-39                       40-49                       50-59                       60 and above
2. Gender:                              Male                               Female
3. Educational Qualification:      Primary                       Secondary                       Ordinary National Diploma (OND)                       Higher National Diploma   
    Bachelor's Degree      Master's Degree      Other  \_\_\_\_\_
4. Ethnic Group/Tribe:              Igbo                       Yoruba                       Hausa                       Others  \_\_\_\_\_

#### Section B. (Business ownership and status of apprenticeship)

1. Did you undertake apprenticeship before starting your own business? Yes  No
2. If yes, how many years was your apprenticeship? \_\_\_\_\_
3. How many of you were apprentices with your master? \_\_\_\_\_
4. Do you run your own business now? Yes  No
5. How long have you run your own business? \_\_\_\_\_ Years
6. Do you have your own apprentice(s)? Yes  No
7. How many apprentices do you have? \_\_\_\_\_
8. Do you have enough customers to buy your goods? Yes  No

#### Section C: Source of start-up capital at the end of apprenticeship

Please, tick as appropriate in each box

S/N	ITEMS	YES	NO
1	I was settled by my master at the end of my apprenticeship		
2	My settlement was in cash only from my master		
3	My settlement was only in goods from my master		
4	My settlements were in both goods and cash from my master		
5	The settlement from my master was my single source of start-up capital		
6	Family members provided my only source of start-up capital		
7	Bank loans provided my only source of start-up capital		
8	Start-up capital was mainly from settlement but supported by family		
9	Start-up capital was mainly from settlement but supported by bank loan		

#### Section D: (Perceived element of entrepreneurial/ business success among the respondents)

Please, tick as appropriate in each box

S/N	ITEMS	YES	NO	NOT SURE
1	Start-up capital accumulation is a major element of entrepreneurial / business success			
2	Business Survival/Growth is not a major element of entrepreneurial / business success			
3	Employment creation/number of employees is a major element of entrepreneurial / business success			
4	Profitability is not an element of entrepreneurial / business success			

**Section E: (Perceived effects of apprenticeship system on the masters' and apprentices')**

Please, tick as appropriate in each box

S/N	ITEMS	YES	NO	NOT SURE
1	My successful completion of apprenticeship contributed significantly to my Start-up capital formation			
2	Completing my apprenticeship also influenced the number of employees I have			
3	Completing my apprenticeship also enhance my profitability in this business			
4	Completing my apprenticeship also boosted my customer's network chain			
5	As an apprentice, my efforts contributed to my master's business survival/growth			
6	Employment creation/number of employees were increased during the days I was an apprentice with my master			
7	Being an apprentice boosted my master's profitability			



# The Impact of Regional Conflict on Palestinian Entrepreneurship: A Multiple Case Study

**AUTHORS: WASEEM ABDALHALIM  
AND DAPHNE HALKIAS**



## Abstract

**The purpose of this qualitative multiple case study was to describe and document the perceptions of Palestinian entrepreneurs regarding the impact of the regional conflict and government revenue problems on their business ventures' sustainability. Much current research about entrepreneurs does not thoroughly analyze the specific reasons for the discontinuation of small- and medium-sized enterprises in Palestine. There is a need for a deeper understanding of this process to strengthen such enterprises' sustainability in Palestine. The problem is that the Palestinian economy continues to operate much below its potential due to the ongoing regional conflict and the Palestinian National Authority's government revenue problem.**

**Keywords:** entrepreneurship, conflict, SMEs, sustainability, Palestine

## Introduction

Scholars conclude that the nature and drivers of entrepreneurship, and a culture of innovation in the context of an ecosystem, can be a positive influence in this process (Carroll, 2014; Rajab & Omar, 2014). The Palestine Economic Policy Research Institute (MAS) recently joined the Global Entrepreneurship Monitor (GEM) research initiative to recognize entrepreneurs' critical role in business development. In March 2015, the Palestinian government established a national program to support creative ideas and Palestinian entrepreneurs. However, most of the institutional and organizational infrastructure required to support entrepreneurs does not exist in Palestine, leading to premature closure of small business ventures (Stevenson et al., 2010); the discontinuation rates are significantly higher in Palestine than in the Middle East and North Africa (MENA) region (Daoud et al., 2013).

## Background

A study by Sabella et al. (2014) found that entrepreneurship, as measured by the rate of business startups, significantly impacts gross domestic product (GDP). Entrepreneurs in Palestine are one of the leading factors that can decrease Palestine's unemployment rate (Sabri, 2008). Sabri (2008) examined the framework of the micro, small, and medium-sized enterprises (MSMEs) and the Palestinian economy, in which family-run businesses prove to be the most successful. In some cases, the market share of some family-run firms has reached 95%. Certain MSMEs employ

between 200 and 350 employees, while the average Palestinian enterprise has only five employees.

Notwithstanding individual entrepreneurs' potential, the major strengths and challenges facing Palestinian family businesses are the impact of wars and political instability on the Palestinian economy's sustainability (Abuznaid, 2014). Since 2015, three incubators in Gaza have provided the required incubation, training, and funds (El-Khazendar & El-Khozondar, 2015). Entrepreneurs' personality characteristics also have a significant effect on their startup companies; moreover, the activity area within which startup companies operate plays a significant role in their success, especially in small markets such as the one in Gaza.

Research on promoting a culture of innovation and entrepreneurship in Palestine reveals that the most crucial elements are a commitment to change, a willingness to innovate and try new things, and a bureaucracy that embraces its role in stimulating and facilitating rather than seeking to control (Carroll, 2014; Elfara, 2015). For instance, Palestine could increase efforts to assist exporting SMEs by, for example, improving coordination among different agencies and initiatives (Rajab & Omar, 2014). As an indicator, Palestine ranked 143rd out of 189 economies in the ease of doing business (World Bank, 2014). The low-entrepreneurship culture ranking based on the GEM showed that the managers of MSMEs are keen on developing strong personal and professional relationships with



individuals in large enterprises, competing firms, and suppliers (Rajab & Omar, 2014). Scholars recommend that more studies are needed on specific reasons for the discontinuation of SMEs in Palestine from the entrepreneurs' viewpoint to gain a deeper understanding of this process to strengthen Palestine's SME sustainability (Elfara, 2015; Jenders, 2012).

### **Statement of the problem**

The problem is that the Palestinian economy continues to operate significantly below its potential due to the ongoing regional conflict and the Palestinian Authority's government revenue problem (Sabella et al., 2014). Palestinian entrepreneurs are faced with various social, political, and economic challenges. Scholars have argued that Palestinian entrepreneurs would perform better if given an enabling environment (Sabri, 2008) and, regarding the nature and drivers of entrepreneurship, concluded that a culture of innovation in the context of an ecosystem could be a positive influence in this process (Carroll, 2014; Rajab & Omar, 2014). The Palestinian territory is small, delicate, and a low-to-middle-income country. The labor force participation rate is meager, although indicators of literacy and education in Palestine are among the highest in the MENA region (Sabella et al., 2014).

The majority of Palestine's economic units are organized in SME units, led by entrepreneurs, and working with ten employees or less (Abuznaid, 2014; Sabri, 2008). However, most of the institutional and organizational infrastructure required to support entrepreneurs does not exist, leading to premature closure of small business ventures (Stevenson et al., 2010); and the discontinuation rates are significantly higher in Palestine than in the MENA region (Daoud et al., 2011; Daoud et al., 2013). Much of the current research about entrepreneurs does not thoroughly analyze the specific reasons for SMEs' discontinuation in Palestine. There is a need for a deeper understanding of this process to strengthen Palestine's SME sustainability (Elfara, 2015; Jenders, 2012). Infrastructural accessibility can assist in identifying critical infrastructure that is crucial for tech entrepreneurship in concrete trans-local circumstances. Proposed by Bjørn and Boulus-Rødje (2018), the infrastructure accessibility method can identify those that exist and those absent yet necessary for tech startups in Palestine to be successful.

### **Purpose of the study**

The purpose of this qualitative multiple case study was to describe and document the perceptions of Palestinian entrepreneurs regarding the impact of the regional conflict and government revenue problems on their business ventures' sustainability. The Palestinian economy continues to operate considerably below its potential due to the ongoing regional conflict, the Palestinian Authority's government revenue problem, and infrequent donor support (Sabella et al., 2014). The Palestinian economy is very dependent on the Israeli economy (World Bank, 2016). Competition between West Bank and Israeli labor is limited by constraining employment opportunities to sectors offering low-skilled-jobs, especially construction (Miaari & Sauer, 2011)

The research design used to conduct this study was a multiple-case research design that is descriptive and uses face-to-face interviews as the primary source for data collection (Yin, 2017).

### **Literature review**

This literature review covers scientific research related to Palestinian entrepreneurs and can play a crucial role in solving the revenue problem resulting from the ongoing regional conflict. Drivers of entrepreneurship and a culture of innovation in the context of a growth-enabled ecosystem can positively influence this process, as will an enabling environment in which Palestinian entrepreneurs could perform better. The literature reviewed has been considered from an international perspective while mainly focusing on Palestinian business ventures. Research on the context of promoting a culture of innovation and entrepreneurship in Palestine reveals that the most critical elements will always be a commitment to

change, a willingness to innovate and try new things, and a bureaucracy that embraces its role in stimulating and facilitating rather than seeking to control

### **Theoretical framework**

Without Palestinian entrepreneurs embracing technology, Palestine's economic growth will not reach its potential (Sultan, 2011). Technology startups offer the best path forward for the Palestinian economy (Abukumail, 2013), creating well-paying jobs and supporting growth elsewhere in the economy. High-tech startups can also avoid many of the obstacles that make it difficult for other Palestinian businesses to succeed (Sultan, 2012). The technology-organization-environment (TOE) framework and accompanying theories focus on investigating beliefs that shape individuals' attitudes and intentions. Validations, applications, and replications have provided strong empirical support for the framework, proving its usefulness as a theoretical model for explaining and understanding a user's behavior in implementing technology. The TOE framework has also been widely applied in business research (Baker, 2012).

Theoretical Foundations of Acceptance: Without Palestinian entrepreneurs embracing technology, economic growth in Palestine will not reach its potential (Sultan, 2011). Technology startups offer the best path forward for the Palestinian economy (Abukumail, 2013), creating well-paying jobs and supporting growth elsewhere in the economy. High-tech startups can also avoid many of the obstacles that make it difficult for other Palestinian businesses to succeed (Sultan, 2012).

The TOE framework and accompanying theories focus on beliefs that shape individuals' attitudes and intentions. Validations, applications, and replications have provided strong empirical support for the framework, proving its usefulness as a theoretical model for explaining and understanding a user's behavior in implementing technology. The TOE framework has also been widely applied in business research (Baker, 2012). For example, Tornatzky et al. (1990) advanced a theoretical model focused on technological, organizational, and environmental contexts to explain a business owner's intention to adopt e-commerce (see Figure 1). In this model, perceived complexity and perceived uncertainty have been derived from the technology context, and the factor of perceived losses has been derived from the organizational context (Morrar & Abdelhadi, 2016).

Political factors, categorized as external barriers relating to government instability, occupation restrictions, and logistics obstacles, have been derived from the environmental context (Herzallah & Mukhtar, 2016). This research has also utilized the DOI theory, which has been extensively used in research on adopting new technologies and studies on management information systems (Rogers, 1995). Individual characteristics and internal factors (perceived risk, perceived behavior control, and perceived complexity) have been derived from the DOI theory and used to describe and assess the individual and behavioral characteristics within the workplace.

### **Economic Development in a Conflict Zone**

Research on sustainable development under occupation has found that it will be challenging to make a sustainable development plan while Israel is still occupying Palestinian territory and controlling its natural and economic resources (Shaath, 2015). Israel controls more than 60% of the West Bank (Area C), along with borders, ports, and crossing points (Al-Fetiani, 2015). Many research papers, reports, newsletters, seminar outcomes, and radio and television reports assure that no development is possible under occupation (Abumdallah & Al-Ajalah, 2013). Planning is further hindered because of the complex and challenging issues involved in preparing an economic plan (Meqdad, 2015).

Since the Palestinian National Authority (PNA) was established in 1994, billions in foreign aid have been received to support the government budget. Most of these foreign funds were spent to cover the chronic deficit

in the government budget, with very little support going to productive projects such as hospitals and schools. The level of unemployment has risen to more than 25%, and poverty has increased, turning the Palestinians from producers to consumers and then to beggars, depending on aid. In this state of affairs, per capita income has remained at the same low levels before the PNA's establishment (Gazgan, 2013). International aid has, however, had little effect on development because most of it was conditional. Six economic plans have been made in the Palestinian territories since 1982. The last one was the 2007–2012 plan called 'Development for building the state.'



**... the Palestinian economy continues to operate much below its potential due to the ongoing regional conflict and the Palestinian Authority's government revenue problem.**



Economic plans are crucial to ensure the best utilization of a country's resources, improve economic growth, and decrease the unemployment rate and poverty (Al-Masri, 2013). A World Bank (2011) report on the West Bank and Gaza Strip's current poverty situation described the Palestinian situation as unique across the world. It noted that the country's unemployment rates are the highest globally, primarily due to the lack of opportunities, and concluded that the unemployment rates are closely linked to the occupation. Compared to 12% in 1999, before heightened restrictions on the movement and access of Palestinian labor and goods, the unemployment rate in the occupied Palestinian territories was 26% in 2015 (38% in Gaza Strip and 19% in the West Bank) (UNCTAD, 2016).

Obstacles that impede sustainable development in Palestine are both external (caused by the occupation) and internal. However, the latter is under Palestinian control and can be reduced substantially (Abbadi, 2016). Analyzing the Palestinian economic situation can help identify and determine the political, social, and economic challenges that exist regarding economic development overall and for small businesses in particular (Charles et al., 2015). Such an exercise can help find ways and methods that could enable the Palestinian economy to face these challenges and the means that can be used to achieve economic development without interference from the occupation authorities and with the least possible losses (Abbadi, 2016).

### Challenges to Economic Development in Palestine

No one denies that the Israeli occupation is the most critical obstacle to furthering Palestine's economic development (Abbadi, 2016). The Israeli authority controls borders, crossing points, ports, roads between cities, and the airport, severely restricting mobility. They also control water resources and goods and products entering and exiting the region. Commodities have to either be produced by Israel or pass through Israeli ports. This overall situation has resulted in the Palestinian economy's significant dependence on the Israeli economy and great economic losses (World Bank, 2016). Since its establishment in 1994, the PNA has not separated the two economies. Their integration has deepened, and power over the Palestinian economy has become even more substantial (Melhem, 2018).

The Palestinian economy is still 100% dependent on Israel for water, electricity, fuel, gas, and many strategic commodities. Further, the Israeli authorities collect the VAT imposed on imports to Palestine and deliver it to the PNA (UNCTAD, 2014) after collecting dues from water and electricity utilities and hospitals, even though many patients are transferred to Israeli hospitals at a substantial cost to the PNA. Israeli authorities also

have control over the land, primarily categorized as Area C, representing more than 60% of the West Bank area and where investment or building is prohibited. As such, the Palestinian economy suffered losses of an estimated \$6.9 billion in 2010 — almost the same as the GDP for that year (Abbadi, 2016). Beyond these external challenges, Palestine also has specific internal challenges, classified as economic, political, and legal.

**Economic challenges.** The economic challenges are represented by the weak structure of the Palestinian economy, in which the service sector's growth is at the expense of the productive sectors. Palestine has high unemployment rates (reaching over 25%) and poverty and substantial rural-to-urban migration. High numbers of educated and trained individuals have emigrated in search of job opportunities (Abbadi, 2016). Lack of local and foreign investment is one of the most critical challenges to the Palestinian economy — a weakness attributed to the PNA's inability to control its borders and crossing points and the free movement of people and goods. Another challenge lies in weaknesses in the laws that are meant to encourage foreign investment. The increase in imports and a lack of exports, together with increased dependence on foreign assistance (for financing the budget deficit and the balance of payment deficit), has driven a shift from people producing to looking for assistance from several areas but mainly Arab countries, the European Union, and the United States of America. This state of affairs led to dumping the Palestinian markets with Israeli commodities, while competition with Israeli industries resulted in several Palestinian industries shutting down, further heightening the Palestinian economy's dependence on the Israeli economy (Hever, 2015).

**Political challenges.** Included in the political challenges are all restrictions that have been recorded in the political and economic agreements signed with Israel. Evidence in the Paris Accord prevents the PNA from freely importing certain strategic commodities such as electricity and petroleum and generating electricity, building dams, and freely extracting water. The Accord also outlines commodities that can be purchased from outside following approval by Israeli authorities. It further states that imported commodities can only be received through Israeli ports (Abbadi, 2016).

Additionally, based on the Oslo Agreement, Palestinian land was divided into three areas — A, B, and C. This was supposed to hold for five years until 1999, after which a Palestinian state was to be established on all the Palestinian land that was occupied in 1967. However, the area remains divided, and a Palestinian state has yet to be realized. Further, Palestinians have no control over Area C, representing more than 60% of the West Bank. The political split between Gaza and the West Bank, running since 2007, is an additional political challenge and, consequently, a significant burden for Palestinian economic development. The Gaza Strip, which has suffered substantial destruction and losses in three wars since that time, has an airport and a seaport and represents half of Palestine's population (EEAS, 2016).

**Legal challenges.** There are significant delays in the passing of several laws and there are laws that are waiting to be renewed, including one on the encouragement of investment. Since the separation in 2006, the legislative council no longer functions as the legislature of the PNA. New elections have not been held, and the old parliament has not been allowed to carry out its functions. These shortcomings have resulted in a lack of laws and, thus, also a weak judiciary system. The situation is worsened by a lack of transparency, which has caused an increase in corruption that has had an impact on Palestine's foreign investment and reduced foreign aid. The particular governance style has also driven financial corruption and led to an increase in tax evasion. The president's term and functioning of the legislative council ended more than seven years ago, and there is no indication that elections will be held any time shortly (Abbadi, 2016).

### Research Methods

**Population:** The sample for this study was recruited from two population groups: 1) practitioners, eight Palestinian entrepreneurs meeting the inclusion criteria for participants in the study, and 2) scholarly researchers

who have published papers on the impact of regional conflict on Palestinian entrepreneurship in peer-reviewed scientific journals.

**Sampling criteria:** The proposed research utilized qualitative, multiple case studies to explore key insights of eight leaders of business ventures who had established and led business ventures in the state of Palestine.

**Sampling strategy.** For research integrity in qualitative studies, it is necessary to define a population and implement a suitable sampling method to select a sample population (Tracy, 2010). Data and information were collected through a purposeful sample of eight business venture leaders selected under adopting a network and snowball/chain sampling strategy (Sinkovics & Alfoldi, 2012).

Conducive to this research design and study, eight business leaders were selected for the interview process, a number that was deemed adequate for this type of exploratory research study (Mason, 2010; Yin, 2017).

**Data collection:** This study's interview guide consisted of semi-structured questions to describe and document the perceptions of Palestinian entrepreneurs and business leaders regarding the impact of the regional conflict and the government's revenue problems on their business ventures' sustainability and on economic development in Palestine under occupation and regional conflict

**Validity and reliability:** Construct validity is enhanced by using more than one source of evidence during data collection and by establishing a chain of evidence at the same time. Two main strategies have been proposed to ensure construct validity: 1) triangulation: observing phenomena from different perspectives (Gibbert et al., 2010), and 2) establishment of a transparent chain of evidence that would allow the reader to follow how the researcher proceeded from the initial to the final propositions (Gibbert et al., 2010).

## Results of the Study

The participants' responses to the interview questions provided insights into the study's two questions and were analyzed thematically for consistent and divergent views. This thematic analysis was synthesized with data from the extant literature, the investigator triangulation process, and the researcher's observational field notes to answer the research questions. This study's findings presented three themes that correspond to Research Question 1 and three themes corresponding to Research Question 2. Accordingly, the following discussion of implications addresses each of these in turn.

**RQ1:** What are Palestinian entrepreneurs' perceptions of the regional conflict's impact on their business venture growth?

### **The decision to open business given the regional conflict.**

One of the most important and overriding themes among leaders of business ventures, especially those with hands-on experience in Palestine, concerned the decision to open a business, given the regional conflict. The Palestinian economy continues to operate below its potential because of the ongoing regional conflict, the Palestinian Authority's government revenue problem, infrequent donor support (Sabella et al., 2014), and variables that cannot be controlled.

**Impact of the regional conflict on the growth of business ventures.** Another important theme among the leaders of business ventures in Palestine is the regional conflict's impact on business ventures' growth. A study by Sabella et al. (2014) found that regional conflict significantly impacts GDP growth. The regional conflict and the government's revenue problems significantly impact business ventures' sustainability (Abbadi, 2016; Zucker, 2009).

**Access to finance.** A significant theme among leaders of business ventures was access to finance. A study by Elfarrar (2015) showed the situation was much the same from 2010 to 2015, with the main reasons for business discontinuance reported as being access to finance, business not being profitable, and siege and closures

**RQ2:** What are Palestinian entrepreneurs' perceptions on the impact of the Palestinian Authority's government revenue problem on their business venture growth?

**Challenges to sustaining business ventures in Palestine.** One of the most important themes among Palestinian leaders of business ventures is sustainability, given the conflict in the region. Obstacles that impede sustainable development in Palestine are both external (caused by the occupation) and internal. Research on sustainable development under occupation has found that it will be challenging to make a sustainable development plan while Israel is still occupying Palestinian territory and controlling its natural and economic resources (Shaath, 2015).

**Impact of the Palestinian Authority's government revenue problem on business ventures.** A significant theme addressed by leaders of business ventures in Palestine was the Palestinian Authority's revenue problem. Palestinian entrepreneurs can play a crucial role in solving part of the revenue problem resulting from the ongoing regional conflict (Portland Trust, 2007). The problem is that the Palestinian economy continues to operate much below its potential due to the ongoing regional conflict and the Palestinian Authority's government revenue problem (Sabella et al., 2014).

**Insights of leaders of business ventures on the state of entrepreneurship in Palestine.** One of the most important themes emerging from among the responses of leaders of business ventures in Palestine was their insight into the critical role of entrepreneurship in Palestine and the risks that impact the high discontinuation rate in startup businesses in Palestine. Most of the institutional and organizational infrastructure required to support entrepreneurs does not exist in Palestine, leading to small business ventures (Stevenson et al., 2010). The discontinuation rates are significantly higher in Palestine than in the MENA region (Daoud et al., 2013).

## Research Significance

This study's participants were eight business venture leaders who had established and led business ventures in Palestine. Industry variables are particular to entrepreneurs, SMEs, and the PNA. This research satisfied the call to refine practice-based definitions of DOI by conducting in-depth, qualitative, small-sample studies that reveal context-specific practices of DOI. This study offers original small-sample, in-depth qualitative data to the DOI literature on how leaders of Palestinian business ventures can effectively aggregate differing concepts of DOI among the Palestinian entrepreneurs to develop an effective DOI strategy within their businesses.

This study contributed original qualitative data to the development of a contingency theory of DOI, upon which the purpose of this research study was framed. Extant theories can be expanded and enhanced with a multiple-case study design to gather data to answer qualitative research questions. Extension of theory using a multiple-case study design can contribute value to a particular theoretical perspective and further define the original theory's boundaries (Halkias & Neubert, 2020). Multiple cases are like multiple experiments; the previously developed theory can be compared and extended to account for the case study's empirical results (Yin, 2017).

## Recommendations for practice

Discoveries from this research project and exploratory study suggest that formal annual risk management assessments provide structure to the DOI process and allow all participants to focus on risk identification, assessment, and mitigation. Supplementary formal individual risk assessments aid in the DOI process, consistent with DOI's contingency theory. The study's findings indicate that Palestinian business ventures must develop cultures that embrace DOI and not just give lip service. There must be a constructive dialogue among all key players in the entrepreneurial ecosystem in Palestine. The Palestinian government must facilitate the adoption of new technologies and studies on management information

systems within the Palestinian economy, especially for startup businesses.

The study indicates that the workplace's behavioral characteristics must go from top to bottom while other information must flow bottom-up. This allows for disseminating a consistent message of perceived risk, perceived behavior control, and perceived complexity. An additional recommendation for practice involves skilled Palestinian professionals encouraging employees to run successful startup businesses using new technologies to help overcome the Palestinian government's revenue problem. Such an approach need not be only for entrepreneurs but also for different sectors within the Palestinian economy. Public praise and recognition and personal affirmation can be just as effective at encouraging and rewarding proper DOI behavior.

### Recommendations for further research

Future scholarly work about the research topic should encompass substantiated, reliable, and confirmed measures of the variables. Although qualitative evaluations of the study variables were strikingly comprehensive with in-depth descriptions of participant anecdotes conducive to exploring insights into their business ventures' DOI practices and processes, it is imperative to note that the study was limited in both the number of participants and scope. Additional quantitative appraisals of the impact of the regional conflict on Palestinian entrepreneurship and business ventures and SMEs coupled with new or supplemental subject data would strengthen and perhaps augment more useful insights into the qualitative applicability of research variables.

One limitation of this research was that the population sample consisted of all male participants; therefore, gender could provide additional insight into possible variances. Future research that includes female business leaders who have business ventures could better understand innovative technological advancements and downstream DOI requirements. Interestingly, during the data collection process, one of the participants made a recommendation for future research. He suggested that research be conducted comparing other similar economies of business ventures' role in solving the economy's revenue problem. In other words, he suggested extending the contingency theory of DOI by sub-groups of business ventures in other similar countries and comparing and contrasting the results of one sub-group with another.

In addition, leading indicators, findings, and implications identified during the research phase about exploring significant research issues related to extending a contingency theory of DOI have been presented. SMEs and leaders of business ventures in Palestine will reference this study to improve their present understanding of business opportunities available to them when implementing effective DOI practices. Supplementary studies that involve both practice and research on the topic of how business ventures in Palestine can effectively aggregate differing concepts of behavioral characteristics within the workplace to develop an effective DOI strategy within their businesses, coupled with new or supplemental subject data, would strengthen and perhaps augment more useful insights into the qualitative applicability of research variables.



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