Sustainability of Entrepreneurship in the Telecommunications Industry: The Case of Airtel Nigeria Limited

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Abstract

The intents of this study was to appraise the success factors of entrepreneurship, determine the challenges militating against sustainable entrepreneurship and consider if proper accessibility to telecommunication services by the grassroots and rural dwellers can improve the chances of success of SMEs using Airtel Nigeria as a case. This study was carried out among five (5) Airtel outlets in Abuja. The choice of these firms was informed by the cardinal roles they play in raising entrepreneurs and sustaining them through a strong network of supply chain management principles. The study was limited to appraising the factors behind the successes recorded by the organization understudy and to explore the nature of challenges encountered in the areas of building entrepreneurs who can adapt to the dynamism within the telecommunications industry. The Survey revealed that for SMEs serviced by Airtel to remain sustainable and competitive, they should contribute to solving environmental problems and create economic value, build young entrepreneurs and develop new products /services. This study recommended that SMEs should adopt robust, economically viable on-the-job human capital development programme to help in generating new ideas and implement them alongside Total Quality Management principles in all aspects of their transitions.

Key Words: Success Factors, Obstacles, Sustainability, Entrepreneurship, Telecommunications, Airtel, Nigeria

1.0 Introduction

Davis (1999) traced few out of many critical success factors of an enterprise to the socio-economic impact of the enterprise. A few indicators identified to measure the sustainability of an enterprise are: Income provided; Delivery of occupational education and skills acquisition programme to the community; Fostering stronger community organization, in particular women’s and youths’ roles and Social development benefits secured for and in favour of the community. These efforts will sustain the enterprise and diversify economic activities within the community. But, in spite of the achievements recorded so far in mobile phone penetration, there are still millions of Nigerians in communities with limited or no access to telecommunications services due to the paucity in network infrastructure. By implication, there is room for more entrepreneurs to emerge over time, if the right environment is provided.

From the paltry sum of US$50 million invested by 1999, private sector investments in Nigeria today stand at more than US$12 billion. The country now boasts of six (6) mobile networks with all 36 state capitals covered by both voice and data services through GSM and CDMA technologies. Out
of Nigeria’s 59 million active phones, only about 13 million are in rural areas, where 80 percent of the population resides (Davis, 1999).

While tracking the impact of deregulation on the economy and the need to tie this to developmental strategies, NITDA (2001) observed that the liberalization of the all-important sector has led to the boom in greater usage of internet technology, growth and proliferation of internet/cyber centre. To support this fact, Geralf (2005) believed this increased the internet provision by Internet Service Providers (ISPs) and Private Telephone Operators (PTOs). In the same vein, there was increased communications services (mobile telephony, e-mail, VOIP), reduction of internet cost, online information gathering and research, e-learning, internet business opportunities, online advertising opportunities as well as developments in e-banking. The growth has been phenomenal because Nigeria’s size is massive and Nigerians have been starved of such facility for decades. A few years ago, "cyber café" was a strange word from another world. Today cyber cafés exist in virtually every neighborhood especially in the urban centers.

Despite the telecommunications boom, 70% rural dwellers have no access to telecommunications facilities. This is a pointer to business opportunity on the part of entrepreneurs in the sector. Again, Nigerian economy is underperforming with low per capita GDP, low growth rate and rising unemployment levels. If entrepreneurs are successful, the story may likely change. These and many more are obstacles militating against sustainability of entrepreneurship in the telecommunications industry. The question of grossly inadequate infrastructure, poor income level and high illiteracy level are pertinent to the success of entrepreneur. There are challenges of designing a bankable and innovative business plan that support the telecommunications financiers’ interest. It is not even clear if those who have reliable business plans review and update them regularly to accommodate the dynamics in the telecommunications industry and stand the test of time.

It is pertinent also to note that a robust plan without adequate marketing networks established on mechanisms that identifies new opportunities remains an obstacle to the entrepreneur in the telecommunications industry, which is characterized by innovation uproar and competition. Until we realize that 75 percentage of the national economy is in the informal sector before we discover the potentials inbuilt in building and sustaining small business sector in the telecommunications industry.

Again, the majority of Small and Medium scale Enterprises (SMEs) are not globally competitive and this limits the chances of success as the gap widens the more between the leaders and the toddlers in the industry. Inflation is also a major problem hindering entrepreneurial growth. Broadband penetration is still abysmally low and poor quality of service continually plagues telecommunications services, this throws open the doors of opportunities as the challenges demand proactive measures while entrepreneurs expand their business horizon. By implication, the chances of bridging the obstacles gap become closer. SMEs, cottage industries and a host of others use mobile phones to drive their business, yet entrepreneurs in the industry have refused to explore this opportunity to the latter to boost the chances of goal attainment.

In spite of the huge opportunities in the telecommunications industry in Nigeria, authors have understudied factors which make or mar the entrepreneurial potentials in the sector, but not without gaps. This paper concentrated on issues of dynamism of
business plan and elements of sustainability of entrepreneurs in the telecommunications industry of Nigeria with emphasis on Airtel Nigeria. The major objectives are (i) to define the key success factors and challenges in entrepreneurship in the telecommunication industry in Nigeria, (ii) to identify the competitive strategy and success factors of Airtel Nigeria, (iii) to assess the pertinent challenges militating against sustainability of entrepreneurship in Nigeria Telecommunication industry and (iv) to identify the main entrepreneurship sustainability and success factors.

The survey was conducted on Abuja marrying the Narrative-Textual Case Study (NTCS) and primary sources of data using structured questionnaires administered on respondents by the researchers. The choice of this method was informed by the fact that NTCS combines the use of quantitative and qualitative methods, text content analysis and available official statistics in different proportions for problem-solving or problem-identification depending. The paper attempted to measure the innovative capability of entrepreneurs in line with ten (10) out of about fifteen (15) challenges revealed and the dynamism of Airtel Nigeria in confronting the sustainability of businesses through SMEs within the study area. Data gathered were analyzed using Microsoft Excel combined with tables and charts.

The implication of this survey is that entrepreneurs will be better empowered in understudying their business plans to accommodate dynamism in the industry. This study may also gain relevance in bringing to bear the inherent opportunities yet untapped by the telecommunications industry players in exploring about 70 percent of the opportunities in the grassroot of the country.

2.0 Review of Literature

Authors like Salman and Zain (2011) had explicitly observed that amongst the challenges faced by developing countries like Nigeria is the development of successful enterprises that not only help its people but also contribute significantly to economic development of the country. Entrepreneurship is the creation and management of a new organization designed to pursue a unique, innovative opportunity and achieve rapid, profitable growth (Shane, 2003). Entrepreneurship also entails the act of risk-taking, innovation, arbitrage and co-ordination of factors of production in the creation of new products or services for new and existing users in human society. The deliverable of entrepreneurship is making or doing things differently; making or providing innovative products or services; or organizing how the products are made or supplied.

The word entrepreneur is often synonymous with founder. Most often than not, founding may be easier than sustainability. Most commonly, the term entrepreneur applies to someone who creates value by offering a product or service, by carving out a niche in the market that may not exist currently. Entrepreneurs tend to identify a market opportunity and exploit it by organizing their resources effectively to accomplish an outcome that changes existing interactions within a given sector.

Entrepreneurship is the act of being an entrepreneur, which is a French word meaning "one who undertakes an endeavor". Entrepreneurs in the telecommunications sector assemble resources including innovations, finance and business acumen in an effort to transform innovations into
economic goods. This may result in new telecommunications outlets or may be part of revitalizing mature organizations in response to a perceived opportunity or necessity, say teledensity and communication infrastructural accessibility to the over 65 percent rural dwellers in Nigeria (Salman and Zain, 2011). In developing countries, small-scale enterprises are considered to be the backbone of development. Survey by Snodgrass and Biggs (1996) show that in low-income countries it is the micro and the small enterprises that dominate their industrial sector.

2.1 The Nigerian Economy and Telecommunications Industry

The Nigerian economy is one of the most developed economies in Africa. According to the UN classification, Nigeria is a middle-income nation with developed financial, communication and transport sectors. It has the second largest stock exchange in the continent (Oyelola, et al., 2013). These are pointers to the success factors of entrepreneurs in the telecommunication industry adjoined to be developed. Outside the petroleum sector, the Nigerian economy is highly amorphous and lacks basic infrastructure. Nigeria has great potentials for economic growth and development, given her vast natural resources in agricultural lands and minerals, as well as abundant manpower. In the last two decades, economic growth rate has been very low and in many years less than the population growth rate. Recent surveys point to telecommunications to be the best contenders in terms of job creation. Telecommunications is widely acknowledged as the engine of the world economy with transactions in billions of dollars being done every day over the telephone, by fax, by electronic mail and the internet (Abubakar, 2010).

2.2 Overview of Performance of Airtel Nigeria Limited

Airtel has African operations in: Burkina Faso, Chad, Democratic Republic of the Congo, and Republic of the Congo, Gabon, Ghana, Kenya, Malawi, Madagascar, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, Tanzania, Uganda and Zambia. Bharti Airtel Nigeria Limited is a leading global telecommunications company with operations in 20 countries across Asia and Africa. Headquartered in New Delhi, India, the company ranks amongst the top four (4) mobile service providers globally in terms of subscribers. Airtel Nigeria is committed to protecting subscribers’ privacy and developing technology that gives subscribers the most powerful and safe online experience (Airtel, 2014). According to figures submitted as at December 31 of each year (2012 and 2013), Airtel has the next highest installed capacity of 41,790,000 and 58,000,000 in years 2012 and 2013 respectively after that of MTN (NCC, 2014). This is a pointer to sustainability of entrepreneurship in the telecommunications industry, especially the outfits attached to Airtel Nigeria Limited. Airtel also enjoined the highest number of Ported-Incoming subscribers as revealed by the NCC’s (2014) report with less outgoing porting activities.

2.3 Obstacles to sustainability of entrepreneurship in Nigeria

Telecommunications companies also revealed in a survey by NCC, (2014)
supported by Oyelola, et al., (2013) that the right business environment for entrepreneurship is lacking in Nigeria on account of the challenges of frequent power outages, bad roads, multiple taxes extortion of money from SMEs by government officials, lack of genuine support service for SMEs and expensive transportation and telecommunications costs have all combined to inhibit entrepreneurship and economic growth. Salman and Zain (2011) asserted that indiscipline and poor integrity were the key factors contributing to the failure of entrepreneurs. Capabilities like collective action, decision-making skills, partnerships formation and building social capital are key factors to the success of entrepreneurship in rural areas.

Added to the difficulties confronted by small businesses is the difficulties of accessing bank credits, but the most serious and damaging problem threatening the state of entrepreneurship in Nigeria is a lack of government interest and support for micro, small enterprises (Ariyo, 2005). All these challenges and similar others have attracted global attention as exposed in the Business Environment and Enterprise Performance Surveys, (2007) referenced in Oyelola, et al., (2013). Furthermore, the Business Environment and Enterprise Performance Surveys (2007) identified fifteen (15) critical challenges facing businesses in Nigeria. These include: access to finance, access to licenses, corruption, courts, crime/theft/disorder, customs & trade registration, electricity, inadequately educated workforce, labour regulations, political stability, practices in informal sector, tax administration, tax rates and transportation.

3.0 Data Presentation and Discussion

3.1 Success Factors and Challenges of Entrepreneurship in the Telecommunications Industry - The Airtel Nigeria Case

Result obtained shows that 53% of respondents opined they have challenges of inadequately educated workforce to drive their business ideas demonstrating severity and areas of inadequately educated workforce as above 70%. In addition, another 53% of SMEs in the telecommunications sector observed that the severity of inadequately educated workforce ranges from 30 -50%, while another 28% who may be well established claimed they are affected by less than 30 % inadequately educated workforce and may drive their business ideas easily. Beside the aforementioned challenges are the processes of generating new ideas (33%) and implementing same to avoid the downward movement of the product or services in the market. Another challenge is that of execution of work effectively (23%), Fig 1 shows the need for improvement on quality customer service and satisfaction, lack of training and the risk of trying new ideas were (13%) each observed to be challenges. These findings aligned with the survey of Majid and Koe (2012) and that of Vermeulen (2013). In addition, only few respondents opined issues on licenses and permits and lack of parent company’s support (3%). Other respondents also believed the cost control processes of goods and services are constraints and that SMEs failed to recognize cost as a challenge.
3.2 Competitive Strategy and the Success of Airtel Nigeria

Through relevant interventions by undertaking entrepreneurial corporate activities, 17% of respondents subscribed to the application and adoption of corporate activities as a tool for the success and sustainability of SMEs. This result support the earlier claim of Business Environment and Enterprise Performance Surveys (2007) and that of Oyelola, et al., (2013) who observed that the understanding and practice of Cooperate Social Responsibility is socio-culturally framed and has to be improved upon. The focus is thus on environmental, rather than social goals (Vermeulen, 2013). Inferentially, environmental problems may reduce poverty and improve on the penetration strength of the company. Across board, this method has the highest percentage among other business sustenance strategies. This may be a pointer to the handful environmental challenges the people are exposed to, hence the adoption of this strategy by SMEs in the telecommunications industry may be reasonable. Today, it is evident that the various competitive strategies of each of the firms in the telecommunications industry are responsible for the position, which they occupy in the industry. The situation where 10% of SMEs adopt the strategy of contributing to solving societal problem and creating value for the society is an implication of the low impact made by telecommunications SMEs on their operating environment.

3.3 Challenges militating against sustainability of entrepreneurship in Nigeria Telecommunications Industry
The result of this survey followed the findings of Ebiringa (2011) where he observed that many entrepreneurs who founded and managed SMEs lacked the appropriate management skills. For instance, only 3% of the sampled population of this survey are Master’s degree and Doctorate degree holders. On the one hand, 67% of the respondents strongly agreed of facing the challenges of inadequately educated workforce, another 26% agreed to the option. The chart also shows only 8% of the respondents were uncertain of their opinions. Largely, the survey observed that sustainability of telecommunications SMEs may be in doubt with poor human resource.

Other challenges mitigating against the sustainability of SMEs include: corruption where 26% of respondents strongly agreed, 51% agreed, 10% are uncertain and the remaining 13% disagreed. This result is in tandem with that obtained by Oyelola, et al., (2013). See figure 2 on the opinions of respondents on crime, theft and disorder, Customs and trade registration and licenses and permits.

![Challenges of Sustainable Entrepreneurship](image)

**Fig. 2: Challenges Mitigating Against Sustainability of Entrepreneurship in Nigeria Telecommunications Industry**

### 3.4 Entrepreneurship Sustainability and Success Factors

The result of this survey aligns with that of Salman and Zain (2011). Accordingly, available opportunities in terms of chances of expansion and creation of more employments in the telecommunications sector became clearer with the result of this survey as presented in fig. 3. In the case where 15% of respondents strongly agreed that the future of this sector is bright and another 62% agreed to the same assertion, the implication is that most aforementioned challenges may have little impact on the sustainability of SMEs in the telecommunications sector. Another 15% are
uncertain if the opportunities opened by the telecommunications sector can sustainably strengthen SMEs in the sector. The remaining 8% disagreed and none of the sampled respondents strongly disagreed. By this result, it may be observed from fig. 3 below that such opportunities may continue to be available especially where 10% of respondents strongly agreed that the more people connected to telecommunication facilities, the better the chances of success for entrepreneurs within the telecommunications industry in Nigeria. On another hand, 56% of respondents agreed to the same opinion, 23% are uncertain of their position, the remaining 10% respondents disagreed to the opinion.

Fig. 3: Entrepreneurship Sustainability and Success Factors

For an SME to compete favourably, there is the need for the mother firm, Airtel Nigeria, to review their business plans regularly to accommodate the dynamism in the telecommunications industry and open opportunities for sustainability of entrepreneurship. In agreement to the opinion, 22% strongly agreed, 69% agreed, uncertain 8%. However, no respondent neither disagreed nor strongly disagreed that the firm understudied regularly updates her business plan on regular basis for innovative ideas and to device means of sustaining her business among other major contenders.

4.0 Conclusion

A survey was undertaken to unravel possible success factors and hindrances to sustainability of entrepreneurship in the telecommunications industry with particular references to Airtel Nigeria Limited. The study observed that there are high chances that entrepreneurs within the telecommunications industry may succeed since Nigeria is the telecommunications hub of West Africa and has in the last decade, built investors that have experienced a high growth in the sector. Again, gaps such as inaccessibility of about 70% of rural dwellers to telecommunications facilities is a strong indicator that telecommunications SMEs have chances to
succeed. In summary, the following conclusions were drawn from the survey;

i. for SMEs serviced by Airtel Nigeria to remain sustainable and compete favourably in the telecommunications industry, they should adopt best options for business sustenance strategy, for instance, contribute to solving environmental problems and create economic value, build young entrepreneurs, and develop new products/services;

ii. challenges militating against sustainability of entrepreneurship within the telecommunications industry include but not limited to generating new ideas, implementing them and execution of work effectively, others include improvement of customer satisfaction, lack of trained personnel and the risk of trying new ideas; and

iii. accessibility to telecommunications services by the grassroot and rural dwellers may improve the chances of success of Airtel Nigeria Limited and her allied alike, since Airtel enjoyed the highest number of incoming ported subscribers, they are dynamic and review business plans regularly.

References:


Model launch for deployment of Pervasive and Affordable Broadband Services and Determination of Dominance in Certain Market.


