

## Poverty, Environment and Fishing Business in the Coastal Region of Ondo State, Nigeria

Tomola Marshal Obamuyi

Department of Banking and Finance, Adekunle Ajasin University, Akungba-Akoko, Nigeria

**Abstract:** This study identifies the factors impacting on entrepreneurs' fishing business development in the coastal region of Ondo State, Nigeria. Primary data were collected through well-structured face-to-face interviews with entrepreneurs and community leaders. Using descriptive statistics, the study proves that the fishing activities of the communities are particularly constrained by poverty, lack of access to finance, poor infrastructure and environmental degradation. The study suggests that government must provide financial resources and facilitate investment in fishing equipment and infrastructural development, as well as proper management of environmental degradation and eradication of poverty for sustainable entrepreneurship development in the region.

**Key words:** Poverty, environmental degradation, fishing business, coastal region

### INTRODUCTION

This study focuses on entrepreneurship as it takes place in Small and Medium Enterprises (SMEs), since the 2 are closely related (Chowdhury, 2007). As Thurik and Wennekers (2004) observe, small firms are the vehicles in which entrepreneurship thrives. In the Coastal Region of Ondo State, Nigeria, the presence of Lagoons, Rivers and the Atlantic at the coast provide avenues for a number of economically-viable small and medium scale fishing enterprises. The entrepreneurs are all sole proprietors engaging mainly in fishing. Fishing could be maritime or fresh water (in-land). Among the Ilaje people, sea fishing had larger scale and used more sophisticated tools than in-land fishing. During rough period of the sea, some professional fishermen would resort to in-land fishing, hence industrious fishermen would acquire both sea and in-land fishing skills for economic security and subsistence (Ehinmore, 2007). However, the entrepreneurs in the region have some peculiar characteristics which affect entrepreneurship development in the Region. Majority of them are poor and do not have the basic literacy. Their level of education is lower than the national average, especially for women. The ordinary or liberal education of the people does not prepare them for entrepreneurial activities. The entrepreneurs' family size is also larger than the national economy (average of 25 for the coastal region versus 6 for national economy). The fact that the wealth of the entrepreneurs is measured by the number of wives and children is responsible for the large family that is kept by these entrepreneurs. These family members are trained in the art of fishing and provide a source of trusted workers. Mostly, the eldest

children are less educated. This is because of the nature of the entrepreneurs' work, which demands that the first child assist the father or mother entrepreneurs, depending on whether the first child is male or female. Each of the male entrepreneurs is also likely to be married to 2 or more wives, who are also entrepreneurs, so that all of them can combine their businesses along the stages of fishing. For instance, a fisherman is likely to marry a fish monger who smokes and sells the fish caught by the husband. At times, a family member or close relative who is engaging in fishing business is allowed to take a male child as canoe men and this increases the likelihood of starting fishing business.

Fishing is of great economic value all over the world. In most cases, it leads to employment generation, improved income and reduction in poverty level. For instance, the fishing activities are said to have created employment for many peasant fishermen and traders in the areas. In their various communities, they employed male indigenes as canoe men and female as fish processors and as customers in fish trade (Ehinmore, 2007).

However, the fishing activities of the region are constrained by many problems including poverty, harsh economic environment, shortage of finance, absence of financial institutions, lack of collateral, low effective demands, low profitability and high costs of setting up fishing business. Therefore, the problem is how to bring rapid sustainable development to a large number of people in the region and their small and medium fishing enterprises dispersed across a difficult terrain. It is important, therefore, that problems be identified and overcome when developing fishing business in the oil-

rich Region of Nigeria. This is the main motivation for this study. Specifically, the objectives of this research are to:

- Identify factors impacting on entrepreneurs' fishing development in the Coastal Region of Ondo State, Nigeria.
- Explore possible ways for the government, multinational companies and intervention agencies to encourage and support the growth of more enterprises in the region.

**Environment, fishing business and economic growth:** The coastal region of Ondo State, is richly endowed with oil and gas and along with the other eight States of the 36 States in Nigeria, generates over 85% of the country's gross domestic product. The natural resources (mineral, water, land, forest and touristic resources), which were supposed to bring blessings to the region turned out to negatively affect fishing activities in the region. These natural resources attracted the oil companies to the region and their exploration activities, with frequent oil spillage, resulting to environmental degradation. The effect of the environmental degradation was the destruction of fishing activities, destruction of buildings, low catch of fish and low income (Fig. 1). As Olutunla (2001) argued, the environmental hazard has also contributed to the migratory nature of the fishing groups; the rigid hours of fishing and high cost of transportation. For instance, on

the average, settlements are moved from one location to another every 4 years (Ebisemiju, 2001), thereby depleting their capital.

The low level of fishing activities resulting from environmental hazards has led to low income, low demand for goods and services and ultimately high poverty level. More than 95% of the people live below poverty level. The poverty level is compounded by lower education, the larger family size and low income, which imply lower economic status. The high level of poverty has induced large scale deforestation, especially of the mangrove vegetation on the coastal plain, as mangrove trees are the main source of energy. Thus, poverty induces resources depletion and environmental degradation, which in turn reduces the ability of the people to meet their basic needs, thus heightening the poverty level (Ebisemiju, 2001). The implication of the foregoing is that, in providing solution to the problem of capital for the fishing activities of the entrepreneurs, government must give adequate attention to environmental problems which also affect economic growth of the region.

Therefore, entrepreneurship development in the region must be undertaken through deliberate and sustained strategy by the government. This is because there is a significant causal relationship between entrepreneurship development, economic growth and poverty reduction (Chowdhury, 2007). Ebisemiju (2001) suggested a "Growth Centre Strategy" for implementation in the region as formulated by Perroux (1955). The growth centre develops through the set of industries forming the

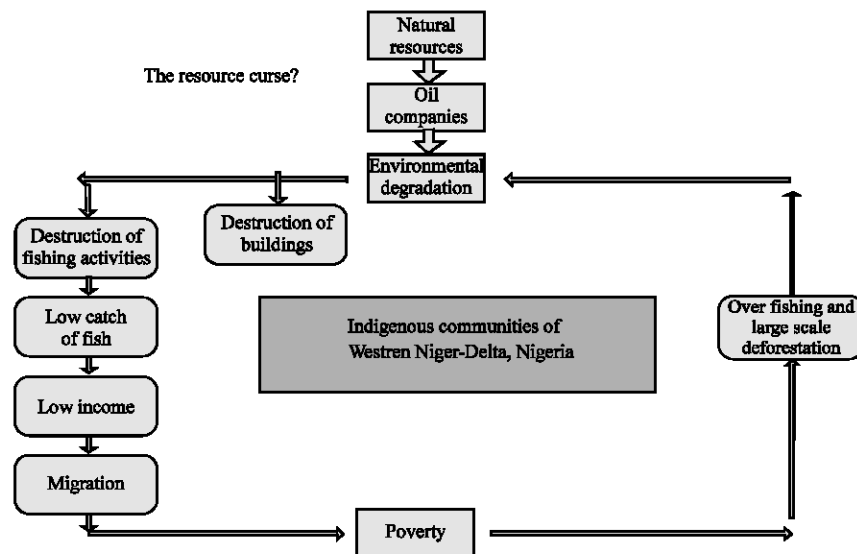


Fig. 1: Circle of poverty, environmental degradation and fishing business in the coastal region of Ondo State (Western Niger Delta), Nigeria

growth poles, which are effectively linked up with the other regions of Nigeria by transportation network including waterways, rural and local roads and other communication system, generating growth through spill over and multiplier effect in the rest of the economy.

At present, there is no such growth centre in the coastal region of Ondo State, Nigeria. The entrepreneurs from the region are forced to seek markets in other regions, which are distant and external to the region for their products. The fish produce from the region are exported to other places such as Okitipupa, Ondo, Akure, Benin, Makun, Lagos, Sapele, Warri, Port Harcourt and Abuja, which according to Ebisemiju (2001), are not in a position to reciprocate with 'trickle down' ingredients of development. Thus, one of the ways by which the intervention agencies could address the problems of poverty and entrepreneurship development in the region is through the development of growth centre strategy. Ebisemiju (2001) emphasised the expected growth and development benefits which would follow the creation of such a centre as follows. First, the centre would serve as a more convenient terminal for both inland and offshore fishing industries. Second, the flora resources of the area can support a good amount of saw milling and wood processing industries, which could be established by investors. Third, such growth centres will become business centres for indigenes of the region where they can start small businesses and get out of poverty. Fourth, the new towns could provide residential facilities and other support services for the 'naval presence' and the oil industry and in the process tie these multi million naira establishments to the economy of Ondo State. Fifth, the tourist industry could also capitalise on the unique and interesting coastal sceneries as well as the presence of lagoons and habitants of swamp dwelling fauna. All these benefits derivable from the growth centre strategy will ultimately facilitate development of fishing business and reduce the level of poverty in the Coastal Region of Nigeria.

## **MATERIALS AND METHODS**

This study was conducted in the Coastal Region of Ondo State, Nigeria. It is coterminous with Ilaje and Ese-Odo Local Government Areas and covers an area of about 3,000 km<sup>2</sup>. The Coastal Region are inhabited by 3 ethnic nationalities-Apoi, Arogbo-Ijaw and Ilaje. The region was stratified into the existing 22 political wards. In each of the wards, a community was selected based on the level of development. This amounts to 22 communities. The data collection process required preliminary surveys in order to construct the sampling

frames and draw a sample. A pilot survey was conducted for the purpose with 6 entrepreneurs from 2 of the communities. The pilot survey was used to modify the main questionnaire both in contents and structures. The 2 communities for the pilot study were excluded from the main study, to avoid visiting them twice, which may bias the responses and correctness of the findings, leaving a total of 20 communities. The population includes 2 levels. The entrepreneurs and the community leaders in the region. Since, there is no official register of individual entrepreneurs operating in this region, it was not possible to have a list of the entrepreneurs. Ten entrepreneurs were purposively selected from each of the 20 communities. Thus, the primary data were collected through a well-structured questionnaire administered on 200 entrepreneurs (owner-managers) of small and medium fishing enterprises and 4 community leaders. The entrepreneurs were visited during business hours while the community leaders were visited in their different homes. The questionnaires were hand-delivered and carefully read out to the respondents in their native dialects. Thus, the interviews allow for better data collection from the population that has limited English skill. The intention was to identify the factors affecting fishing development as perceived by the entrepreneurs themselves and the areas of assistance and to ensure that all the questionnaires were retrieved. There was a follow up to confirm some of the responses provided by the respondents. The study also made use of focused group discussions (FGD) organised by OSOPADEC, which were held separately in many communities with the elderly, women group and the youths. To achieve its objectives, the study is descriptive in perspective.

## **RESULTS AND DISCUSSION**

**Factors affecting fishing enterprise development:** Most of the interviewees agreed that there are good opportunities for the development of fishing business in the Coastal Region of Ondo State, Nigeria. The good opportunities relate to the abundant resources available in the area such as oil production, agricultural lands, potentials for fish farming and other natural resources in the area, which provide raw materials for a number of economically viable small and medium scale industries. The entrepreneurs, however, have identified a good number of factors affecting fishing development (Table 1).

The respondents considered poverty and lack of financial assistance, poor infrastructure, low effective demand, inadequate equipment and environmental degradation as the most important factors affecting entrepreneurs' fishing development in the Region.

Table 1: Factors affecting fishing business in the coastal region of Ondo State

Nature of problems	Frequency	Percentage
Poverty and lack of financial assistance	189	95
Poor infrastructure	187	94
Low effective demand	177	89
Inadequate equipment	173	87
Environmental problem	165	83
Economic and political instability	154	77
Lack of entrepreneurship education and training	145	73

**Poverty and lack of financial assistance:** Most of the entrepreneurs considered lack of finance as the major bane of entrepreneurs' fishing development. The people of the region are poor and have low income, which does not allow for the cultivation of modern saving/investment cultures. Money are kept under the pillows or in cellophane bags hidden secretly in the house. This conservative behaviour could be attributed to the non-existence of financial institutions in the region, their meagre level of income and level of education.

There is evidence that the entrepreneurs tend to rely on informal funding sources for their businesses rather than banks. Informal funding includes personal savings and loans from cooperatives societies, friends and family. About 79.5% of the respondents source their money from the Cooperative Societies. The different cooperative societies include the Baale Credit Association, Market Women Association, Fishermen Association, Oil Producing Communities Association and other Esusu/Ajo Associations. As Bennett and Ramsden (2007) observe, associations provide a range of functions, offering social opportunities, marketing and collective purchasing, self-regulation and lobbying and representation of the interest of the business. The banks are reluctant to grant loans mainly because of moral hazard, adverse selection, asymmetric information and the fact that most of the enterprises could not provide tangible collateral. The inability of the entrepreneurs to raise funds either from personal savings or from banks has reduced the amount of money available to start or expand their businesses.

The effect of finance was mostly felt by women-owned businesses. Although, the issues of financial discrimination against women could not be established, it could be due to the fact that women are generally afraid of debt and that female entrepreneurs are involved in retailing businesses. They are usually seen selling their goods (fish, gari, vegetables, clothes, etc) by roadsides and in paddled canoes/boats and in small kiosks, indicating the smallness of their businesses. The female entrepreneurs claimed that they are poor and therefore, need financial assistance from government and Non-Governmental Organisations (NGOs) to expand their businesses.

The consensus of the entrepreneurs is that, fishing business development in the region is fundamentally constrained by inadequate funding, emanating from high level of poverty and lack of government assistance in the region.

**Poor infrastructure:** The region is rural and operates mainly on fishing economy and almost 95% of the fishes consumed in the State are from the region. Similarly, traders from every part of the country are known to buy fishes in commercial quantities from the region to be sold thereafter. But the region has no access roads and growth centres which can facilitate business development. Also, there are no storage facilities for preserving fishes during the season. Fish of various kinds are either dried in the sun or smoked in order to preserve them for long or short term market. Fresh fish were said to be marketed mostly in short distance areas owing to the perishable nature and problem of storage facility. This means that there is always a rush for all the fishes caught in a particular period to be regularly transported on water by boats in order to be sold at the main market at Igbokoda and other markets, which are several kilometres away from the coastal communities.

The entrepreneurs are, therefore faced with the problem of glut in the market, high cost of transportation for the few boats available and long hours of travelling on water. The effect is that the income of the entrepreneurs will be drastically reduced. Majority of the entrepreneurs complained that most of their revenues are lost to wastage/under-pricing during the season.

The housing situation in the region is also quite perplexing. After the Ijaw-Ilaje war of 1998-1999, there are no buildings for the people to occupy. A community leader comments as follows: "our communities are disadvantaged in the provision of decent housing facilities. Houses are built with palm fronts, zink and planks and shared by large family members."

The entrepreneurs and community leaders also complained about the deplorable conditions of other infrastructural facilities. The people obtain drinking water from creeks, streams and canals. Most communities use table lanterns and fire wood to generate power or energy. In most cases, the health centres are without required drugs and the facilities are obsolete and they are manned only by few medical personnel. As claimed by a community leader, "the effects of all the problems of infrastructural facilities to business development in the region has been that only local and uneducated people stay and do business in the region." The combined effect of the poor infrastructural facilities has been that the

region presents a paradox: The region is rich, but the people are poor and all indicators of economic wellbeing point to a high level of poverty in the midst of abundant natural resources.

**Low demand for goods and services:** Fishing development in the region is also constrained by low demands, because of the low income of the people based on the high poverty level, poor infrastructural facilities, high illiteracy level, high migration to urban centres and environmental degradation. More than 95% of the people live below poverty level. There is high rate of poverty in the region, deriving from the low income of majority, forming a vicious cycle. Their major source of livelihood (fishing) had been negatively affected by the exploration activities of the oil companies. Thus, they are pauperised, this does not give room for effective demand.

**Environmental degradation:** According to, most of the interviewed entrepreneurs, environmental degradation is a major constraint to the industrialisation of the region and it affects fishing business development and the people's productivity, with implication for the economy and the well-being of the people. The exploration activities with frequent oil spillages have negatively affected the fishing activities and contributed to the migratory nature of their fishing groups. As Ebisemiju (2001) observes, the fishing economy, which has always been the major source of revenue of the people, has been adversely affected in the freshwater creeks and in the near

shore zone of the Atlantic Ocean, forcing the fishermen to travel far into the sea, with implication for additional funds for investment, which may not be easily obtained. This has led to increase in the prices of fish in the region.

**Approaches for overcoming constraints to entrepreneurs' fishing development:** There seem to be a consensus among the entrepreneurs that all the constraints to fishing development are surmountable, if the governments and the intervention agencies could understand the main problems of the region. Based on the recommendations of our respondents, the following represent the integrated approaches for overcoming specific constraints to fishing business in the region (Fig. 2).

**Facilitating investment in fishing equipment:** There could be micro-credit institutions set up to finance fishing business, in addition to donation of fishing incentives such as outboard-engines, fishing nets and trawlers. With the provision of loans to fishermen for the purchase of outboard engines, boats and fishing gears and the development of trawling, fishing in the near shore zone can be intensified. The various trade groups in the region should re-organise themselves to form cooperative societies/micro credit association in order to access funds at lower rates. The entrepreneurs can exploit the value system of *agbajo owo la fi i Soya* (there is strength in unity) and *'èniyàn la ọ̀mí'* (people are the secret behind my success). The entrepreneurs should cultivate

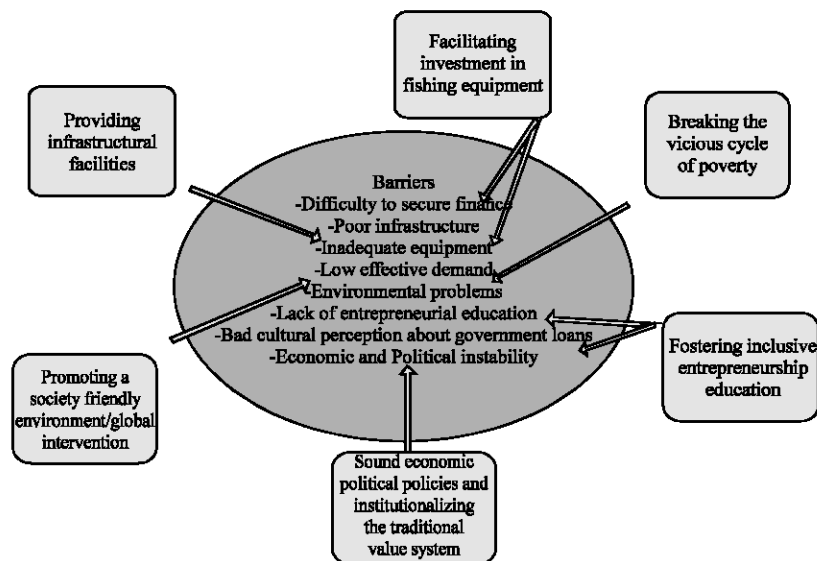


Fig. 2: How government, multinational companies and intervention agencies can help overcome entrepreneurship barriers in the Niger delta region, Nigeria

saving/investment culture, which is virtually non-existence. The people should adopt modern methods of banking with financial/credit institutions, rather than keeping money under pillow. This modern saving culture will lead to established banking relationship between the banks and the entrepreneurs and creates avenues for adequate funding.

**Infrastructural development:** This requires a deliberate development of central towns and places with adequate infrastructure and sets of industries. This is capable of generating growth through spill-over effects in the rest of the economy, resulting in external economies, clustering of industries and urban complexes, which will be effectively linked with the other regions of Nigeria by highways and other communication systems. This has the implication of enhancing entrepreneurship development in the region.

**Breaking the vicious cycle of poverty:** There is the need for the government to stimulate the level of demand, reduce the level of poverty and increase accessibility to basic amenities in the region. More financial support should be made available by government to support people with a fishing proposition that looks viable, but who lacks sufficient resources to get started and cannot attract bank finance. The intervention agencies must play prominent roles to ensure funds accessibility.

**Promoting a society friendly environment:** The oil companies should make their activities environmentally friendly by avoiding oil spillage that negatively affects business activities and promptly paying reasonable compensation in case of its occurrence. The implication is that the communities are assured of the safety of their investment and the people will be encouraged to start new ventures or expand their existing businesses.

**Sound economic policies:** The government should formulate entrepreneurship policies that match interventions with the scale of the problems of the region. Different interventions should be established in different segments and should not be hijacked and used as conduit pipes for some political office holders who were only interested in embezzling the money. The intervention agencies should pursue business development from the priority of the communities. The policies must ensure effective management of the allocated revenue, with proper monitoring of projects and judicious use of resources to develop fishing activities.

**Fostering inclusive entrepreneurship education:** The government, intervention agencies and the communities must develop sustainable enlightenment programmes on entrepreneurship education and training. There is the need for value re-orientation of the entrepreneurs on loan repayments and the culture of community leaders towards government projects. The series of meeting organised by the Ondo State Oil Producing Areas Development Commission (OSOPADEC), one of the intervention agencies operating in the region, to sensitise the people towards setting priority for business development in their communities is in the right direction.

**Improving the traditional value system:** In recent years, the region has been a hot bed of violence, hijacking, hostage taking and other violent activities, especially during the Ilaje-Ijaw war, which resulted to destruction of businesses and property. This unrest is capable of destabilising economic development and hence reduces business activities. The implication is that the region must be peaceful for any government programme to impact on entrepreneurship in the region. The traditional rulers, as agents of peace-making, must be alive to their responsibility of maintaining peace in their domains.

## CONCLUSION

The coastal region of Ondo State, Nigeria, is richly endowed with oil and gas and along with the other eight States of the 36 States in Nigeria, generates over 85% of the country's gross domestic product. The fishing entrepreneurs are all sole proprietors and from the informal sector. Based on the interviews with the entrepreneurs and the community leaders, there seems to be a consensus that the factors affecting fishing development in the region include poverty, shortage of finance, poor infrastructure and environmental problems. The people are poor and there is poverty in the land. This has serious implications for policy making and business development in the country. This is because, it is paradoxical that a region that provides the resources of a nation remains neglected and poor. Therefore, the problems of the region must be seen as global problems that need urgent intervention by the national and international communities for sustainable and inclusive entrepreneurship development.

The government, relevant intervention agencies and the multinational oil companies should collaborate to introduce community based micro-credit schemes, specifically tailored to meet the needs of the entrepreneurs in the region. This is because fishing

can only be done on lucrative level if the resources are available, given the effect of the environmental degradation. The government must take a leading position by providing financial assistance and other incentives to the economically active poor entrepreneurs and the communities. The government should also encourage growth centre strategy and clustering of firms in the region, with the added economies of scales. Finally, the entrepreneurs should pool their limited resources together through the formation of cooperative societies to establish medium and large enterprises and imbibe modern saving/investment culture. The issues raised in this study is relevant to other regions of most developing countries with abundant natural resources, but are deprived because of their difficult terrains.

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