Abstract

This paper investigated associating business environment with entrepreneurship for sustainable development of rural communities in Nigeria: A Case Study of Imo State. The objective of this paper was to ascertain how people living in rural communities of Imo State were aware of associating business environment with entrepreneurship and sustainable development. The research adopted a survey-descriptive-association design because the events had taken place naturally. Population of the study consisted of 200 government officials responsible for business development and entrepreneurship, institutional entrepreneurship centers’ staff, sole proprietors, and successful individual businessmen in Imo State out of which a sample of 60 subjects was identified, stratified, randomly selected and administered with a structured 12-item Likert’s 4-point rating scale, designed to focus and elicit responses from the respondents on the variables. The instrument was administered over a two-week period with the help of Field Research Assistants for data collection. Data gathered were analyzed with the Likert’s 4-point rating scale and the frequencies obtained converted by $4 \times 3$ contingent tables for testing null hypotheses with the $\chi^2$ Test of Independence at the alpha level of 0.05 and Cramer’s $\phi$-statistic to ascertain the independence of and strength of association between the variables. Four findings were made one of which was that people living in rural communities of Imo State were not aware of the association between business environment and entrepreneurship. The paper concluded that associating business environment with entrepreneurship was a sine-qua-non for the sustainable development of rural communities in Imo State and other rural communities in Nigeria or elsewhere that had the same characteristics as those that obtained in the state investigated. Four recommendations were made one of which was that seminars should be organized to sensitize people living in rural communities on the benefits of not only associating business environment with entrepreneurship but also taking advantage of those environments for sustainable development of their communities and Nigeria as a whole.

Keywords: Business Environment Entrepreneurship Sustainable Development Rural Communities Imo State, Nigeria
Background to the Study

At independence, most Nigerians looked up to the Government to put three square meals on their tables, pay their medical bills, children's school fees, provide roads, water and electricity. In fact, provide all the good things of life for them. These were what they erroneously thought were political goods or benefits of freedom from colonialism. Consequently, this wrong concept of political goods became the foundation of their attitude towards government whereas the real political goods available to truly independent people according to Almond, Powell, Jr, Strom and Dalton (2004) include “system goods (system maintenance and adaption); system process (participation in political imports, compliance and support); procedural justice (effectiveness and efficiency) and policy goods (welfare, security, fairness and liberty). It did not occur to politicians who championed the cause of freedom from colonialism to back up their efforts with appropriate political education; rather, they began to fight for positions, tribal superiority, control of apparatus of state and resources. Consequently, the people were deprived of the real political goods that constitute the foundation for development. Unfortunately for Nigerians, the retreating colonialists capitalized on the ignorance and gullibility of the people to establish and entrench an exploitative dependence-development philosophy in the country. For instance, none of Shell, Agip, Exxon Mobil, etc., oil multinationals has established a refinery in the country. This is against an obvious economic factor of silting industries close to sources of raw materials.

The importance of associating business environment with entrepreneurship or the private sector in the development of rural communities in any country cannot be over emphasized; especially when its multifaceted effects on the sustainable socio-economic and political development are considered. For instance, the development of rural communities in industrialized countries is driven and sustained by entrepreneurship and the private sector. Many of these countries rely on sole proprietorships, small-scale and medium enterprises for sustainable development of rural communities. For example, the United States boasts of 23 million SMEs that employ more than 50% private work force and generate more than half of the nation’s GDP; in the EU countries, SMEs account for 99% of all companies and 65% of business turn over and in Taiwan, SMEs generate 70% of jobs that employ less than 20 workers each with 40,000 firms accounting for 75% of this country’s exports” (NIM/NYSC Programme – SMPE 104). Nigeria cannot be an exception.

For Imo State and Nigeria to join the league of states and rural communities that enjoy optimal entrepreneurship performance and sustained development of rural communities, the citizens, especially in the rural communities, must change their attitude from expecting government to spoon feed them to providing them with the real political goods that will enable them drive rural development from entrepreneurship and the private sector. This is because successive governments in the state and the country have experienced distractions from providing the real political goods due to political instability, lack of well-articulated rural dwellers’ economic empowerment, sustainable development philosophy and policies, a high rural-urban migration culture and over dependence on government for provision of social amenities. This explains why since independence, the state and the country has had no definite sustainable rural development policy, its rural infrastructure and integrated economic development efforts epileptic and rural education and capacity building of rural dwellers wishy-washy.
Objective of the Study
The objective of this paper was to ascertain how people living in rural communities of Imo State, and were aware of associating business environment with entrepreneurship and sustainable development.

Statement of the Problem/Justification
Lack of associating business environment with entrepreneurship for sustainable development of rural communities in Imo State are not only the causes of poor economic performance in the State but also the fundamental causes of a myriad of social ills plaguing the rural communities: armed robbery, advanced fee frauds (419), youth militancy, ritualism, prostitution, rural-urban migration and so on. Expectedly, youths are gradually but steadily losing faith in the efficacy and ability of the State government to cater for their welfare; hence a rising wave of misbehavior among them; (Hitler, 1961) and Maier (2000). The apparent helplessness of both the State government and the teeming generations of unemployed youths inspired the investigation into the association of business environment with entrepreneurship for sustainable development of rural communities in the State. The researchers have identified association of business environment with entrepreneurship as a panacea for optimal economic performance of rural communities in the State, fight against unemployment, poverty, lack of sustainable development of rural communities and control social vices in the State. There has been no research on this problem. The absence of any research on this problem, therefore, provided the focus for this investigation.

Research Hypotheses
Although this was not an experimental or quasi-experimental research, the following research hypotheses were formulated to guide the investigation:

1) The characteristics of business environment have no significant association with entrepreneurship in rural communities in Imo State.
2) Entrepreneurs in rural communities of Imo State are not significantly aware of the association between business environment and entrepreneurship.
3) Entrepreneurship has no significant association with sustainable development of rural communities in Imo State.
4) Characteristics of business environment have no significant future association with entrepreneurship in rural communities in Imo State.

Literature Review
Development Administration (1973) and NYSC Orientation Lecture Series (1981). These arguments are supported by McClelland (1993). “Investments and capital formation are the core drives of business growth”, Guest (2004) and Francis (2008). The researchers support the argument in Training Manual for Community Project Management Committees (2011) that there should be effective use of Community Project Management Committees (CPMCs) and the formation of Community Development Associations (CDAs) as strategies for sustainable development of rural communities in the state and the country. It is on the basis of this review that the researchers support an effective commitment to the ideals of associating business environment with entrepreneurship for sustainable development of rural communities in Imo State. Finally, materials on business ethics, social responsibility and legal conformity were reviewed. The researchers support Mshalia’s (2014) argument that there should be a high degree of responsibility, integrity and honesty in business. These business ethics were expanded by Tucker and Henkel (1992) to include vision, mission, values and objectives, managing conflict of interest, product quality and safety, marketing and selling practices, equal employment opportunity, workplace environment, drug and alcohol abuse, employees’ privacy, return on investment, local laws and customs, community support (social responsibility) and reporting violations.

Business Environment
According to Upadhyay (2010) and Grimsley, (2012), “business environment is the sum total of all external and internal factors that influence a business”. He suggests that it should be kept in mind that external and internal factors can influence each other and work together to affect a business. For example, a health and safety regulation is an external factor that influences the internal environment of business operations through compulsion by legal regulations that businesses provide minimum safety standards in the work place. Additionally, some external factors are beyond the entrepreneur’s control. These factors are often called external constraints. Some key external environmental factors include: political, macro-economic, micro-economic, social and technological factors. For the internal factors, they include organizational culture reflected in the framework of values, vision, norms and customs shared by the members of the organization: how employees interact with each other, customers and other stakeholders. A well-known method of doing this is with the tool known as PESTLE. http://en.wikipedia.org/wiki/ lists some of the specific business environmental factors based on PESTLE to include government policies such as tax laws and tariffs, stability of government and entry mode of regulations. Economic factors include inflation, unemployment, interest and foreign exchange rates, disposable income of buyers, credit accessibility, monetary and fiscal policies. The social factors include cultural implications, gender and connected demographics, social life styles, domestic/family structures, educational levels and distribution of wealth. Technological factors include new discoveries, rates of technological obsolescence and advances as well as innovations. Legal factors include product, employment, competitive, health and safety regulations and patent infringements. Finally, environmental factors include geographical location, climate and weather, waste disposal laws, energy consumption regulations and people’s attitude towards the environment.
This is why it is instructive that a careful and regular analysis of environmental factors be carried out Upadhyay (2010). Environmental analysis is, therefore, a strategic tool. It is a process to identify all the external and internal factors which can affect the organization’s performance. The analysis entails assessing the level of threat or opportunities the factors might present. These evaluations are later translated into the decision-making process and helps align strategies with the firm’s environment.

It goes without saying that the effect of these factors trickle down from the state capital and other big towns in Imo State to rural communities. Rural communities are harder hit because of obvious limitations in business skills, capital, technology and purchasing power.

**Rural Development**

According to Adewale (1989), local government or rural development three different approaches reflecting the cultural nuances of the former regions of Eastern, Northern and Western (including the Midwest). He found out that approaches to rural development in the former three regions were as summarized in the table below:

**Table 1: Rural Development in the 1960s and 1970s**

<table>
<thead>
<tr>
<th>Eastern Nigeria</th>
<th>Northern Nigeria</th>
<th>Western + Midwest Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Maintenance of Law and order.</td>
<td>1. The Native Authority Law of 1954 was retained under which ambience Native Authorities which had been discarded from other regions subsisted.</td>
<td>1 Similar powers and functions as those of elected members in the East.</td>
</tr>
<tr>
<td>2 Health, Safety and general well-being of people living in rural communities</td>
<td>2 Local Police Force</td>
<td>2 Three-tier of local government with Divisional Councils providing specific services</td>
</tr>
<tr>
<td>3 Counties were responsible for education, roads and maintenance of bridges</td>
<td>3 Maintained their own prisons and native courts</td>
<td>3 Local Councils provided services at the village level</td>
</tr>
<tr>
<td>4 District Councils took care of markets, dispensaries and sanitary services</td>
<td>4 Took care of forest reserves</td>
<td>4 Council Chairman (usually a senior Traditional Ruler) was expected to attend ceremonial occasions and other meetings.</td>
</tr>
<tr>
<td>5 Local Councils were in charge of streams and front paths</td>
<td>5 Agricultural and veterinary services</td>
<td>-</td>
</tr>
<tr>
<td>6 Urban Councils were all-purpose authorities in charge of large towns</td>
<td>6 Provision to make Bye-Laws</td>
<td>-</td>
</tr>
<tr>
<td>7 Local Areas were assigned functions as deemed fit by the County Councils</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8 Powers to make Bye-Laws</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
The table above reveals clearly that rural/community development was more effective in the East than the other former regions. This trend subsists till now. According to Olowo, Ayo and Akande (1991), Community Development Associations (CDAs) played a vital role in community/rural development. They summarized their findings in a three inter-related concepts represented in the diagram below:

**Diagram 1: Community/Rural Development Maze**

1. Types of CDAs commonly found in Nigeria: Town Unions, Age Grades, Modernizing Elites, Religious Groups, Professionals and Gender-based Associations
2. Factors that influence CDAs activities: Effective leadership, environment, structure, linkages with other CDAs and Age of a CDA, generation of resources, enforcement, accountability, infrastructural development, public goods, services, etc.
3. Activities of Selected CDAs in promoting rural development: Dikwa CDA, NguruAlberi Club, Mbagen CDA, Mbieri Women's Development Association, Ukeagha Age Grade, Egbe-OmoUsi CDA, etc.

The important fact is that their inter-related or integrated approach to rural or community development has not been sustained. Government, at the Federal and state levels make policies on rural development, set up bodies to oversee this responsibility but do not back up such frameworks with financial resources to enable the local authorities, voluntary agencies and other stakeholders in rural development sustain their activities.

According to *Training Manual for Community Project Management Committees* (2011), the main concepts of community or rural development include:

i. Empowering the poor to effectively organize (themselves) to provide goods and services that meet their immediate priorities has been recognized as a veritable element (factor of effective poverty reduction strategy - Community Driven Development (CDD) Approach

ii. CDD gives control (to community members) over decisions and resources to community groups.

The Manual further identified CDD Basic Principles to include:

1) Empowering communities (through sensitization and capacity building)
2) Realign the service delivery of the State and Federal Governments to local areas or communities.
3) Ensure transparency and accountability.
4) Make it learning by doing process.
With regard to the roles and responsibilities of Community Projects Management Committees (CPMCs), the *Manual* specifies as follows:

a. Deepen sensitization and mobilization of the entire community members.

b. Mobilize community contributions (in cash and kind) for micro-project implementation.

c. Procure needed goods/services for micro-projects through a Procurement Sub-Committee.

d. Maintain detailed financial records.

e. Collect and collate information and data requirements on community micro-projects.

f. Submit and display required CDP progress reports (monthly, quarterly, etc).

g. Ensure implementation of environmental and social safeguards.

h. Formulate (design) operations and maintenance plans for the community micro-projects.

i. Ensure timely returns on expenditures for replenishment of the Community Account.

j. Engage in participatory budgeting for community micro-projects.

On sustainability, the *Manual* concludes that the ability of communities to identify viable micro-projects, plan their execution, implementation of plans, mobilize human and material resources, carry out periodic assessment of the assets of the project, allocation of resources to critical areas of the project and at the appropriate time as well as taking timely corrective actions to preserve the project’s assets and complete it on schedule indicate the sustainability of such community projects. This is what, over time, brings about sustainable development rural communities through capacity building of members of the local communities.

**Previous Government Efforts**

Government has experimented with several programmes: Cooperatives, SMEs, Cottage Industries, NYSC, NDE (National Directorate of Employment), School on Wheels, School to Land, SMEDAN, Export Promotion Strategies, Supply of Agro-Chemicals, Seedlings, Feeds, Provision of Technical Support Services by Agricultural Extension Workers and so on (Azuka, 2013). Very little rural/community development has been achieved in this regard. This is why Government has continued to appeal to the private sector, local and foreign development agencies and philanthropists to assist in its fight for entrepreneurship development, self-employment, poverty reduction and sustainable rural/community development in the country. Unfortunately, Government’s efforts in the past to address these problems have been scuttled through administrative bottlenecks and sundry malpractices.

**Methodology**

A survey-descriptive-association design was adopted for this research because the events had taken place in their natural course of happening. What was required was to gather data on the variables and analyses them to establish their association or independence of each other. The population consisted of 200 subjects drawn from government officials responsible for business and entrepreneurship development, staff of entrepreneurship development
centers in the five tertiary institutions in the State and carefully identified businessmen across the state. This population was stratified from which a sample of 60 respondents, constituting 30%, was randomly selected. A 12-item Likert’s type rating scale was constructed and administered on the sample over two weeks with the help of Field Research Assistants. There was a 100% perfect response rate as all sixty of them completed and returned the instrument. This response indicated the interest they showed in the problem investigated and expectation of the results. Data gathered were analyzed with the Likert’s 4-point rating scale and frequencies showing various statistical computations: the mean, variance, standard deviation (SD) and Cal. \( x^2 \) values were obtained and converted through 4 x 3 contingent tables to observed and expected frequencies for testing the null hypotheses with the \( x^2 \) Test of Independence at the alpha level of 0.05. Results were interpreted based on the decision that where the Cal. \( x^2 \) ≥ Crit. \( x^2 \); the null hypothesis was rejected in favour of the alternative or where the Cal. \( x^2 \) ≤ Crit. \( x^2 \); the null hypothesis was not rejected but rather accepted. These interpretations were guided by first establishing the degree of freedom (df) at 6 for the critical \( x^2 \). To establish the association between the variables or independence of one from the other, the Cal. \( x^2 \) results were further subjected to Cramer’s \( v \)-statistical analyses which showed both the magnitude and direction of association between them.

**Results**

After analyses of data gathered for this research, the following results were obtained:

<table>
<thead>
<tr>
<th>Null Hypotheses</th>
<th>Mean</th>
<th>Variance</th>
<th>S.D.</th>
<th>Chi-Sq. Cal.</th>
<th>v-Stat.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>People in rural communities in Imo State are not significantly aware of the association between business environment and entrepreneurship.</td>
<td>5.00</td>
<td>4.47</td>
<td>2.11</td>
<td>5.52</td>
<td>12.592</td>
<td>0.47</td>
</tr>
<tr>
<td>The characteristics of business environment have no significant association with entrepreneurship in rural communities in Imo State</td>
<td>10.68</td>
<td>7.12</td>
<td>2.62</td>
<td>14.91</td>
<td>“</td>
<td>0.60</td>
</tr>
<tr>
<td>Entrepreneurship has no significant association with sustainable development of rural communities in Imo State</td>
<td>5.08</td>
<td>3.20</td>
<td>1.79</td>
<td>15.37</td>
<td>“</td>
<td>0.60</td>
</tr>
<tr>
<td>Characteristics of business environment have no significant future association with entrepreneurship in rural communities in Imo State</td>
<td>4.92</td>
<td>1.64</td>
<td>1.28</td>
<td>16.58</td>
<td>“</td>
<td>0.62</td>
</tr>
</tbody>
</table>

**Findings**

Based on the results of the testing of hypotheses formulated for the study, the following findings were made:
null hypothesis I showed that Cal. $x^2$ of 5.52 was ≤ Crit. $x^2$ of 12.592. Consequently, this hypothesis was accepted which indicated that people in rural communities of Imo State were not significantly aware of the association between business environments, entrepreneurship and sustainable rural development. This finding supports Okon in Bulus (1994) and Chukwumezie and Osakpa (2015). The v-statistic of 0.47 indicated that though this hypothesis was accepted, there was still an association between the variables in the problem investigated. This weak association further confirmed the independence of the two variables.

Null hypothesis II showed that Cal. $x^2$ of 14.91 was ≥ Crit. $x^2$ of 12.592. This hypothesis which stated that the characteristics of business environment have no significant association with entrepreneurship in rural communities in Imo State was, consequently, rejected. The v-statistic value of 0.49 indicated a weak association between the independence between the characteristics of business environment and entrepreneurship in rural communities in Imo State Grimsley (2012) and Azuka (2013). This v-statistic value also confirms the independence of these variables.

Null hypothesis III stated that entrepreneurship had no significant association with sustainable development of rural communities in Imo States howed that Cal. $x^2$ of 15.37 was ≥ Crit. $x^2$ of 12.592 and, consequently, was rejected. The v-statistic of 0.60 indicated a strong association between the variables, Dyer (1979), and that entrepreneurship had significant association with sustainable development of rural communities in Imo State.

Null hypothesis IV stated that characteristics of business environment had no significant future association with entrepreneurship in rural communities in Imo State showed that Cal. $x^2$ of 16.28 was ≥ Crit. $x^2$ of 12.592. This hypothesis was, also, rejected. Although the variables were independent of each other, there was a v-statistic of 0.62 which indicated a reasonably strong association between them. These findings apply to rural communities in Imo State but could also apply to other rural communities or areas in other parts of Nigeria with the same characteristics as those that obtained in the state under investigation.
Conclusions
This research concludes that associating business environment with entrepreneurship was a sine-qua-non for sustainable development of rural communities in Imo State. It further concludes that people in rural communities in Imo State should be sensitized on the association between business environment and entrepreneurship. This, coupled with a changed attitude to entrepreneurship, should ensure sustainable development of rural communities in the state. This research finally concludes that the findings made apply to rural communities of Imo State but could also apply to other rural communities in Nigeria that have the same characteristics as those that obtained in the state under investigation.

Recommendations
From the foregoing, therefore, this paper recommended as follows:
1. The acceptance of hypothesis one which stated that people in rural communities in Imo State are not significantly aware of the association between business environment and entrepreneurship indicates the main problem with sustainable development of rural communities in the state. It is recommended that seminars should be organized to sensitize rural dwellers on the benefits of not only associating business environment with entrepreneurship but also taking advantage of those environments.
2. It is also recommended that since the characteristics of business environment impact entrepreneurship, moderate business policies should be formulated to encourage entrepreneurship among people living in rural communities of the state.
3. It is further recommended that since entrepreneurship has a significant association with sustainable development of rural communities in Imo State, adequate steps should be taken to assist entrepreneurs in rural communities by way of special soft loans, technical assistance and monitoring to ensure their businesses do not fail.
4. It is finally recommended that as shown by the rejection of hypothesis four, characteristics of business environment have significant future association with entrepreneurship and sustainable development in rural communities of Imo State. It goes without saying that every effort should be made to forestall any adverse effect of these characteristics.
References


