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CHARACTERISTICS OF MIGRANT ENTREPRENEURS AS AGENTS OF DIRECT INVESTMENT IN SUB-SAHARAN AFRICA: AN OBSERVATION OF THE LEBANESE IN NIGERIA

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Abstract: This chapter is a hybrid of entrepreneurship and international business. While conceptualising Foreign Direct Investment (FDI), together with theory and practice for development, the study looks at the role migrant entrepreneurs can play in the process, i.e. Africa. The study focuses on one group of Entrepreneurs (the Lebanese) who migrated and established successful business communities in Nigeria. Common qualities between the Lebanese and Nigerian entrepreneurs are compared and contrasted considering the adaptive ability of the Lebanese in the presence of constraints. The Host country is encouraged to create an enabling environment for both domestic and foreign investors.

Keywords: *FDI; foreign direct investment; entrepreneurship; globalisation; Nigerians; Lebanese; adaptation; communication; culture.*

INTRODUCTION

Foreign Direct Investment (FDI) can take many forms and has grown dramatically. FDI is now considered one of the largest sources of capital inflow to developing countries (Moran, 1999). The Effect of FDI on the growing economies of India, China and Ireland in the 21st century for instance is a good example. In the process however, the failure of expatriate assignments is quite high. Estimates place expatriate failure for US companies alone to be between 20 and 50%. According to Deresky (2008), one of the reasons that accounts for this high failure rate is the lack of cross cultural understanding and training. Japanese and European firms however, appear to do a better job of selecting international managers who can adapt well to foreign environments and as a result experience lower expected failure rate.

According to Schumpeter (1934) entrepreneurs are economic development agents and together with proper application of FDI policies can indeed promote economic growth and general development (Moran et al., 2005). Furthermore, in the 21st century, there is growing importance of the

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intersection of entrepreneurship in global business (Oviatt and McDougall, 2005) and the findings from this study could add something new to the role of entrepreneurship and factors that determine FDI in countries, especially in Africa where little attention has been given in research (Vaaler, 2005).

One of the leading foreign groups that can be observed in significant number in Nigeria is the Lebanese. It would be interesting to know why and what explains the Lebanese attraction and ability to settle and do business in Nigeria effectively amidst concerns of security, corruption, political and economic instability, ethnic and religious bigotry among other reasons, which Nigeria is notorious for.

Relatively, little FDI activity is occurring in the African continent. And most of the African continent is still relegated to the level of rentier based economies, banana state, Third World (TW) economies and LDCs. This study will attempt to identify the entrepreneurial qualities and factors that contributed to the successful adaptation and progress of the Lebanese in Nigeria and disprove the fallacy that investing in lesser-developed sub-Saharan African countries like Nigeria is risky, dangerous and should be avoided. In addition, the study will show that even small migrant entrepreneurs from somewhat unstable developing countries like Lebanon can equally venture and become successful in Africa (Samli, 2004). Implications of the Lebanese entrepreneurs' experience in the

Nigerian environment will be identified to serve as lessons for other foreign investors and to recommend policies that would attract more FDI in Nigeria and the rest of Africa and add new knowledge to business literature.

SELECTED STUDY FINDINGS

The combination of entrepreneurship and global business studies especially with regard to factors motivating FDI is quite recent and rare. Few studies in this area have been done and are still at the exploratory stage, especially with regard to Africa.

Kabasakal and Bodur (2002) noted that in order to understand the reasons supporting FDI between two countries, there is need to closely examine the commonalities shared between the states involved. As it is often said, "birds of the same feather flock together", it would also be true to ask the question "if two walk together unless they agree". These sayings would also hold true for countries sharing bilateral relationships such as FDI. Other research studies suggest that knowing the geographical location and historical description of countries, as well as their ancient ties and cultural backgrounds, can be a useful way of understanding why relationships are forming among sovereign states for cross border business (Cateora et al., 2009), since these can explain where there are commonalities. The bilateral relationships between USA and Britain, or the USA and Canada as countries of 'Anglo' origin can typify this example at this point.

Again other studies have established a relationship between personality traits and behaviours and the ability to adapt to the host country's cultural environment. What is seldom pointed out however is that communication is the mediating factor between those behaviours and the relative level of adaptation the expatriate achieves (Deresky, 2008). The communication process facilitates cross-cultural adaptation through this process; expatriates learn the dominant communication patterns of the host society. Therefore we can link these personality factors shown by research to ease adaptation with those necessary for intercultural communication.

Kim (1988) consolidated the research findings of these characteristics into two categories:

1. openness traits such as open-mindedness, tolerance for ambiguity and extroverted ness
2. resilience-traits such as having an internal locus of control, persistence with tolerance of ambiguity and resourcefulness.

These personality factors, along with the expatriate's cultural and racial identity and level of preparedness for change, compromise that person's potential for adaptation. The manager or entrepreneur before his or her assignment by gathering information about the host country's verbal and nonverbal communication patterns and norms of behaviour can improve the level of preparedness. Kim explains that the major variables that affect the level of communication competence achieved between the host and the expatriate are the adaptive predisposition of the expatriate and the conditions of receptivity and conformity to pressure in the host environment. The same factors affect the process of personal and social communication and ultimately the adaptation outcome. Explains Kim,

> "Three aspects of strangers' adaptive change-increased functional fitness, psychological health and intercultural identity-have been identified as direct consequences

of prolonged communication-adaptation experiences in the host society."

According to Denisi and Griffin (2008) clearly, success in foreign assignments is based less on technical skills and cultural skills would be far more critical because the expatriate manager or this case the entrepreneur is supposed to learn from his or her experience and apply it. Some of the more common skills and abilities assumed to be necessary in this regard include adaptability, language ability, overall physical and emotional health, human relationship, relatively high levels of independence and self-reliance and appropriate levels of experience and education.

STUDY QUESTIONS

This study attempts to answer the following questions with regard to the level of FDI development and foreign entrepreneurship involvement in Nigeria.

1. Why are Nigeria and the rest of the African continent not attracting the same attention for FDI like India, Ireland China and the other Asian countries?
2. Why are the MNCs including the oil companies like Mobil Exxon, Chevron, Shell, and Elf mostly the only ones investing and doing business in Nigeria?
3. Where are the global entrepreneurs like the ones listed on the fortune 500?, and why are they not attracted to Nigeria and Africa?
4. Is the stereotype about Africa in terms of general under-development, lower living standards, disease, corruption, inadequate infrastructure, political risk and economic instability among the reasons that most international and global entrepreneurs and companies do not want to come to Nigeria and Africa and invest?
5. Why are the Lebanese entrepreneurs the only country nationals that choose to invest in Nigeria in high numbers?
6. What entrepreneurial qualities identify with the Lebanese for successful adaptation in the Nigerian environment?

METHODOLOGY

The methodology adopted for the study included the following:

1. observation and visits to companies and people in Nigeria
2. random sampling of Nigerian and Lebanese entrepreneurs for interviews and discussions
3. review of literature.

OVERVIEW OF NIGERIA IN BRIEF

It is important that a country's overall environmental picture is scanned, analysed and understood for FDI or business purposes in order avoid and minimise risk.

The Federal Republic of Nigeria with Abuja as capital (was Lagos previously) is a West African coastal state on the shores of the Gulf of Guinea, with Benin to the west, Niger to the north Chad to the northeast, and Cameroon the east and southeast. All these neighbours to Nigeria are former colonies of France or what are known as francophone or French speaking countries.

The climate in Nigeria is tropical in the southern coastal areas; it is drier in the north.

The national official and business language is English and the two main religions are evenly divided between Islam and Christianity. The Nigerian currency is known as the Naira. At the time of writing N118 Naira officially exchanges for $1:00 USD.

Before 1914, prior to when there was even a country called 'Nigeria', the people in what is known as 'Nigeria' consisted of four different 'empires', some of them extending into parts that are not part of current-day Nigeria, like parts of current-day Ghana, and current-day Cameroon. In the 1800s, the British started to reside in parts of these kingdoms and empires. In 1914, combining the Northern and Southern Protectorates and the Colony of Lagos formed Nigeria. The British operated an efficient administrative system and introduced a form of British culture to Nigeria. They also sent many capable young Nigerians to England for education. The experience of Nigerians who lived overseas in the years preceding, during, and after World War II gave rise to a class of young, educated nationalists who agitated for independence from Great Britain. The British agreed to the Nigerians' demands and, in 1947, instituted a ten-year economic plan toward independence. Nigeria became an independent country on 1 October, 1960, and became a republic in 1963.

Today Nigeria expands over 923,768 sq km and it is the most populous country in Africa (estimated at 136,461,000 in mid-2003). It re-achieved democracy in 1999 after a sixteen-year-long interruption by corrupt and brutal series of military dictators and counter-coups.

A BRIEF OVERVIEW OF LEBANON

The Republic of Lebanon is located in western Asia, with Beirut as capital; it is bordered by Israel and the Palestinian Autonomous areas to the south, by Syria to the north and east, and by the Mediterranean Sea to the west with a coastline of approximately 135 miles.

The climate varies widely with altitude. The coastal lowlands are hot and humid in summer, becoming cool and damp in winter. In the mountains the weather is cool in summer with heavy snowfalls in winter.

The official language is Arabic while French and English are widely used as second languages.

The two main religions are Christianity (43%) and Islam (57%).

Lebanon is one of the main regions of the Phoenicians, Semitic traders whose maritime culture flourished for more than 2000 years, roughly from 2700 BC to 500 BC. The region was a territory of the Roman Empire in the province of Syria and during the middle ages was important in the Crusades. It was then taken by the Ottoman Empire.

Following the collapse of the Ottoman Empire after World War I, the League of Nations mandated the five provinces that make up present-day Lebanon to France.

Modern Lebanon's constitution, drawn up in 1926, specified a balance of political power among the major religious groups.

The country gained independence in 1943, and French troops withdrew in 1946. Lebanon's history from independence has been marked by alternating periods of political stability and turmoil (including a leadership crisis in 1958 marked by the intervention of US Marines) interspersed with prosperity built on Beirut's position as a regional centre for finance and trade.

Lebanon's current territory expands over 10,452 sq km and has an estimated population of 4,497,669 (mid-2003). Its currency is the Lebanese pound.

DEVELOPMENT REFORMS IN NIGERIA

Since the start of this century there has been an emphasis on economic reforms in Africa, which make regional economies more attractive to foreign investors. For instance Nigeria is motivated to achieve a develop country status by the year 2020.

Over the past six years in Nigeria, for instance, the government has pursued a policy of trade liberalisation (making the operating environment for businesses less rigid and friendlier to foreign investors); and privatisation (allowing private ownership of previously government-owned operations). As a result, many opportunities for global business operators have been created in Nigeria, which is now the second largest economy in the region after South Africa.

Perhaps due to the negative way the international press portrayed Nigeria, beginning from the mid 1980s through the 1990s; foreign investors have been slow to take advantage of opportunities in the country.

Since 1999, however, the government of President Olusegun Obasanjo worked to erase that negative portrayal of the country. The effort is yielding results. The World Bank and other international lenders recognise improvements in Nigeria's macroeconomic performance.

The International Monetary Fund (IMF) has agreed to support more economic growth in Nigeria through its willingness to help finance infrastructure development and other improvements in the country. What all of this means is that Nigeria is ready for small and medium business investors from around the world.

LEBANESE IN NIGERIA

While past negative media may have kept Western investors away, Lebanese investors have not been afraid to invest in Nigeria and learn about the nation's business culture.

Many of them have been in Nigeria since the early 1970s and longer. The largest Lebanese community is located in Kano. Kano is a northern Nigerian state capital bearing the same name and is predominantly Moslem. Many of the early Lebanese small and medium businesses in Nigeria started out as traders and retailers of consumer goods. Slowly they have graduated to small-scale manufacturing and food packaging for the Nigerian consumer market and for export.

Example (Rofico): Maker of Milcow – a popular milk brand. The Letraco Group is a Lebanese business group that has been in Nigeria for 25 years. They specialise as importers of consumer goods and supermarket operations in Nigeria.

In 2002 Letraco set up a food packaging company at a new factory in Ikeja, Lagos. The new company, Rofico, packages powdered milk products under the brand name 'Milcow'. The powdered milk is manufactured in other countries and imported by Rofico for packaging in Nigeria.

Rofico became very successful under the economic policies of the Nigerian government. The company opened 14 warehouses in less than 18 months after startup. Their distribution network reaches 26 of Nigeria's 36 states as of February 2005. According to Raja Ezzeddine, managing director of Rofico, his company developed the Milcow package in six months and the product attained high market penetration with good customer patronage within a few weeks of introduction.

> "When we decided to invest in Nigeria, we did a lot of feasibility studies … in the food packaging sub-sector, fast foods and restaurants. We also carried out other market studies and found out that food packaging has good business opportunities here. We did very deep and thorough marketing studies that took us about ten months before we decided on the business we would go into. After this, we used another four to six months to go to the regulatory authorities to register the company, to register the brand and then went to meet machine suppliers and milk suppliers. We had to study the whole process of the packaging industry before we were able to put the company together," Ezzeddine says.

> "In some countries, locally domiciled communities – Asians in East Africa, Lebanese in Nigeria and Ghana – provide a valuable business resource because they are thoroughly at home in the local

> environment. At one time these immigrants provided shop and crop-buying stations in the countryside as a way of promoting cash crop farming. Most have long since moved on to more sophisticated tasks." (Cobridge, 2000, p.535)

Nowadays, there is a vast Lebanese community in Nigeria (more than 100,000 reported by the end of 2003); most of them have been for more than 20–30 years. They represent a rising minority with good political ties and business knowledge: "Lebanese were adept at allying themselves with Nigerian politicians" (Forrest, 1994). As Nigeria had bad publicity so did the Lebanese, mostly because Lebanese people directed some of the bigger illegal operations in Nigeria like the illegal smuggling of precious stones:

> "The most profitable part of diamond trade is not the extraction of the stone but their export to wholesale and cutting centres overseas, most probably in Belgium. This export business is dominated by foreigners, especially Lebanese ..." (United Nations Publications, 1997, 2005)

Even though the Lebanese community in West Africa and especially in Nigeria has grown, it has been increasing at a very decreasing rate. Fewer immigrants are arriving to Nigeria but those who are going there often have relatives already established. The nature of the migration has changed from poor Lebanese going to work and tries to send money back to their families at home, to Lebanese investors now trying to take advantage of a network established with good political ties and a growing economy. Although the Lebanese are known to be generous and hardworking in Nigeria and also as people who have high taste for good things and maintain high quality standards and good work ethics, they are also seen as very dubious people who exploit cheap labour. Another aspect of the Lebanese in Nigeria is that they do not inter marry with other nationals and their businesses' cores are usually family oriented.

ENVIRONMENTS FOR BUSINESS IN NIGERIA

The level of risk in host country environments is usually what determines how successful companies will perform in countries from FDI activity (Deresky, 2008).

Natural resources

Nigeria's natural resources consist of but are not limited to natural gas, petroleum, tin, columbite, iron ore, coal, limestone, lead, zinc, precious stones and metals and arable land.

The Lebanese who arrived in Nigeria years ago were interested in the black 'gold' – petroleum. They contracted with many local and international companies to transport petroleum, engineer drilling plants, refineries and channelling.

Others went in pursuit of precious stones and into the Diamond business. The Lebanese in Nigeria seemed to be good mediators and skilled with good bargaining traits that they might have inherited from the Phoenicians when Lebanon used to be the door to the Orient.

Some of Nigeria's bigger mineral resource exporters today are Lebanese.

The interest of the Lebanese in Nigerian natural resources does not end there; it expands into mining, agriculture, and catering. However, they are not the ones to grow, produce, or build; they were keener on selling, negotiating and transporting.

Political environment

Nigeria is a federal republic in which an executive presidency appoints a Federal Executive Council, comprising government ministers and ministers of state from each of Nigeria's 36 states. The executive is accountable to the bicameral National Assembly. Olusegun Obasanjo, a former military ruler who won the election as Nigeria's second civilian president in May 1999, and was re-elected in May 2003. The president's, People's Democratic Party (PDP) has majorities in both houses of the National Assembly. The current President is Umaru Musa Yar'Adua who was elected on the PDP platform in 2007.

With democracy ruling Nigeria, it is now more and more possible for foreign investors to conduct business in Nigeria. All businesses are required to register with the states and need to go through an approval process. The most common business facilitator seems to be 'lobbying'. In the Lebanese business environment, lobbying is very common. Very often, parties expect grease payment in order to achieve a transaction. It seems that in both Nigerian and Lebanese cultures, receiving payments in order to conduct business is actually well accepted. This practice is outlawed for American businessmen abroad and is punishable under violation of the foreign and corrupt practices act (FCPA) of 1977.

This might not be the primary reason for success, but the practice surely facilitates making negotiations much easier in Nigeria. The Lebanese have as a matter of fact been blamed for the escalating corrupt practices in Nigeria. Some Lebanese have been accused of being used as fronts to siphon money for corrupt officials out of Nigeria. Some Lebanese have been accused of being involved in other shady business deals like oil bunkering, the sell of illegal firearms and drugs and promoting gambling.

However, the political environment in Nigeria has not always been very stable, or favourable to the Lebanese. The Lebanese (among many other foreign groups) have been subjects of sabotage and vandalism from different activists. Many Lebanese who were victims of looting have packed their bags and left.

Regional environment

Nigeria's relations with neighbouring countries have been generally good, although there is an ongoing territorial dispute with Cameroon over the oil-endowed Bakassi Peninsula.

On a regional level, Nigeria was instrumental in the creation of the Economic Community of West African States (ECOWAS) in 1975 (see Regional Organisations). It was also the driving force behind the ECOWAS Ceasefire Monitoring Group (Ecomog). The Nigerian-dominated multi-national military force was formed in 1990 to help end the civil war in Sierra Leone in 1997 and in Guinea Bissau in 1998. Nigeria has never had any major economical or political dealings with Lebanon however. The relation was always apparent, and it seemed like the Lebanese were more interested in Nigeria than the other way around. Nigeria is seen as a frontier state in sub-Saharan Africa, sometimes referred to as the giant of Africa. Nigeria as a base has good prospects for the Lebanese business people than other Africa states that are economically less robust, even to Arabic and French speaking countries like Egypt, Tunisia, Morocco, Libya or Algeria, which should have been more natural attraction spots to the Lebanese.

Legal environment

The Public Enterprises (Privatisation and Commercialisation) Act was promulgated in May 1999. It set out the legal framework within, which government-owned enterprises may be privatised. Under the provisions of the law, the government can retain up to a 40% stake in the privatised utilities, refineries, steel, and fertiliser companies. Strategic core investors may hold up to 40% interest, and the Nigerian public may hold 20%, which will be sold through the stock exchange.

Governments in Nigeria, including the past Obasanjo administration, have taken steps to create an environment that encourages foreign direct investment. Along with the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act of 1995, which permits unhindered repatriation of foreign currency, the Nigerian Investment Promotion Commission (NIPC) Act of 1995 substantially eliminates discrimination against foreign investors. A provision permitting 100% foreign ownership in Nigerian entities lets existing investors build up controlling stakes.

The government plans to continue to liberalise the investment climate by removing various bottlenecks to the free flow of FDI. These plans include repealing restrictive laws, improving security, signing investment-protection treaties, providing additional fiscal incentives, privatising utilities and fully equipping the export-processing zones. Nevertheless, poor infrastructure, political violence, and communal and religious disturbances in various parts of the country continue to discourage foreign investment.

New foreign companies must register with the NIPC, a one-stop shop for various operating permits. NIPC registration approval is supposed to take 14 working days. However, due to bureaucratic bottlenecks and poor work ethic of government personnel delays are often expected to take much longer.

Oil companies must obtain approval from the National Agency for Petroleum Investment and Management Services to employ expatriate workers.

Foreign capital must be brought in through authorised dealers, and foreign investors should open domiciliary accounts in which to deposit the initial capital.

Banks must apply for a license from the Central Bank of Nigeria and conform to the N2bn paid-up equity requirement.

Petroleum and oil-service companies need a license to operate from the Ministry of Petroleum and Mineral Resources. The permit fee is US $15,000.

Mining companies need a permit from the Solid Minerals Development Ministry.

The licensing body for telecommunications ventures is the Nigerian Communications Commission.

Nigeria has a reputation of having very lax laws due to the high level of corruption in the country. The German based Transparency International organisation rated Nigeria to be among the most corrupt countries in the world. Chances are that most of the time culprits can bribe their way out of trouble, if it is true that the Lebanese also have a reputation for being unscrupulous in some of their dealings, this would be credible. However, Nigeria is determined to fight corruption and has set up a number of high-powered establishments to combat the problem. Among these establishments are the Economic and Financial Crimes Committee (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC).

Socio-cultural environment

Nigeria has over 250 different languages and cultures. The three largest are the Hausa-Fulani who are predominant in the north, the Igbo who are predominant in the south-east, and the Yoruba who are predominant in the southwest. The rest of Nigeria's ethnic groups (sometimes called 'micro-minorities') are found all over the country but especially in the densely populated south. The Hausa tend to be Muslim and the Ibo, Christian. Practitioners of both Christianity and Islam are found among the Yoruba. Indigenous religious practices remain important, especially in the south, and are often blended with Christian beliefs.

Nigeria is famous for its English literature and its popular music. Nigeria has produced a Nobel Laureate Winner in Literature, in the person of Wole Soyinka in 1986. Since the 1990s the Nigerian movie industry, sometimes called 'Nollywood' has emerged as a fast-growing cultural force all over the continent.

Nigeria has a higher percentage of Muslims than any other country on the African continent. Not surprisingly, differences in religious inclinations have become the major social division in Nigeria. This could be attributed to the colonial tendencies that brought about a regionalisation of Nigeria's religious geography.

Since the late 1990s and with the transfer of power from the military to civilian rule, Muslims in the north have ceaselessly demanded the introduction and use of the Sharia'a (a set of rules and regulations as evident in Islamic law). In the heat of Christian protestation at the end of 1999, several Northern States indicated their intent to join in the seemingly laudable cause, regardless of the fact that under such a law, the future of non-Muslims would be either unknown or could be jeopardised. Though proponents of Islamic law explain that the enactment of the Sharia'a will not apply to Christians, citizens of Nigeria are still wary

Demographic information

Nigeria (Year 1995)	
Urban population	39.3%
Rural population	60.7%
Population by ethnic composition	
Hausa	21.3%
Yoruba	21.3%
Ibo	18.0%
Fulani	11.2%
Ibibio	5.6%
Kanuri	4.2%
Edo	3.4%
Tiv	2.2%
Ijaw	1.8%
Bura	1.7%
Nupe	1.2%
Others	8.1%

Demographic information

Religious affiliation	
Muslim	50.0%
Christian (of which)	40.0%
Protestant	21.4%
Roman Catholic	9.9%
African indigenous	8.7%
Other	10.0%

Source: The Robinson Rojas Archive (1998)

of the deplorable act of chopping off of arms and legs as punishment to erring Muslims. There are also the segregation tendencies of the law, which advocate separate taxis and buses for men and women, a ban on the sale of alcoholic drinks and separate schools for boys and girls in Sharia'a practicing States.

The social changes that follow the adoption of the Sharia'a in some Nigerian States are bound to affect Christians or non-Muslims. An example was the violent and bloody riots of mid-February 2000 that erupted with the announcement by Kaduna State government that it was considering the introduction of the Sharia'a in the State, which Christian and Muslim following are equally strong. It is therefore evident that in Nigeria, people are often appointed or recommended to prominent positions in government on the basis of religious sentiments rather than on that of visible competence. This could be detrimental to citizens practicing minority religions such as the African traditional religion.

Infrastructure

Nigeria's urban infrastructure is crumbling. Water supply, sewerage, sanitation, drainage, roads, electricity, and waste disposal – all suffer from years of serious neglect. Periodic and routine maintenance, by far the most cost-effective infrastructure spending, is almost zero. The fact that infrastructure facilities are inadequate in Nigeria should not discourage FDI participation. Just like Bill Gates of Microsoft, cited in Prahalad (2005) said, companies must revolutionise how they do business in developing countries if both of that economic equation is to prosper.

Transport

1. Railways

   There are about 3505 km of mainly narrow-gauge railways. The two principal lines connect Lagos with Nguru and Port Harcourt with Maiduguri.

2. Roads

   In 1999 the Nigerian road network totalled 194,394 km, including 1194 km of motorways, 26,500 km of main roads and 32,300 km of secondary roads; some 60,068 km were paved but most are poorly maintained.

3. Shipping

   The principal ports are the Delta Port complex (including Warri, Koko, Burutu and Sapele ports), Port Harcourt and Calabar; other significant ports are situated at Apapa and Tin Can Island, near Lagos. The main petroleum ports are Bonny and Burutu.

4. Civil aviation

   The principal international airports are at Lagos (Murtala Mohammed Airport), Kano, Port Harcourt and Abuja. There are also 14 airports for domestic flights. In early 1997 a two-year program to develop the airports at Lagos, Abuja, Port Harcourt and Kano was announced, which have been delayed. Recently however, in June of 2008 two Nigerian aviation ministers were arrested for being involved in corruption scandals worth billions of Naira. After corruption rocked the aviation industry in Nigeria, it was a Lebanese firm that took over the temporary management of the facility.

Economic environment

The Primary mineral resources in Nigeria include petroleum, coal and tin while the main agricultural products include groundnuts, palm oil, cocoa, citrus fruits, maize, millet, cassava, yams and sugar cane.

Oil-rich Nigeria, long hobbled by political instability, corruption, inadequate infrastructure, and poor macroeconomic management, is undertaking some reorganisation under a new reform-minded administration including the bold and ambitious vision of attaining a developed country status for Nigeria by the year 2020 AD. The current administration is vigorously encouraging FDI to support thee vision. Nigeria's former military rulers have apparently failed to diversify the economy away from its overdependence on the capital-intensive oil sector, which provides 20% of GDP, 95% of foreign exchange earnings, and about 65% of budgetary revenues. The largely subsistence based agricultural sector has failed to keep up with population growth; once a large net exporter of food, now must import food. Nigeria at the moment is rated as the largest importer of rice in Africa. Following the signing of an IMF stand-by agreement in August 2000, Nigeria received a debt-restructuring deal from the Paris Club and a $1 billion credit from the IMF, both contingent on economic reforms.

Nigeria pulled out of its IMF programme in April 2002, after failing to meet spending and exchange rate targets, making it ineligible for additional debt forgiveness from the Paris Club. By the end of 2002 the government has begun showing the political will to implement market-oriented reforms urged by the IMF, such as to modernise the banking system, to curb inflation by blocking excessive wage demands, and to resolve regional disputes over the distribution of earnings from the oil industry. In 2003, the government began deregulating fuel prices, announced the privatisation of the country's four oil refineries, and instituted the National Economic Empowerment Development Strategy (NEEDS) a domestically designed and run programme modelled on the IMF's Poverty Reduction and Growth Facility for fiscal and monetary management. GDP rose strongly in 2005, based largely on increased oil exports and high global crude prices. In November 2005, Abuja won Paris Club approval for a historic debt relief deal that by March 2006 eliminated $30 billion worth of Nigeria's total $36 billion external debt. The deal first required that Nigeria repay roughly $12 billion in arrears to its bilateral creditors. Nigeria would then be allowed to buyback its remaining debt stock at a discount.

Import-export

Nigeria's primary export markets are the USA, Brazil, Spain and France. The Chief import sources for the country are the USA, the UK, Germany and China. Nigeria's exports consist primarily of crude oil, whereas most of its imports consist of machinery and transport equipment, chemical products and manufactured goods, especially iron and steel.

The USA is Nigeria's largest trading partner. Exports to the USA rose from US$ 5.65 bn in 2002 to US$ 9.20 bn in 2003, an increase of 62.8%. The increase came mostly from the rise of oil purchases. Imports from the USA reached US$ 2.31 bn in 2003, up by nearly 100% when compared with the US$ 1.16 bn in 2002.

Nigeria was a member of the Lomé IV Convention, under which 72 African, Caribbean and Pacific (ACP) countries (mostly former colonies) were affiliated with the European Union. Under the terms of the convention, industrial exports from these countries entered the EU free of duty and quantitative restrictions if they complied with certain rules of origin. Some agricultural products remain subject to restrictions but receive most-favoured-nation treatment. Lomé IV expired on February 29th 2000. Negotiations on new arrangements began in September 1998, and an interim agreement was signed at Cotonou, Benin in June 2000. This provided for the continuation of the present favourable terms for access to the EU market for another eight years.

Nigeria is a member country of the Summit Level Group of Developing Countries, known as the G15. This group was established during the ninth Summit of Heads of State/Government of the Non-Aligned Movement held in Belgrade in September 1989. The group, with 16 member countries, aims to achieve effective management of defined economic goals. Nigeria has reaped dividends from participation in the group by increasing trade with other members.

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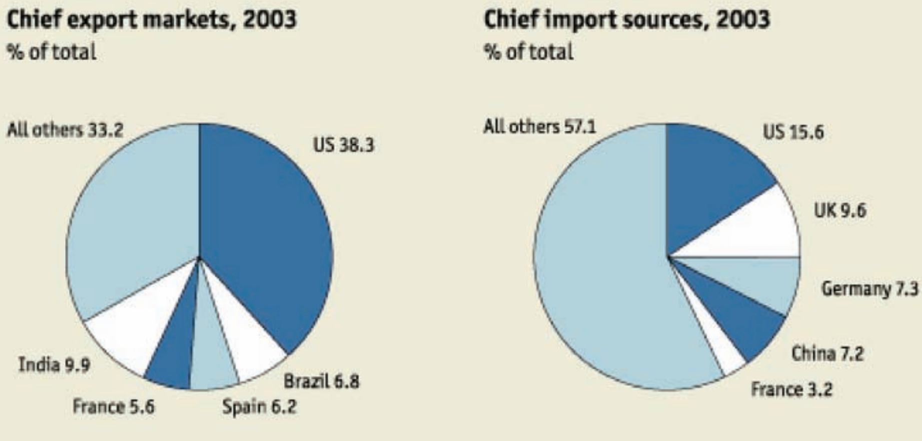
Nigeria also belongs to the Economic Community of West African States (ECOWAS), which aims to establish a common market among its members. However, the volume of formal trade between Nigeria and other ECOWAS countries is relatively small. The ECOWAS Trade Liberalization Scheme (ETLS) provides for four successive 25% annual reductions in customs duty on approved manufactured products. Around 50% of the 1000 industrial products admitted under the trade scheme are manufactured in Nigeria.

To avail itself of the scheme, a company directs its application to the National Planning Commission, which confirms the claims on local content, plant capacity and related items before forwarding the



Source: Economist Intelligence Unit Nigeria *Country Profile*, 2005.

application to ECOWAS headquarters. Companies registered under the scheme include Cadbury (for confectionery and beverages), Carnaud Metal box (for packaging), UAC Foods and PZ Industries (a Nigerian-owned consumer-products company). However, companies registered under the scheme complain that they cannot take advantage of the preferential tariffs because the institutional framework to implement the scheme is not yet in place. Furthermore, few bona-fide manufacturers can compete favourably with the informal sector, which operates a well-run trading system. During 2004 the government announced the approval of 28 additional companies and 63 products that qualify for the ETLS. A total of 41 companies with 91 products applied for approval during the year; 22 of these companies were approved based on local raw-materials content, and the rest were based on value-added to foreign products. The 91 products include pharmaceuticals, biscuits, mineral water, juices, mattresses, packaging materials, lotions, perfumes, sweets, syrups, malt, beer and macaroni.

The Congress of the USA passed into law the African Growth and Opportunity Act (AGOA) in mid-2000. Under this legislation, specified manufactured goods with predominantly local content and value added can be exported to the USA at concessionary or zero duty rates.

In addition, Nigeria is equally playing a key role in the New Partnership for Africa's Development (NEPAD) program. NEPAD is focused on building infrastructure facilities that would support the environment for economic and business development in Africa.

THE LEBANESE IN NIGERIA

Considering the plethora of opportunities that are available in Nigeria as described above in a relatively more developed environment than the rest of Africa, there is no doubt as to why the Lebanese are attracted to settle on this fertile ground and do business rather than in other African countries. The nature of the Lebanese business in Nigeria is mostly in trading, a skill that the Lebanese have learned to master since the times of the Phoenicians. However they do not limit themselves to commerce anymore, they now own different types of business, like catering and construction.

> "… I came here to work and after some time in the fish trade business, I saw a demand for commercial boats, so I decided to start building and selling boats; my company has grown dramatically since then …" says Mr. Antoine Moudaber, a Lebanese entrepreneur who owns a very successful boat business in Nigeria.

Most Lebanese in Nigeria own their businesses; and few of them work as labourers but when they do they work only for other Lebanese. The explanation for this could be thought of as arising from the fact that the Lebanese somewhat appear to be against being told what to do by a 'boss' from people of a different nationality. The Lebanese seem to understand and work better with themselves. The Lebanese generally do not like to co-mingle or form partnerships in business as can be explained by their unwillingness to intermarry with Nigerian nationals. To what extent would those non-integrative, actions affect national integration (Onimode et al., 1983)? This type of action has caused rifts in Uganda in the late 1970s, which led the then President Idi Amin to expel all British Asians out of Uganda, leaving behind all their possessions.

The fact is also true that some of the Lebanese might be newcomers and often want to start off by working for someone they know or who they are related to, or it may also be for cultural norms and language reasons since they would feel more comfortable to be around their own kith and kin:

> "when I first went there, I did not even speak a word of English, I had a cousin who owned a fish market. The economic situation in Lebanon was not very good, so I had to leave and find work someplace else to feed my family" Mustafa Hamdoun says.

"My cousin gave me a job at his fish market and there I learned whatever little English I know", he added. At the early stages of settling in a host country for business there might be no problem with this approach to inter-cultural relationship, however, the question is what are the long-term socio-cultural effects of non-interaction on social transformations? Socially the Lebanese in Nigeria appear to be more relaxed only when relating with people from their home country even though they are well known for their generosity to other people from a different ethnic group.

They are very family oriented people but they lack to bond together as a whole what that means is that the Lebanese have the tendency to form separate sub-groups in a society. For example successful Lebanese might appear to be good friends but they tend to get very competitive and jealous of each other's good fortune and they eventually split and form new social groups while others assimilate with the original. This situation could very well be described as 'tribal' and it does not only happen in Nigeria, it also happens in other places like the USA. Divisions can be noticed within even small Lebanese communities around just like it happened in Lebanon when relating to the twenty years of war that started between Christians against Muslims and ended up with at least ten different militia groups against each other.

Overall the Lebanese business community has been able to achieve an appreciable level of success in the Nigerian business environment. Some of the Lebanese success in Nigeria could be linked to the way they do business, especially in their communication and management skills. They are relationship oriented and tend to be well organised and hard working, always striving for perfection. Their management skills could be described as strict and somewhat authoritative.

Lebanese are very good at networking, and especially getting political connections, which is something they learned to do in Lebanon, where in order to get something done, one had to have good political connections.

Recently however the Lebanese have been among those who face several challenges in societies outside their own; especially with the bad publicity the Middle East has been getting after 9/11, or just because of the fact that they are simply foreigners.

However, many remain and permanently reside in Nigeria, and they continue to take advantage of an economy that is growing. Their tenacity and will to succeed is concomitant to the knowledge that their families back home depend on the income they provide. Their competitiveness and 'street smartness', topped by their networking and communication skills make most of them very successful in Nigeria. As the most successful foreign community in Nigeria, the Lebanese have very well mastered how to play by the rules of the game in the Nigerian business environment. Tables 1 and 2 describes by comparing the common and different entrepreneurial qualities that are apparently visible between Lebanese and Nigerian entrepreneurs.

CONCLUSION

From the foregoing article we can see that FDI is not left only to multi-national corporations alone or for developed countries. The Lebanese entrepreneurs who invested

Table 1 Entrepreneurial qualities of Lebanese entrepreneurs in Nigeria

	Characteristic
1	Gone Beyond adaptation-Have Gone Native (Stroh et al., 2004)
2	Flexibility and Playing by the rules of the game
3	Quick to learn and grow (Lane et al., 2004)
4	Identified and Seized opportunity
5	Creative risk takers
6	More organised as entrepreneurs
7	Ability to manoeuvre
8	People skills
9	Non-ethnocentric

Table 2 Findings and commonalities (Nigerians and Lebanese)

	Characteristic	*Nigerians*	*Lebanese*
1	History of Political instability	^	^
2	Religious composition (Moslems and Christians)	^	^
3	Commercial Interest in Trading	^	^
4	Collectivist Culture (Hofstede, 1994)	^	^
5	Humane Oriented (Project Globe)	^	^
6	Corruption	^	^
7	Flair for Materialistic and free lifestyle	^	^
8	Give free information but no records	^	^

in Nigeria mostly started from small beginnings in their search for opportunities beyond their own country borders. They are people who were quick to spot profitable business opportunities and adapt to a new host environment while sustaining successful businesses. They seem to have a rapid learning ability of the societies they are based in Lane et al. (2004) especially in understanding the cultural environment and communication style. Many of the Lebanese have been able to blend in the Nigerian environment and understand how to relate and do business within the social and culture parameters and yet remain and maintain their identity as Lebanese. In some respects the Lebanese in Nigeria can be said to have 'gone native' (Stroh et al., 2004). This reminds us of Carlos Slim Helu, the business mogul who is considered to likely be the richest man in the world today. Carlos is a native of Lebanese heritage based in Mexico. Many hundred thousands of Lebanese now call Nigeria their home. There is already a third generation Lebanese population living in Nigeria. The Lebanese businessmen appear to be shrewd, clever and more organised in applying management skills to their businesses and in some respects more so than even their Nigerian counterparts. Lebanese entrepreneurs even win procurement contracts ahead of Nigerian entrepreneurs. Unlike most Nigerian businesses the Lebanese tend to apply business theory and concepts in a practical sense. They conduct detailed due diligence, feasibility studies, business plans and cost benefit analysis before embarking on any business transaction, which are key forerunners to any successful business venture (Shane, 2005; Stutely, 2002). One striking observation about the Lebanese businessmen is how quick they are able grow and diversify their business portfolio than most Nigerians do. The length of time it takes a Lebanese business to graduate from small to medium scale and diversify into other areas is shorter than that of most Nigerians.

Most Lebanese businesses are engaged in the trading of general merchandise than in manufacturing activity. The Lebanese are also known to be popular in operating fast food restaurants, gambling and construction business in Nigeria.

On the other hand however, the Lebanese are equally thought of as people who dabble in, questionable deals and illicit businesses. Some Lebanese have been seen as the main culprits who have introduced fraudulent acts in the Nigerian banking industry, commonly referred to by the criminal code '419'. They have been known to be involved in money laundering and all kinds of scams, as well as serving as fronts for corrupt Nigerian public officials who are looking for quick and easy ways of making money. Although the Lebanese came with the intentions of settling down for doing business in Nigeria they are also seen as a two edged sword with both good and bad influences on the Nigerian society. Not all FDI is good! Some type of unwarranted business activities especially in lesser-developed communities like Nigeria's therefore need to be checked before they destroy the society through cross border activities. Global entrepreneurship could be said to be a positive sum game but it could also have its own negative side effects if left unchecked. This study sets the ground for further research to continue on the role foreign immigrants' play in the future of Nigeria's and Africa's development. Another foreign group like the Lebanese that are growing with time in Nigeria and other parts of Africa are the Chinese who are recently coming to live and invest in Nigeria in large numbers. British Asians came in large numbers to work in Nigeria, mostly in the education sector as teachers in the 1970s to mid-1980s but left when repatriation permits from their earnings were reduced. Many European companies left Nigeria due to the indigenisation policy and demand for nationalising foreign companies in Nigeria. It is important to observe the impact on development of foreign cultures in Nigeria over time. Only time will tell how current foreign presences would impact on the country in the long run. Proactive anticipation and constant close monitoring would be a better way to protect against any undesirable effects and to attract more FDI into Nigeria.

BIOGRAPHY

Professor Charles Mambula currently serves as Associate Professor and Chair of the Department of Management at Langston University's School of Business in Langston, Oklahoma. Before he came to Langston, he taught at various educational institutions in Massachusetts. He obtained a PhD at the University of Wales in the UK and before that had an MBA from the University of Jos in Nigeria after a BSc in Economics and Business from Manchester College in Indiana, USA. He briefly worked with the Small Business Development Institute at Morgan State University in Baltimore, Maryland before coming to Massachusetts. Mambula has worked with the Nigerian National Petroleum Company (NNPC) at the Eleme Petro-Chemicals Company Limited (EPCL) in Port Harcourt as a Chief Marketing Officer. Before this, he worked as a civil servant with the Borno State Government Civil Service as Registrar for Co-operatives, Commercial Officer, and Senior Planning Officer in charge of research. Dr. Mambula doubles as CEO of Gumir-Jethro Consulting Company and founder of Live Circle Christian Ministries. He has membership with the United States Association of Small Business and Entrepreneurs (US-ASBE) and the International Council of Small Business (ICSB). He has published in a number of journals and other publications, which include *International Journal of Entrepreneurship, Journal of Small Business management, Small Business Economics Journal, Journal of African Business, Journal of Social Economics (Special Issue), and the International Journal of Nigerian Studies and Development.*

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