GLOBALISATION AND SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT: WHAT HOPE FOR MSMEs IN THE 21ST CENTURY NIGERIA?

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Abstract
The study evaluated the influence of globalisation on sustainable socio-economic development within the context of micro, small and medium-scale enterprises (MSMEs) in the contemporary Nigerian society. The central thrust of the study was to assess the influence of

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INTRODUCTION
The contribution of micro, small and medium-scale enterprises (MSMEs) to national development as experienced in many countries of the world, mostly the ‘Asian tigers’ such as China, Malaysia, Indonesia and India among others, shows that entrepreneurship contributes substantially to national development, most especially in this contemporary regime of globalisation, trade liberalisation and deregulated market economy. The experiences of those countries certainly serve as an impetus to a developing economy, such as Nigeria, where poverty level is on a very high side. The incidence of poverty in Nigeria, where over 70 per cent of the total population is being classified as poor is highly worrisome (Aremo & Aiyegbusi, 2011 as cited in Ojapinwa, 2014). The rate of poverty in
globalization on MSMEs’ growth vis-à-vis sustainable socio-economic development in the most populous African country. In the process, it was revealed that globalization aimed at the transcendental homogenization of socio-economic theories across the globe has put an end to the hitherto order of marginalization and re-colonization in the 21st century Nigeria. It was recommended that Nigeria’s economy requires both micro- and macroeconomic restructuring and realignment to survive the challenges of the twenty-first century in a globalised world.

Nigeria is however accentuated by the increasing rate of unemployment, high level of illiteracy, corruption/corrupt practices and bad governance among others. Therefore, entrepreneurship, as a panacea to the menace of poverty in the hitherto Asian tigers’ countries, has been identified as a means of providing employment and generating income in the country. Globalisation as a process of increasing interconnectedness, integration and interdependence among economies, societies, cultures and political institutions across the world, has been encouraged by the diminishing importance of geographical distance in cross border relations in the wake of new technologies (Dumming, 1998). In the economic front, globalisation has taken the form of increasing trade liberalisation, formation of world markets and increased international mobility of capital (Banjo, 2000). This has resulted in countries coming together under the auspices of supra-national trade blocs, such as in the African Union, the European Union, and multinational institutions, such as the World Trade Organisation (WTO), United Nations’ Conference on Trade and Development (UNCTAD), etc. Multinational enterprises (MNEs) have gained the ability to locate the production facilities anywhere across the globe, most especially in the less-developed countries of Africa where cheap labour and raw materials as well as other components, such as capital and technology, could be sourced. Similarly, multinational enterprises, via the instrument of globalisation, are not incapacitated from selling their products or invest in the profit-oriented businesses in many strategic locations around the world.

Meanwhile, the development of international market has further engendered global competitions from many quarters; and as a result of which many enterprises have grown or merged in order to achieve the economies of scale. This resulted in the creation of many multinational firms, and their dominance as
global oligopolies in many markets around the world (Fafowora, 1998). For the general consumer, global market operation via the internet has led to greater access to products’ varieties from everywhere, at every time and in every way (Otokhine, 2000). From the political perspective, globalization has resulted in a partial loss of sovereignty for states (Ake, 1996; Toyo, 2000). A state, therefore, can no longer govern independent of other states. Each state has to abide by the rules of multinational institutions and multi-lateral agreements or risk being isolated. Many states have also chosen to unite and enter into several trade blocs in order to maximize the benefits of globalisation. Moreover, from the cultural dimension, globalisation has taken place in form of increased exchange of culture and knowledge among peoples of different countries (Goldminer, 1998).

In a nutshell, globalisation has turned the world into a single, united and indivisible entity. This in turn has led to intense e-commercial ‘war’ to get the attention and nod of the customers globally. Globalisation, of course, has certainly brought about enhanced mobility of human resources, commodities and capital. This occurred as a result of increased economic and socio-cultural integration among countries in the universe (Mowlana, 1998). To this end, the purpose of this article is to provide an overview of contemporary trends in globalisation vis-à-vis MSMEs’ growth on one hand, and to enhance the conceptual evaluation of entrepreneurial venture creation vis-à-vis sustainable socio-economic development in the 21st century Nigeria on the other hand. These are the fundamental frameworks that informed the concepts behind this study.

CONCEPTUAL AND THEORETICAL FRAMEWORK

Conceptualizing Globalisation

Globalisation is not a new feature of the world economy. The era before the First World War was one in which strong globalisation tendencies produced an uneven pattern of global economic development, thereby exposing the limits of global economic integration. To be precise, for instance, the integration of the African economy into the capitalist structure is part of the globalizing tendencies of capitalism (Ake, 1996). Thus, colonialism provided a legal framework for the dependence of the African economy on the Western economy, thereby making African countries became producers of raw materials for industries in advanced capitalist societies. From the historical perspective, the process of globalisation started in the nineteenth century. This necessitated some levels of capital flight from Europe to America and Australian to open up new enterprises, mostly in the areas of building of rail road systems and agriculture. These enterprises, according to Banjo (2000), were central to the expansion of capitalism.
The existence of joint stock companies and the phenomenal growth in the areas of commercial/allied services and technology, among others, aided the scramble for the partitioning of African societies and rapacious exploitation of these parts of the world (Ake, 1996). Although the pre-eminence of globalisation as championed by America was interrupted by the cold war era, with the effective end of the latter in 1990, the West no longer need to compromise its ideology of globalised culture on the platter of communism (Goldminer, 1998).

Consequent upon this, the global economy continues to experience some fundamental changes in nearly all ramifications including ‘the discourse of language of globalization’. This trend is currently being pursued with vigour by the now acclaimed instruments of globalization. These instruments – The World Bank; the World Trade Organisation; and the G8, according to Banjo (2000), are ‘wicked machines of the imperialists’, which completely have their pedigrees in the ideological frameworks of the West and its monopolistic view of what the world should look like.

Therefore, any characterization of globalisation that excludes the roles of the International Monetary Fund (IMF) and the World Bank would be adjudged reductionist since the fundamental goal of globalisation is centred on the issue of global capital. To this end, the IMF and the World Bank have played pivotal roles in the enthronement of global capital (Ake, 1996). This has been accomplished through a number of contemporary private enterprise-driven policies such as ‘liberalization’, ‘privatization’ and ‘deregulation’. To be precise, liberalization is a process of removing artificial restrictions on production, exchange or use of goods, services and factors of production (Toyo, 2000). Meanwhile, there has been a liberalization of international trade and factor movements which are necessary conditions for firms to globalise (Albuquerque, Loayza & Serve, 2003). Consequently, firms play some crucial roles since the logic of private enterprises is the drive for profits, the movement of firms and capital across borders in pursuit of profits inherent in the expansion of firms. Thus, economic activity could not be global without the capacity of a business enterprise to operate simultaneously in more than one country. However, the unique capacity for organisational flexibility and integration that characterizes many transnational corporations today serves as a driving force for globalisation (Toyo, 2000).

In respect of privatization and commercialization public enterprises, it has deepened the integration of African countries into the global systems of production and finance by encouraging capital inflows and bringing foreign ownership into hitherto public enterprises (Onwuka & Eguavoen, 2007). However, it is instructive to note that this international dispersion of ownership
has been asymmetric to wit. Meanwhile, the privatization policy in the African countries had attracted capital from the developed countries, while it has disbursed ownership mainly to domestic residents in the developed countries (Toyo, 2000).

Theoretical Framework
This study adopts political economy paradigm as framework of analysis. According to Adesiyan (2012), political economy is a useful scientific tool for a holistic study of issues, phenomena and policies in many societies. It seeks to address the question of why some people or countries are poor, while others are rich. It seeks to explain the material conditions of societies and individuals. The urge for primitive capital accumulation, the domineering role of capital in a society as well as the control of the developing countries by the acclaimed instruments of globalization (the World Bank and the IMF) can only be meaningfully understood within the political economy paradigm (Momoh & Hundeyin, 2005). The political economy however has variants ranging from classical value-theory, neo-classical marginal analysis, general equilibrium theory, Marxist, under-development and dependency, socialist political economy to post-Keynesian theories, such as endogenous growth theory. This study however adopts a Neo-Marxist paradigm as the theoretical underpinning for the understanding of Nigeria’s socio-economic shortcomings in the context of the globalised system.

According to the Neo-Marxist paradigm, the world capitalist expansion is responsible for the situations of underdevelopment and dependency of the Third World countries (Egbuwalo, 1990). According to Frank’s inquiry into the process of capital accumulation as the determinant cause of the wealth and poverty of Nations; Frank (1979) stresses that contrary to modernization theory, the idea of colonialism via the civilization of the ‘uncivilized’ nations and the dominance of the developed nations over the Third World countries brought about the disarticulation and distortion of their socio-economic systems. It is against this backdrop that Emmanuel (1974) states that the Third World countries were therefore forced to specialize in the production of unprocessed raw materials for export to the metropolis in a global division of labour characterized by an unequal exchange. It is within the context of this theory that the Nigerian level of socio-economic development is best understood.

CONTRIBUTION OF GLOBALISATION TO ENTERPRISE GROWTH
There is no gainsaying that the protagonists of the globalisation with the collaboration of their ‘instruments’ in various developing countries have continue to consistently, through cosmetic and mouth-watering entreaties, lure
many developing countries (particularly in African continent) into the ‘villagized’
world and fairness in the asymmetrical game involved. This is being entrenched
by laying irresistible emphasis on the merits of scientific and technological
innovations, particularly in the areas of modern telecommunications, new
information communication technologies, free enterprise customization,
mechanized agriculture as well as its propensity for reduction of the problems of
hunger and possible alleviation of Africa’s food crisis (Fafowora, 1998; Toyo,
2000; Albuquerque et al., 2003).
The globalisation of technology, via technology transfer, promotes the
globalisation of production and finance by spurring the dissemination of
information and lowering the cost of linking markets internally (Robertson,
1992). The globalization of technology has created rapidly rising number of
global consumers (Mowlana, 1998). In truth and indeed, Africa has been turned
into a dumping ground where people increasingly consume an abundance of
products that seldom impact their struggle for existence (Ake 1996). Little
wonder that some Africans do not understand their own history but they can
write history in favour of Europe. Moreover, it cannot be wished away that the
current ‘villagilization’ of the world, as globalization has greatly, albeit negatively,
affected the developing countries in nearly all facets of life including but
definitely not limited to the development of MSMEs; having observed
the propensity of the average Nigerians to buy imported goods in lieu of indigenous
‘made in Nigeria’ products. As a result of this parochial mentality, most of the
indigenous MSMEs are unable to break-even, let alone competing in the global
marketplace.
However, many people associate globalization with the emergence of
multinational enterprises and the formation of trade blocs coupled with the
increased amount of trade investments, such as freer movement of goods and
capital as well as cultural exchange taking place among nations. Apparently, these
are the key effects of globalization rather than its causes. For instance,
diminishing costs of transportation is one of the main factors that contributed to
the growth of globalization. According to Olayode (2006), owing to advancement
in information and communication technology (ICT), more cost efficient means
of travelling were invented over time. This has actually made transportation
means more affordable for the ordinary folks and it has also led to the growth of
global services sectors such as tourism and general cultural exchange through
increased travelling. Low transport costs also contributed to the rise of
multinationals and the practise of outsourcing as it became less costly to produce
goods and other commodities far away from originating markets (Adejumobi, 2004). Another factor that contributed immensely to the growth of globalisation is computerization and increase in the use of internet facilities (Onigbinde & Awolusi, 2013). There is no gainsaying that the internet has made distance a factor of low importance for communication, resulting in increased exchange of knowledge, ideas and culture among people which is a fundamental hallmark of globalisation. Application of information and communication technologies (ICTs) also allowed people to view prices of, and order goods and services from all over the world. For multinational enterprises, the advent of ICTs via the internet and possibility of increased coordination created by computerization were major contributions. It became much easier to communicate and coordinate production in many locations across the globe, thereby enhancing the economies of scale for the budding indigenous enterprises, while also enabling the multinational enterprises to effectively cope with establishing more profitable ventures and allowing the existing ventures to expand even more.

**MSMEs AND SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA**
Policymakers and economists generally believe that the higher the levels of development of MSMEs’ sector in a country, the greater its levels of economic growth and innovation. Academic research has also shown strong relationships between the development of MSMEs and socio-economic performance indicators (Van-Praag & Versloot, 2007) and the need to establish a global business climate that would allow entrepreneurship assumes a pivotal role in the societal developmental efforts (Sanchez, 2013). The fact that the European Union’s competitors such as the United States and China have also taken actions to reflect the shared belief that entrepreneurship plays a crucial role in global competitiveness and societal well-being (Wang, 2007; Smelstor, 2007) perhaps engendered a strong revival for the development MSMEs all around the globe in recent decades.

Having stated earlier that globalization has metamorphosed the world into a global village, therefore Nigeria as a country cannot pretend to be an island. According to Duval-Couetil (2013), the desire to enhance the creation of MSMEs is driven by economic realities such as downsizing, decentralization, re-engineering, mergers, new technologies, and shifts in the labour force that make career paths more complex and uncertain for young school leavers. Graduates no longer expect that large companies and stable jobs will provide wealth, homes and health care (Kirby, 2004). Therefore, young school leavers now need to be
equipped with a broader range of marketable skills in an environment where the creation of MSMEs is considered key to innovation and economic growth (Minniti, Bygrave & Autio, 2006).

In response to these trends, universities, polytechnics/colleges of technology, professional institutes and high schools are now creating courses and programmes to deliver entrepreneurial knowledge and competencies to students in a variety of disciplines and fields of human endeavour. The ivory towers have also increased the availability of experiential programmes such as business plan/feasibility study and product development competitions, technology commercialization activities, and internships with start–up companies that allow students to participate in the ‘real world’ entrepreneurial activities. However, one crucial element for fostering entrepreneurs is to equip them with the right skills to turn opportunities into successful ventures (Bechard & Gregoire, 2005; Pittaway & Cope, 2007). There is no gainsaying that encouraging entrepreneurship has now become an accepted wisdom in economic management and government decisions globally.

Meanwhile, governments at various levels, foundations and non–governmental organisations (NGOs) in Nigeria have also set up initiatives to create awareness about entrepreneurship and to train potential entrepreneurs. For instance, the Federal Government of Nigeria has continued to make special provisions for the promotion of micro, small and medium enterprises (MSMEs) and these provisions include: creating legal and financial policies as well as regulatory guidelines in favour of MSMEs; establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to provide new strategies for the development of MSMEs; enhancing and constructing infrastructural facilities (roads, transport and power) in both rural and urban areas to facilitate the operation and success of MSMEs; creating broad-based credit schemes for MSMEs through various designated financial institutions such as commercial banks, microfinance banks, banks of agriculture, and of industry, African development bank, NERFUND and many others (Ibru, 2006).

However, it is remarkable that the realities of the on–going economic recession in Nigeria are some of the factors that have propelled greater levels of entrepreneurial venture creation in this highly–endowed developing country. With the on–going economic recession, there was a realization that the government alone cannot successfully bear the burden of economic development. Private sector contribution had to be harnessed. In Nigeria, for instance, such realization predicated the emergence of the private sector–led
economy towards the development of MSMEs in an attempt to fully realize the potentials of the Nigeria nation (Adejugbe, 1992).

It is precisely the developing status of the Nigeria’s economy which is bedevilled with scarcity of capital funds, industrial machineries and experts, raw materials, power, water and flourishing of large-scale multinationals. However, large-scale industries, such as cement manufacturing, motor vehicle assembling, brewing and bottling, require considerable funds, machineries, space and technical experts, while the small-scale industries require much less of such. All the analyses in the preceding paragraphs constitute the overall business outlooks in Nigeria vis-à-vis the potentials of MSMEs as an engine of her economic growth. According to Aguolu (2008), MSMEs account for 65 per cent of the economic activities in the country. The ease and less capital, with which they can be established and ran, make them more popular. They can be set up by individuals, groups, corporate organizations or co-operative societies.

The significance of MSMEs lies in their high employment generation capacity. This is very crucial since Nigeria as a developing country is highly populated; and the small-scale industries, being mostly labour-intensive ventures with little machinery, engage a lot of manpower. Further importance of MSMEs’ sector to engender sustainable socio-economic development in Nigeria includes: a more equitable redistribution of income is usually achieved in the sector; industrial diversification and dispersal is assured by the sector; the evolution of indigenous enterprises is common among small-scale industries; invention, adaption and general technological development are very common among these enterprises; and general enhancement of the tempo of industrial and economic development of the nation is achieved through small-scale enterprises.

EVALUATION AND CONCLUSION

It is indeed quite debatable whether globalisation is welcome in the form it has taken. Like every economic phenomenon, globalisation imposes its costs along with its benefits. The acceptance of the Neo-classical economic thoughts in many African countries is highly commendable. These thoughts stressed the importance of free market and comparative advantage; claiming that the deregulation of markets, privatization of public enterprises and liberalization of international trade were necessary to achieve these. Many governments acted on these pictures and open their economies to the world; de-emphasize the use of protectionist measures like tariffs and deregulation of many markets in order to gain efficiency through free trade. The aforementioned factors notwithstanding, the international deregulation of financial market is also a welcome
development. It has increased the mobility of financial capacity significantly; globalizing the capital market operations and making the fund mobilization easier for both domestic and foreign direct investment (Onigbinde, 2013).

Meanwhile, globalization would have been incomplete if not for the collapse of the Soviet Union and communism towards the end of 1980s. Communist countries were naturally against free markets and free trade with capitalist countries (including Nigeria’s). They had an inward-orientation aiming to be self-sufficient. With the collapse of socialism, these countries, including China that claimed to be the communist in spirit, opened up to free trade and foreign investments, thereby increasing the size of the global market significantly. There is, therefore, no gainsaying the fact that globalization has flourished and reshaped the entire world in both positive and negative ways.

However, since more often than not, multinational firms are seen as the flag bearers of globalization, they will therefore serve as a starting point, in evaluating its negative consequences. The multinational enterprises in their characteristics manner often aim for profit maximization and they are accountable to no one, except their stakeholders. They are often accused of exploiting workers in less-developed countries (LDCs) in order to reduce their cost of production (Macedo, 2001). Multinationals tend to locate in countries where they do not have to incur extra cost in establishing their investments. Rather they take advantage of concessions that are in place to attract foreign investments. Typically, multinationals tend to take over or ‘out-win’ local competitors using their economies of scale advantage. Environments, regrettably, are unable to protect local firms and small-scale enterprises due to risk of multinational leaving.

Globalization has also resulted in increased interdependence among countries to trade and enhance financial relations. Depression or devaluation of exchange rate in a country directly affect its trading partners due to changes in its demand for imports and competitiveness of its export. Owing to the deregulation of financial markets, financial crisis has also increased in frequency, and this has begun to have global impacts. The result was major fluctuations and dislocations in world markets which only speculators, not the growing enterprises, benefited from.

Moreover, there has been general decrease in tariffs and protectionist measures against industrial goods where more-developed countries (MDCs) have their comparative advantages, whereas protectionist measures remained in place when it comes to agricultural products where most LDCs had their comparative advantages. Most LDCs have been unable to enjoy the benefit of globalization despite suffering from its cost in full.
From all the analysis above, the authors are of the opinion that globalization via its heavy constraints has nevertheless changed the way in which major institutional actors think and operate across and within the nation(s). However, globalisation and its accompanying financial transactions had resulted in increase in the volume and decrease in the cost as well as reduction in public expenditure. These have put strong competitive pressures on governments of Nigeria to reduce their role in the determination of who gets what? When? Where? How? And why? Particularly, as it affects the delivery of public goods within the political system. The governments seem to have lost control of the policy making process and now under pressure to accept dictation from creditor nations and Bretton Wood financial institutions. Rather than discuss development issues, including enterprise growth, with their nationals, they prefer to engage the donors and creditor nations on debt repayment, debt relief and rescheduling among others. These worrisome steps might further aggravate the underdevelopment status of the Nigerian economy.

Nevertheless, MSMEs’ sector need to be playing a greater role in the entrenchment of sustainable socio-economic development in Nigeria because of the peculiar advantages of the small-scale industries, since they can thrive in spite of development inadequacies of finance, machinery, power and water supply and other infrastructure deficits that are ravaging the country at the moment.

RECOMMENDATIONS

From a cursory look of the evaluation done and conclusion drawn from the conceptual analysis above, the general acceptance of globalization as a panacea to the developmental challenges of Nigeria as a country has been likened to that of a moving train which the country and its people must keep pace with regardless of whether the latter has similar destination in mind or not, because the country, at the moment, has no choice. Meanwhile, the country and indeed its people have a choice.

To start with, Nigeria as a country and by extension, the African continent could conceivably reinvigorate their regional economic and political blocs to be of equal magnitude and potency with that of the European Union (EU) to effectively challenge and influence the trajectory of the globalization train. It is essentially imperative for the Nigerian people who desire entrepreneurial development to adequately empower themselves to repose to their own development. There is conscious need to sever the ‘apron-springs’ of domination by the developed world by categorically and practically resisting the inequality inherent in a
'villagized' world. This will only be made possible through a sincere, committed political, and more importantly, socio-economic realignment and restructuring with intent on full scale development. Without this, it might be practically difficult to engender economic integration and enterprise sustainable development in the country.

In addition, there is need for continuous and progressive growth of MSMEs’ sector in order to enhance sustainable socio-economic development in the country since small-scale industries can thrive in spite of development inadequacies of finance, machinery, power and water supply and other infrastructural deficits that are presently ravaging the country; and finally, the MDCs should endeavour to put world’s interests ahead of their own short-term interest and deal with the LDCs more fairly. With these changes in place, it would be easier to deploy the benefits of globalization to increase global living standards and turn the world into a globe of prosperity, co-operation and sustainable socio-economic development.

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