Silver Screen to Silver Bullet:
A Cultural Explanation for Nigeria’s Economic Growth

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Preface

Nigeria has become the Giant of Africa; after many false starts since its independence from the British colonial rule in 1960, it appears that Africa’s most populous nation is poised to assume its role as the regional power in West Africa, if not the whole of the African continent. It has already eclipsed its more developed continental competitor, South Africa, in terms of economic size and Nigeria may soon surpass it in terms of political and diplomatic influence among neighboring African states. As Nigeria continues to move toward global prominence and internal stability, her other potential regional rival, the Republic of Congo, formerly Zaire, remains mired in a prolonged civil war and is generally viewed as a “failed state”.

The emergence of Nigeria as a key regional and global player is attested by the stampede of Multinational Corporations (MNCs) flocking to Nigeria to invest in her dynamic economy and to gain a share of her vast market. Among the economists within the investment community and global institutions, it is generally assumed that Africa, especially the West Africa, will be one the most dynamic theaters of economic growth in the next decade or two. Within that region, Nigeria blessed with amazing natural resources and a rapidly growing entrepreneurial middle class, has become the primary destination for Foreign Direct Investment (FDI). MNCs have viewed Nigeria as a sort of laboratory to launch products for the emerging world, supporting innovative local enterprises to better understand the complexity of developing markets with large informal economies such as Nigeria.

Emerging in the wave of colonial independence after the Second World War, there was a sense of possibility for Nigeria in 1960; there was hope that it could become the most dynamic economy and reliable democracy on the continent. The transition was supposed to be “orderly” and “constructive” as noted by Donald Fleming, Canada’s Finance Minister, in an interview
(Associated Press, 1960). At the time, the predictions of a highly developed Nigeria seemed possible given the history of other successful British colonies.

Although recent instability in India, another major British colony then independent for more than a decade, had tempered expectations, Nigeria was expected to have a flourishing democracy with a number of natural benefits. The discovery of oil reserves and the strong agricultural sector were to support each other as Nigeria moved toward industrialization and manufacturing, the pinnacle of economic development in the 1960s. At the moment of independence, Nigeria was already the most populous nation in Africa at 40 million citizens and had long been a dynamic economy as a center of trade and cultural activity in the region and many expected it to lead the continent with strong functioning representative government and a readily developing economy (Economist, 1960). The geography of the new nation was also considered favorable with the fertile Niger delta and two large ports in Lagos and Port Harcourt guaranteeing a certain level of future economic development. The expectation was that Nigeria would have a successful trajectory due to the bureaucratic legacy of the British and the economic potential that oil and connections to the democratic Western powers might bring.

In the past decade, a transformation has happened. Nigeria had failed to live up to its promise for nearly half century but now the economy is thriving, but not because of natural resources or the British legacy. Despite the oil busts, civil wars, military dictatorships, and perilous inflation, Nigeria never experienced an economic collapse. Nigeria was never regarded as a failed state and its economy bounced back after every shock. Now, as oil is beginning to shrink in importance, Nigeria is finally having prolonged growth at very high rates. How did this happen?
Those who predicted that Nigeria would succeed were correct in their conclusion, but their reasoning was flawed. The pillars upon which Nigeria was to stand, the idea of a British post-colonial legacy and a petroleum industry, were dubious and impact of once touted factors for success turned out to be quite different from what was initially anticipated or predicted. Oil, British colonialism, and the post-independence government all became a mixed blessing at best. In fact, in the last half century each of these factors can be said have done more harm than good. Further, none of these three factors by itself, now possibly modified and corrected, could be sufficient for the current emergence of Nigeria as an economically dynamic and increasingly politically stable regional power in Africa. Hence, the question arises again: How did this happen?

The answer may lie within the Nigerian people, specifically, in their cultural affinity towards entrepreneurship. The Nigerian people have been traders for centuries and it is their lasting appreciation of trade and entrepreneurship that is enabling them to thrive in the globalized economy. Through their cultural affinity toward entrepreneurship, the various ethnic groups of Nigeria developed networks across their region and distributed a number of commodities, including cultural products such as figurines and textiles. Trading in cultural products demonstrates an ability to generate value through creation of wealth beyond primary resources, understanding the potential markets and exhibiting business acumen. Today, Nigerian films are exploring definitions of modernity and the transition away from traditional stability, exploring the values that should be held in higher esteem in an increasingly globalized world. Through the shifting existence that Nigerians are experiencing, society is embracing the idea of entrepreneurship as the path towards future success. It is that same spirit of entrepreneurship that today is driving growth in new industries such as film, music, and fashion. Through their cultural
appreciation and adoption of entrepreneurship, Nigerians are engaging with the global economy and overcoming previous economic hurdles.

**Part I: Examining the Existing Theories**

**Introducing the Existing Theories**

Today Nigeria, despite a series of positive and negative events, appears to be securely on a path of rapid and massive economic success. Its present size and projected growth rates coupled with its unmatched population size might make it the most important economy in Africa. What factors have enabled this outlook to appear more realistic than historical projections? How will this potential economic takeoff moment differ from previous era, what factors have changed?

The reason this projection of success is different from previous predictions is that the primary force cited in this paper has not previously been widely considered as an economic explanation. Nearly sixty years ago when Nigeria was an emerging nation with a large economy and democratic government, it had a positive prognosis centered three schools of thought: a postcolonial legacy, the potential developmental state, and oil. The British postcolonial legacy was to provide stability and created a unifying institutional infrastructure for a diverse multiethnic and religiously divided nation. Nigeria supposedly inherited a bureaucracy created by British colonialists who had skillfully created dozens of successful nations out of multicultural regions. American news outlets noted that Nigeria was well educated by the British with several hundred physicians and lawyers and that 37,000 of 39,000 government staff were Nigerian at the moment of independence (Lindsay, 1960; Duncan, 1960).

The democratic government guiding the nation from its independence had the potential to be a developmental state and drive growth through policy. The inherent wealth from
petroleum could fuel the greater economic engine through valuable exports and attract capital investment. These were the hope and theories surrounding the young Nigerian nation at its independence.

Each explanation has merit in certain historical context, but issues arise when a longer perspective is taken. The British postcolonial legacy caused unstable religious ethnic cleavages and the bureaucratic corps of Nigerians left in charge of the government was not as proficient in developing an economy as expected. The developmental state never emerged and instead the Nigerian government became a more predatory one, plagued with corruption and poor economic decisions. Oil certainly provided substantial wealth for some and brought more money into the economy, but it encouraged further corruption and a higher currency valuation that hindered the growth of domestic industries and exports.

**Deconstructing Nigeria’s Postcolonial Legacy**

In an effort to explain the rise of Nigeria, many scholars and pundits have aimed to give credit to the positive aspects of a post-colonial legacy. For some, Nigeria has risen on the continent of Africa as a result of inheriting secular, administrative, and legal institutions and infrastructure during Nigeria’s time under British rule in various forms from 1861 to independence in 1960. Despite the potential evidence put forward to support the thesis of a positive British impact, the overall consequences in terms of economic and social development outcomes were more likely to be negligible or negative.

From one perspective, Britain was able to create a nation out multi-ethnic, multi-linguistic, and religiously divided region that had not previously been unified, British colonizers achieved this synthesis through the establishment of institutional and physical infrastructure. The administrative and legal systems implemented by the British laid the foundation for a democratic
society able to negotiate a fractured population and provided institutions associated with subsequent social and economic development as it emerged from British rule in 1960 (Marshall IV, 2010). This indicates that the British were able to bequeath a democratic legacy to another colony, similar to the process through which Fareed Zakaria credits India’s strength as a product of inherited British institutions (Zakaria, 2011). As in India, the British created an educated elite by investing in a colonial education system and incorporating Nigerians into corps of bureaucrats (Lindsay, 1960). The British incorporation of Nigerians loyal to the British hegemony created, as in India, an elite that would rule upon independence.

The British also supported the development of physical infrastructure and industry in Nigeria, using a local work force to generate wealth rather than serve as a market for British goods. This investment helped Nigeria to have a gross domestic product per capita greater than the Sub-Saharan African average in 1960 (World Bank 2017). From this perspective, it might be inferred that Britain did aid in the development of Nigeria, but the image at the moment of independence does not capture the broader implication of European influence.

The unfortunate reality is that a century of British rule in Nigeria created a plethora of problems that likely outweighed any benefits gained from the institutional infrastructure. The first issue arises from the formation of a single Nigeria, taking disparate ethnic, linguistic, and religious populations and forging a single state with a divided population that was ideal for colonial rule but not for a post-colonial state. As British colonialism intensified to become more than just footholds at commercial ports, administrators merged the Northern Nigeria colony, which consisted primarily of Muslim Hausa and Fulani people, with the Yoruba-populated Lagos crown colony, and the Christian Igbo dominated Southern Nigeria Colony. These three colonies were merged for bureaucratic ease and were formed more by the timeline of British colonization
than they were by sensitivity to similarities of regional cultural identities (Inyang and Bassey, 2014). European colonial administrators drew artificial borders, creating destabilizing effects that have plagued African nations such as Nigeria since their inception.

Britain became involved in the Nigerian region through slave trading with coastal cities such as Lagos, as Nigeria was the second largest exporter of slaves in Africa. This earliest form of colonialism has a strong link to weak development levels based on the scale of the slave trade. Nigeria was no exception and has the same low development pattern as other nations that were heavily involved in the slave trade (Nunn, 2008). Beyond the economic consequences, there were socio-political outcomes from slavery that hurt Nigeria’s development. The process of employing Nigerian slave traders to capture people from other tribes created social cleavages between different peoples and these divides continue to reverberate today. While there were previous cultural identities for each of these groups, the slave trade accentuated those divisions and hardened them for profit. The introduction of guns and militarization of the “slave coast,” of which Nigeria was a part, helped foster years of distrust between neighboring peoples (Whatley and Gillezeau, 2009). The slave trade was an early form of colonial interference as Europeans set up commercial hubs and extracted humans as a resource, and it was economically destructive. The British eventually outlawed the slave trade and this may be seen as a positive act but still does not erase previous decades of terribly destabilizing slave trading carried out by the British traders. Further, the colonial rulers would continue to capitalize on the heightened cultural identities as a means of suppressing any potential unified effort to repel British colonialism, a sort of divide and rule that had lasting effects.

Modern Nigeria has a considerable religious divide that has had political consequences. There is a divide between the Muslim and Christian populations, each compromising about half
of the overall population. While there are some areas with a mixed population, the North and West parts of Nigeria tend to be more Muslim while the Southeast section tended to be more Christian. The Northern states with the Hausa and Fulani Muslim populations have the strongest Islamic culture and they continue to have a distinct political structure with the adoption of Sharia law, a practice at odds with the idea of a British legacy. The existence of large Muslim populations in this region and the tendency for Muslim and Christians to vote differently has amplified divisions. Additionally, as the nation has experienced a population boom, Christianity has become the largest religion in Nigeria (Liu, 2010). While some regions such as Lagos, seem more comfortable with the blend, many Northern states have been the subject of unrest. The terrorist organization Boko Haram promoted the idea of abolishing the secular government and imposing Islamic Sharia law throughout the nation. While the nation continues to progress towards development overall, the presence of a terrorist organization that suppresses literacy, endangers the welfare of children, and engages in religious violence, cannot be ignored. A nation with such political fractures is a fertile area for violent terrorist activity to emerge (Kydd and Walter, 2006). Thus, the British colonial formation of Nigeria has created many more problems, it is theorized, than if a nation-state had emerged with its own accord, without the colonial interventionism, and more homogeneous in overall composition (Whatley and Gillezeau, 2009). The creation of borders and administrative units convenient for the type of British colonial rule created population mixtures that have guaranteed an incredibly negative trajectory.

Despite the appearance of a successful transition after colonialism, the true nature of a postcolonial legacy was revealed in the years soon after the British left. Nigeria experienced multiple coups and was a rated as a consolidated autocracy by 1966 and failed to have a peaceful democratic transition for almost five decades (Marshall, 2010; The Economist, 2015). Nigeria
also continued to have higher infant mortality rates than neighboring countries such as Cameroon, medical infrastructure was heavily reliant on foreign support, and literacy rates remained low (Fenner et al., 1988; UNESCO, 2017). If the British had been a positive force, its institutions would have been resilient enough to facilitate a successful transition to independence. Instead, the supposed British success was a failure and the unfortunate story of British influence on Nigeria runs deeply throughout the past two centuries.

The type of colonialism that the British practiced in Nigeria can best be described as enclave colonialism. The British tended to engage in this type of colonialism, as in India and Egypt, whenever they encountered complex preexisting societies or large population that made settling impractical. While their “settler colonies” in places such as the United States or Australia involved a strong connection to British institutions and heavy amounts of British investment, Nigeria did not receive such beneficial rule during its century as a colony. Nigeria had enclave colonialism similar to India and it began with the usage of a private corporation known as the Royal Niger Company extracting wealth through primary resource exports and taxes. India had a similar colonial experience, as Britain attempted to manage a densely populated region with political systems that were centuries old by sending in a small corps of young bureaucrats and turning India into a market for British textiles. This style of colonialism failed to achieve the liberal outcomes that make some British colonial exploits appear to be less harmful than others (Lange et al., 2006). British enclave colonies tended to rob the region of stability and wealth while not offering the institutions or social development such as literacy and low infant mortality rates seen in settler colonies. As the Nigerian colonial elites gained control of the government upon independence, they were divided, corrupt, and susceptible to authoritarian behavior. Enclave colonialism laid shallow roots.
Another consequence of the British incursion into the region was the long-term implication on diplomatic and social ties that developed as a result of the colonial experience, pulling Nigeria towards the West at the expense of its own development. Nigeria was predisposed to form economic ties with certain Western nations as a result of its membership in the Commonwealth, inherited British legal code, and English speaking. While this may have provided some benefits, it ultimately led to Western capitalists controlling the means of production and prevented the formation of an investing and entrepreneurial upper class within the Nigerian society, sending profits out of the Nigerian economy and into Western banks (Onimode, 1981). The pressure from Western stakeholders also promoted specific ideals of development that might not have been practical or beneficial for Nigeria, driving policy to encourage industrialization over investing in agriculture despite not having a comparative advantage (Nnoli, 1981). Through attaching Nigeria’s future to external extractive forces, colonialism served as a negative force rather than a constructive one.

If the British colonial structure had left Nigeria with a strong bureaucratic inheritance, Nigeria would look very different at present. Nigeria has one largest informal sectors in the world; with the Nigerian government estimating that 58% of its gross domestic product comes from the informal sector (Dauda, 2013). That the majority of the economy resides in a shadow economy and therefore untraceable by the government goes against the idea of strong British bureaucratic institutions. Colonial control supported the idea of managing the local economy primarily to generate taxes to fund imperial rule, not to promote economic growth by strengthening the free market. Today, Nigeria is succeeding because of its ability to innovate quickly in the marketplace, both formal and informal, faster than the slow paced evolution of government adaptation, something it did not receive from British rule.
Despite the ideals of sharing democracy and building institutions that would better the lives of colonial subjects, the British impact did not live up to stated intentions. Nigeria most likely has seen its development hindered by its time as a British colony. The ideals of British democracy did not remain stable without colonial imposition and Nigeria has had to overcome the harmful economic repercussions of the slave trade and primary resource export economy created by the British. In the next sections, I will show how the Nigerian government was routinely incapable or unwilling to further developmental policies and democratic institutions, demonstrating the empty promise of British colonialism. There are many reasons for Nigeria’s current success, but British influence is not one.

The Failure of the Nigerian National Government

While certain states have been able to implement policies conducive to economic growth and social development, Nigeria does not appear to be a nation driven by a developmental state regime. The responsibilities of a modern state, especially in a developing country just emerging from a long and debilitating period of colonial rule, are to strengthen what was good in the colonial rule and remedy the flaws. Instead, the Nigerian government often did opposite and hindered development. Soon after the British left, the ethnic, linguistic and religious differences raised their ugly head. Instability, mismanagement of resources, poor policy decisions, and foundational issues with the form of government all contributed to the state hindering development more than assisting.

The concept of a state driving forward an economy is not a new idea, national governments have tinkered with policies for years to improve growth in their borders and help create economic gains for their citizens. The traditional idea of nation-state since the Treaty of Westphalia in 1648 has been that of a sovereign authority with the duty of eliminating external
interference in its own territory. The state was bound by a social contract to protect the lives and property of citizens in exchange for support and loyalty. However, there have been alterations in the roles of the modern state since its creation; now states are not simply supposed to be guardians of property, but constructive forces in the future of the nation, leading to more active interventions to promote growth and control the evolution of various industries within the economy. The nations that successfully improve economic and social indicators have been dubbed “developmental states,” the most positive possible form of rapidly industrializing government, contrasting with extractive predatory and weak states (Evans, 1992). Examples of developmental states include South Korea and Taiwan in the second half of the Twentieth Century, as both achieved explosive growth through industrialization led by state policies. The opposite of the developmental state is the predatory state, in which the government redistributes wealth and resources in a manner that inhibits development. Zaire under Joseph Mobutu was originally viewed as an ideal foreign investment opportunity for American investors after the CIA supported the coup instigated by Mobutu (Plunk, 1986). Patronage systems, government by fear, and overwhelming debt eventually led to the doom of Zaire and left it unable to develop, even as it transitioned to become the Congo once again (Reno, 1998). Nigeria fills the role of a modern state, it engages in investing and promoting education, infrastructure, and public health endeavors that have become a new minimum for expected government behavior. While investing in core state services is critical to success, it is not alone sufficient to warrant status as a developmental state. Looking at the policies and actions of the Nigerian government, the broader story of the state reveals a government that most likely did not aid in the growth of the economy to its current status and at times acted in a predatory manner.
Those who consider Nigeria to be an example of state led development tend to highlight the importance of the government’s ability to attract foreign investment particularly under Olusegun Obasanjo as both a dictator and later a democratic president who spent considerable time traveling abroad to attract foreign government support (Olatunde, 1976). Some scholars look to the success of the Nigerian government at subsidizing technological advancements and funding higher education institutions as indications of its commitment to development (Bates, 1981; Nnoli, 1981). While there have been particular moments and actions taken to provide growth, the overall story indicates a government more at fault than worthy of praise.

A central argument against the idea of state driven development in Nigeria is the high level of instability within the government since independence in 1960. Part of the instability has come from the relative frequency of military coup d’ètats throughout its young history, with a total nine successful or substantial attempts to overthrow the government to date. Since independence from Britain 56 years ago, 28 of those years have been under military rule. This constant cycle from democracy to military dictatorships and back has not been beneficial to the development of a formal economic sector that relies upon government to protect property and maintain stable monetary policy. Enterprises had to constantly adapt to rapidly changing new democratic constitutions or military decrees, draining energy away from growing businesses. Apparent instability also discourages vital private foreign investment, something that was critical to the development of many East Asian developmental state (Evans, 1992). Additionally, large amount of available capital from the government has been directed away from domestic investment in infrastructure (often compromised by the massive corruption) and towards defense spending, not to defend against outside invasion but against internal conflict in specific regions and larger civil wars (Onyemelukwe, 1966). While the Nigerian government has had some
success in luring foreign aid, it has been an unstable force that has hurt economic development for the majority of Nigeria’s history.

Beyond instability, many Nigerian policies were ill advised in their attempt to support the economy. One error committed by the Nigerian government was the retention of colonial marketing board to control agricultural prices. Nigeria had four major marketing boards to control the exportation of cocoa, groundnut, palm oil, and cotton that all bought products for the government to export (Hawkins, 1956). These boards created a monopsony, a market with a single buyer that has massive purchasing power, and enabled the government to extract rents from farmers through distorting prices to be below the global market value. This process hurt agricultural growth, the largest sector before the 1960s oil boom, and continually hurt domestic supply and demand. Farmers were unable to find the best prices and therefore became discouraged, less productive, and less attuned to the market’s needs (Bates, 1981).

This policy was continued by military leaders and intensified as they sought to engage in industrialization and subsidize urban economies. The product of the lower agricultural efficiency led to the importation of food as an additional means of subsidizing the urban industrial workforce. These market distortions and the marketing boards were eventually phased out in the late 1980s at the advice of the World Bank and International Monetary Fund, but that was not the only faulty economic policy put in place by the British colonial rulers and continued for decades by the post-independence national government.

The Nigerian government repeatedly Nationalized companies at both the state and federal level. While government run enterprises can be successful, without sufficient stable and adept bureaucracy in place, nationalized companies can quickly fail. The instability of Nigeria led nationalized industries to hinder development more than it helped national progress. China
has many examples of strong state-run enterprises, contrasting with the frequent failures seen in Nigeria. While China nationalized industries that held large advantages in their domestic sphere, Nigerian businesses were poorly run and failed without skilled management to act in the company’s interest (Ohiorhenuan, 65). An example is the Bendel Construction Company, which started as a local public-private partnership before the state government acquired the outstanding shares at over three times the stated value. This decision was made despite the state government having holdings in a number of other competing construction companies, two of which were nearing eventual bankruptcy at the time of acquisition (Anao, 1985). The Nigerian government often sought to totally own nationalized corporations in 33.6% of state investments, nearly twice the rate of neighboring Ivory Coast and higher than many other African states. This pattern coupled with a commercial class that tended to disproportionately not come from government backgrounds led to a dearth of capable leadership at the heads of these corporations (Wilson 1990) Nationalizing industries such as financial institutions, healthcare providers, and other industries with stable demand has been successful in a number of nations, but the Nigerian government chose to nationalize a large number of consumer goods and discretionary companies as well and this led to instability in government revenues. The main fault of Nigerian nationalization was that the businesses procured were often in industries that needed to be nimble and not lumbering in bureaucracy.

During the first prolonged period of military rule from 1966 to 1979, the government and oil multinational corporations formed the Nigerian National Oil Company as a way to regulate and collect revenues. The creation of a national petroleum company is not unusual, as in Mexico for instance, and the oil wealth had the potential to spur tremendous growth as seen in many other oil nations, but some economists have criticized the distribution of revenues. The profits
from Nigeria’s oil goes through layers of federal government distribution but rarely finds it way to fund programs at the local level that may be more effectively tailored to local needs and demographics (Anusionwu, 146). The government allocated substantial funding toward promoting industrialization in sectors where Nigeria was not competitive instead of clean water and food distribution programs, favoring for short-term economic gains over long-term economic and social development (Nnoli, 1981). The constant missteps in government funding policy have hindered development due to the government’s shortsighted attempts to appear developed by Western standards.

In addition to centralization of funds, companies, and policy decisions at the federal level, there is considerable graft at every level of government. Patronage systems used by the British colonialists led to a wide degree of corruption within the Nigeria government, a problem that still persists today (Nnoli, 1981). Corruption has been legitimized by various regimes in Nigeria’s recent history and due to the government’s high level of control over the resources of the nation. It is possible to justify, especially at the middle and lower tiers of government, to supplement low wages (Oluwatula, 2015). The scale of corruption varies but is pervasive throughout the government since democratization set in, from smaller administrators to cabinet level positions. One governor was found to have laundered $147 million to various accounts and own over 170 houses, while another permanent presidential secretary nearly emptied out an “ecology” defense fund (Alumona, 2015). State planners benefitting from corruption in Nigeria also have incentives to keep complex bureaucracy as a means of hiding evidence of corruption, particularly as diversification may make access to funds more difficult (Angaye, 1986). While the corruption is not totally damming of the state as a potential force for good, it does indicate its inability to solve problems and potentially grow an economy.
Government was unable to handle the intense post-imperial legacy as the financial system was run through Barclays Bank in London and never effectively established domestic financial institutions capable of reinvesting profits into the Nigerian economy. Even later as the Nigeria began to have its own bourgeoisie class, American and Japanese capital began to flow in and gain controlling interest in private businesses and extracted profits away from the Nigerian economy (Onimode, 1981). Today the Chinese invest and there is some question whether this is an opportunity for Nigeria to enjoy explosive growth or a form of neocolonialism (Tiffen, 2014).

The inability to lessen corruption and the outflow of profits to foreign nation has been an issue in Nigeria for decades and a constant issue in political dialogue and demonstrates the lack of a developmental state within Nigeria.

For some nations, economic and social development is a product of sustained national government policy and intervention; for Nigeria, the idea that government created development does not hold up. While some may point to moments of proper policy regarding anti-corruption legislation or reinvestment of oil revenues, the overall story is less convincing and fails to present Nigeria as a developmental state. The Nigerian government oscillated between democracy and military dictatorship for decades and has only had one peaceful democratic transition in its history. The constant patronage systems and a lack of honest and competent bureaucrats have prevented strong systems of government from acting in the long-term best interest of the nation and behaved in more a predatory than positive manner. The nationalization of companies and enabling of foreign capitalists to control fiscal policies and the money supply limited the ability for the Nigerian economy to turn profits into growth. The credit for Nigeria’s growth does not rest with its government; its policies lacked efficacy to drive growth and political leaders consistently distorted the market in ways that hampered growth.
Nigeria as more than Oil

A popular explanation for the success of Nigeria is the vast amount of oil beneath it, pushing forward the idea that a natural resource is the true foundation of the nation’s success. This claim has some merit, Nigeria benefitted from the wealth generated by the petroleum industry, particularly in the 1960s and a few subsequent periods of abnormally high oil prices. Being a major oil exporter also provided a young nation with instant prominence on the world stage and enabled it to attract foreign aid and capital. However, the many negative externalities that can accompany the presence of oil undermine the thesis that Nigeria’s gains from oil have been anything other than short-term booms at the cost of long-term stable growth. Oil wealth has been linked to pervasive corruption in government, ruinous levels of deflation, international pressure on domestic affairs, and the environmental damage to fertile agricultural land. Nigeria would not be experiencing the growth it enjoys today if it were simply an oil economy; it would have a smaller and less dynamic economy and that is why the oil explanation falls short.

Oil extraction began in Nigeria in the 1950s, when British Petroleum and Royal Dutch Shell began to find deeper and richer oil reserves. Soon petroleum multinational corporations flooded in and in the 1974, the oil industry grew to be larger than the agricultural sector; by 1972, oil was already providing half of all government revenues (Iyoha and Itsede, 2002). The high levels of corruption that came with the oil industry, most likely makes these figures underestimate the full value of the oil industry as a portion of the economy (Nnoli 1981). These revenues fueled government spending to improve the overall wealth of the economy. In 1960, government spending reflected 17% of GDP; by 1972, it was up to 53% (Phillips 1985). These numbers may be less accurate due to the size of Nigeria’s informal economy that was not included as part of the GDP before 2014, but the informal sector benefited from the increase
amount of money flowing through the economy as Nigerians in the oil sector still spent money in the informal sector for a variety of goods and services (Economist, 2014). To this day, oil remains a vibrant part of the economic landscape of Nigeria; oil contributes 75% of government revenues and 16% of gross domestic product as well as 90% of export earnings (OEC, 2016). Comparatively, Venezuela has 12% of its GDP coming from oil as well as 94% of export revenues and Saudi Arabia, which has 90% of export revenues and 87% of government revenues coming from oil (OEC, 2016; Forbes, 2016). While oil has been an important part of the Nigerian economy, there is compelling evidence that the oil industry and the reliance on oil exports distorted the Nigerian economy and its role in the development of the country has been more negative than positive.

A major claim against oil in the economic growth of the nation is the inflationary consequences of an economy based heavily on the export of petroleum products. Nations that export large amounts of crude oil see their currency exchange rates appreciate as foreign cash flows in, this process is known as the Dutch Disease (Corden, 1984). Nigeria was no exception and the rise of its exchange rates made other exports less competitive on the global market. For most industrializing nations, cheap labor serves as a strength in developing manufacturing businesses, but higher exchange rates reduced this advantage and led to more imports from the US and Asian countries (Nnaji, 1987). The more successful the oil industry was, the more suppressed and uncompetitive the rest of the industrial economy became as American and Asian manufacturers could export cheaply and control the growing Nigerian market.

The expansion of the oil industry also hurt Nigeria’s other largest industry: agriculture. Agricultural lands were quickly used for oil exploration and areas that had petroleum were often subject to pollution in a nation where environmental regulations were few and weak could be
easily circumvented through bribery (Angaye, 1986). Agriculture has demonstrated consistent growth for decades, unlike the instability of oil. An argument can be made that, without oil, agriculture would have continued to grow until manufacturing and services industries became the largest sectors (Orubu, 2002). This process might have led to more equal distribution and development on social progress indicators such as life expectancy and education.

The stability and strength of the economy and government was also undermined by the dominance of the oil industry. The reliance on a single exhaustible resource has led to high levels of national unemployment when the industry has been hit with lower prices and government spending slows (Angaye, 1986). Oil also encouraged the state to become more extractive and predatory, taking on a rent-seeking behavior that undermines development (Nnaji, 1987). When the oil sector is weak and government revenues slow, the state engages in heavy austerity measures as seen in the 1980s (Orubu, 2002). Austerity measures reduce public services and invite political turmoil as corrupt politicians looked for new means of income. At the regional level, the political instability enabled separatist conflict and terrorism to take root during times of economic slow down caused by lower oil prices. The overwhelming influences of oil set Nigeria up for periodic recessions as prices fluctuated, and other industries remained uncompetitive due to inflated currency and were unable to grow. The Nigerian government was not equipped to handle the confluences of market and political forces so soon after independence and had little ability to control the effects of the oil industry as it continued to gain clout (Nwankwo, 1983). The national developmental projects planned by the government faltered as oil led to crippling corruption that left the state with insufficient funds to keep petroleum facilities updated and the funding for non-oil industry sharply cut or diverted through a maze of embezzlement (Kohli,
Oil was and is a destabilizing force in Nigeria, hindering the establishment of a strong economic foundation that could lead to growth and social development.

On the international stage, Nigerian petroleum reserves brought attention that resulted in some positive but mostly negative outcomes. Oil has also led Nigeria to be more susceptible to foreign influence, namely the oil-thirsty developed nations of the West. Further, Nigeria also had to attend to the demands of fellow oil producers through OPEC, the Organization of the Petroleum Exporting Countries. Joining OPEC enabled Nigeria to have representation within the primary oil producing organization, but it also imposed limitations on production that may have hurt Nigeria’s growth trajectory (Nnaji, 1987). Limiting production limited profits that could then be used to fund private and public growth and have led other OPEC nations to leave the organization at times. An advantage of joining OPEC was the support and guidance that enabled Nigeria to better manage its oil supply, but this came at the cost of membership fees and collective pricing (Oriakhi, 2002). The constant pull toward these Western and OPEC forces has undermined Nigeria’s ability to establish more meaningful connections with neighbors in Western Africa that could have brought more lasting gains to the industrial and services sector of Nigeria (Nnoli, 1981). Oil is an important force in international politics and it is plausible to argue that the ties Nigeria formed as a result of its petroleum-centric diplomatic connections hindered Nigeria’s overall development trajectory.

Nigeria has been growing a rapid rate, in the last two decades or so, averaging 7.81% growth in GDP since 2000, yet this growth should not be attributed to oil (World Bank, 2017). The size of the oil sector has been shrinking in the Nigerian economy, down to 16% since the rebasing of the economy to include the informal sector in 2014; the agricultural sector is growing again and now constitutes 22% of GDP (Ley et al., 2015). While the oil industry benefitted
during the early 2000s as oil prices rose globally, it was not sufficient to account for the total growth of the economy. Even without the oil industry entirely, the economy would still post admirable growth numbers and this requires further explanation.

Within Nigeria, oil has historically created growth but it has also created a number of problems. Economic growth in other sectors has been hindered by oil’s inflationary side effects holding back the exportation of manufactured goods and the degradation of agricultural lands hurting Nigeria’s largest sector. The presence and dependence on an oil economy early on in its independent history encouraged a pattern of graft and drew Nigeria closer to OPEC and susceptible to the influence of Western oil thirsty nations, especially the United States and the United Kingdom. While it is impossible to speculate how Nigeria might have developed without oil, it is unlikely that it is the only factor contributing to the development of Nigeria and may in fact have been a negative force. The force causing Nigeria’s recent economic takeoff lies outside of the oil explanation.

PART II: The Cultural Explanation

Introduction to the Two Fold Cultural Claim

The above examination of the three popular explanations for the recent emergence of Nigeria as a dominant and dynamic nation in West Africa shows that theses accounts are inadequate. We need to look for a better and more comprehensive explanation. We need to identify a resilient and generative force, not just part of the economy but something more, which would be resistant to the political and social instability of Nigeria in the past six decades. To that end, it is possible to devise a cultural explanation that can account for Nigeria’s economic success. Such an explanation would have to account for a tremendous amount of creativity, energy, and perseverance in the Nigerian economy since the independence despite long and
recurring periods of political instability and economic mismanagement. In my judgment, such an explanation can be found in the Nigerian people themselves and their entrepreneurial culture. This cultural trait and force predates British colonialism, sustains the massive informal sector, and never ceases to drive growth.

The idea of a cultural tenet promoting certain behaviors and widespread success is not a new concept. Beginning with Max Weber’s *Protestant Ethic and the Spirit of Capitalism*, there have been a number of theories advancing the idea that culture can and does shape economic outlook and activity. Weber believed that the Protestant culture promoted ideals of frugality and hard work, which paved the way for capital accumulation. In my judgment the best explanation for Nigeria’s economic success and the rise of capitalism is a cultural tendency of Nigerians towards entrepreneurship.

Entrepreneurship enables the Nigerian people to constantly create ways to utilize existing resources and find economic success through informal economies in Nigeria and around the world. According to this thesis, in industries where flexible workforces and market understanding can overcome a lack of infrastructure and capital, the Nigerians should thrive. I will argue that such is the case in the second part of this paper. The evidence for a cultural explanation of Nigeria’s success can be found in a historical analysis of economic activity and survey of current successful industries. The industries identified and discussed in this paper are the cultural industries of film, music, and fashion production where Nigerian domestic entrepreneurs have outperformed better-funded foreign imports, not through protectionist policies, but through superior market understanding and adaptability. The rapid growth and global reach of these industries is meant to serve as evidence that there is a deep-rooted culture
of entrepreneurship within Nigeria, the first of two key claims in my proposed cultural explanation.

The second claim pertains to the potential feedback loop, the idea that successful entrepreneurs driving cultural industries are further spreading ideals of entrepreneurship - encoded in their products, be it films, music, or fashion - as a means for national success. Thus, they influence other sectors to seek success by utilizing the same adaptability and business acumen seen in the creative industries. Nigerians have long specialized in creativity and marketing cultural ideas and products in Africa. Their cultural products in turn celebrate and disseminate virtues of entrepreneurship. In this feedback loop, Nigerian cultural production promotes broader adoption of the spirit of entrepreneurship. An account of how such a feedback loop functions further validates the cultural explanation of economic growth in recent decades.

The purpose of this thesis is not to wholly discount the importance that oil, developmental national government, and British colonial legacy in shaping the post-independence trajectory of Nigeria. Rather, this thesis aims to place greater credit for the success of Nigeria with the people and culture existing within the nation. The following sections will seek to first advance the idea that there is a culture of entrepreneurship, particularly in the cultural industries of film, music, and fashion, and then discuss the possible existence and effects of a feedback loop that further promotes the idea of entrepreneurship within Nigerian society. From this framework, it may be possible to see that the success of Nigeria has not come from the oil below, the rulers above, or the influences far away from Nigeria, but instead from the Nigerians themselves, in their cultural values and practices.

The Entrepreneurial Spirit in the Nigerian Creative Industries
The concept of a cultural tenet of entrepreneurship and its ability to generate substantial economic growth is not easily demonstrable through data, but there is a story within the growth of the Nigerian film industry that mirrors the overall growth of Nigeria after its economic recession with low oil prices in the 1980s. It is well known that Nigerians have been merchants and cultural producers for a much of the history of their civilization, predating any European colonial or Muslim religious influence. Nigeria is now standing independent of outside influences and its mercantile and cultural tendencies are reemerging and driving growth. Within the Nigerian film industry, the largest part of the creative industries, there is strong evidence of dynamic entrepreneurship. The film industry is the second largest by employment after agriculture, and its creative modes of producing and distributing videos domestically and globally under severe material and technological constraints provides and excellent case study of how entrepreneurship functions and flourishes in Nigeria (Moudio, 2013). The fledgling music and fashion industries are further examples of the Nigerian business acumen that seems to pervade throughout the informal sector where innovation can flourish. Nigerian entrepreneurship has led its people to embrace new technologies, overcome initial disadvantages, and to innovate as it drives toward success. These attributes, so very evident within creative industries, are emblematic of the new national economy a whole, including both formal and informal sectors.

If the cultural theory of Nigeria’s success is to be believed, it is likely that the Nigerian culture would need substantial traditions to draw upon, particularly if it were to be able to export cultural products. The area Nigeria currently occupies has been home to a number of influential cultures. The early Igbo people in Southeast Nigeria were one such culture, creating theatrical masquerades for their own customary and religious uses and then exporting these performances and the dramatic masks used during the performance (Enekwe, 1982). This is an example of how
art could be commoditized and the Nigerian success at producing cultural products that appealed beyond their own borders, dating back thousands of years.

Additionally the city-state of Ife was known as a religious center throughout Africa, beginning as a theocracy almost twelve thousand years ago. The polytheistic traditions of Ife in Southwestern Nigeria spread as the Yoruba did and its rituals are still performed throughout Western Africa and parts of the New World (Olupouna, 2011). The ability to attract followers and inspire devotion comes from Yoruba ability as storytellers, weaving stories that have survived the test of time and demonstrating their creativity with fashioning tales about hundreds of spirits. The artifacts from these rituals have similarly spread, providing a material record of the exportation of cultural products and providing a cultural story that other civilizations could access. The cultural influence of early Southern Nigerian civilizations and the robust commercial tradition of Northern kingdoms were mutually complementary and may be viewed as cultural and historical roots of modern Nigeria’s success.

Nigeria’s roots as a mercantile state have deep origins. Many iterations of states that have existed in her current borders have consistently promoted the ideals of trade. Two of the oldest states in Northern Nigeria, the Hausa and Bornu kingdoms, were notable and successful on account of their trading heritage. The Hausa participated in long distance Trans-Saharan trade carrying goods from the lush forests of Southern Nigeria and carrying them to the Mediterranean. The Hausa traded luxury goods such as gold, cloths, nuts, hides, and salt for ivory and slaves as they mastered the costly and dangerous challenge of transportation across risky terrain such as the Saharan desert (Johnson, 1978).

The Bornu people were Eastern neighbors to the Hausa and had roots as nomadic Trans-Saharan traders as well. Their kingdom did not have the gold of many nearby states but still
managed to become wealthy through their ability to set up flourishing trading economies. The Bornu set up trading posts at various oases across the Saharan and developed systems of taxation for transactions, particularly on the sales of slaves and ivory, as a means to support the larger economic system (Johnson 1978). The Bornu understood their position relative to their neighbors with more natural resources and engaged in arbitrage to generate wealth for themselves despite their initial weaker position.

The legacy of these trading civilizations remains a strong part of Nigeria’s modern culture. The Hausa have spread across Africa, settling in a variety of cities and embedding themselves in local trading as part of a larger Hausa network (Abaka, 1999). Nigerian traders have spread across the globe and Nigerians now live and trade in almost every nation on Earth. The legacy of the older long-distance traveling merchants is still alive in the spirit of Nigerian entrepreneurs today.

The increasingly globalized world is creating more and more favorable conditions for Nigerian success. Cultural products are being commoditized like never before and the interconnectedness of the world is enabling Nigerians to explore new markets, while their savvy with unconventional means of distribution have made them adept at adapting to the digital world. Nigerians entrepreneurs are learning how to access more distant consumers and rapidly distribute products to costumers at home. Cultural products such as music are no longer competing for limited shelf space and songs can be sold as individual unit more readily than whole albums (Anderson, 2014). The ability to stream music and videos has freed the consumer in many ways, but it has also emboldened producers as they can expand their audiences. Nigerian music videos are the most consumed online Nigerian content, with YouTube music video viewership growing by 125% and content published growing by 50% in 2012 alone (Rutschman, 2015). Nigerians are
actively competing for the attention of consumers all over the globe and thriving as their ability to deliver cultural products becomes ever easier in a the globalized economy.

Nigeria has the necessary components to support and sustain a thriving cultural industry, it has a large domestic market to support cultural productions, it has the technology and infrastructure to make cultural business ventures cheaper to produce, and it has a talented artistic community eager to make and succeed in the popular and commercial culture. Through examining the ways Nigerian film producers have been able to identify a potential market within their own nation and act before a foreign producer could secure it, one can map and explain how entrepreneurial elements of the Nigerian film industry have been central to its success.

Nigeria is an emerging economy, experiencing GDP growth, but it also is one of the world’s largest markets. The Nigerian population is estimated to be over 190 million, making it the 7th most populous nation on Earth, with projections to pass the United States to become the third most populous nation by 2050. The population is also skewed to be very young with a median age under 18 (Provost, 2013). Nigeria’s largest city, Lagos, has grown from 5.7 million inhabitants in 1991 to over twenty million by 2011 (Rutschman, 2015). Additionally the consumer spending increased by 20% and the number of Internet users doubled between 2011 and 2016 (Euromonitor, 2016). Nigeria is a young nation that is embracing technology and growing in disposable income, and an ideal market to enter with new cultural products and distribution methods.

The domestic market’s unique culture and size relative to her neighbors also helps to position Nigeria as the preeminent cultural producer in Africa. Nigerian films and songs can play off unique cultural scripts that hinder foreign products from dominating the market. The Nigerian market has repeatedly favored films that best reflect the reality of life and the demands of the
moment. American and British films were early favorites but were surpassed as Indian films became available which were more effective in reflecting and addressing social and emotional challenges facing the Nigerians at that time. Indian films could express the shared confusion over modernity, as both Nigeria and India inherited many practices from British rule that were often in conflict with more traditional local customs (Larkin, 1997). These cultural similarities were so strong that they overcame the language barrier and led Hausas who were relatively fluent in English to watch films in Hindi, which they did not understand, even without subtitles or dubbing. The acceptance of Bollywood films over the better financed and technically better produced Hollywood or more local Arabian films showcases the importance of relevant cultural scripts. Nigerians were quick to recognize the importance of cultural scripts, a lesson that would soon propel their own film industry.

Nigeria was also able to leverage new technologies beginning in the 1990s to expand their film industry. Celluloid film had been prohibitively expensive to Nigerian filmmakers, but the advent of digital camcorders drastically lowered the cost of making a film. The change in technology and the adaptation by Nigerians led to 454 digital films being produced in three years while the previous 27 years had produced around 200 celluloid films (Olayiwola, 2007). Now the Nigerian film industry is second largest with over 2,500 films (mostly in DVD format) produced annually with nearly 3 billion dollars in revenue (McPhillips, 2016). While technology helps to explain the recent growth of Nigeria’s film industry, it does not fully explain why it is taking off so dramatically. Other nations have access to the same technologies and have large domestic market, but they have not developed the type of flourishing film industry as in Nigeria. There are factors about Nigerians in this moment that are enabling them to dominate African cinema.
The current culture within Nigeria is enabling the rapid production and distribution that is creating a successful Nigerian film industry, and these forces are emblematic of the overall growth of Nigeria. In the production of films, the project-based nature of films is particularly well suited to the flexible workforce of Nigeria. The low skill labor suits a nation that has yet to develop strong specialization seen in more industrialized economies, as does a particularly mobile workforce.

The low skilled workforce of Nigeria is an advantage for their ability to produce films and get products into distribution network where they can earn profits. The majority of those participating in Nollywood have no formal training; they may have held a camera at a family wedding and then find themselves shooting multiple films a week (Ebewo, 2007). This style of filming is emblematic of the overall strength of the Nigerian economy from its flexibility.

Similar to China early in its development, Nigeria has a large agricultural population that is urbanizing and venturing into new fields. But unlike China, there is no authoritarian state and the culture of the people is not driving them to work in factories as a regimented workforce. Instead, there is a more free flowing population as Nigerians urbanize and find themselves in a whole host of industries within the informal economy. Nigerian workers have more flexible hours and labor commitments than a more formal command economy such as China (Fapohunda, 2012). The flexibility of Nigerian filmmakers is grounded in their independence and individuality, they are not bound by regimented corporate production principles; Nigerians thrive in the informal economy where processes focus on the individual entrepreneur instead of a large corporate entity.

Additionally, the Nigerian film industry operates much more experimentally than its American or Indian counterparts, rapidly evolving to identify techniques that are successful in
attracting audiences in different markets. The filmmakers have limited formal training and often the entrepreneurial financiers of the films serve as producers or directors, making these films more of a commodity than an art form. The end result is that films that succeed with audiences are replicated and the techniques and plotlines that Nigerian audiences enjoy are perfected (Ebewo, 2007). The higher rate of production is acting as a faster evolutionary pace for Nigerians filmmakers, they have more attempts to learn and hone their craft than filmmakers anywhere else in the world. Another difference between the corporate film industries of Hollywood and Bollywood and the entrepreneurial video industry of Nollywood is the higher risk for individuals. Indian and American companies can fund multiple films by diversifying their risk through a portfolio of films and can raise capital from shareholders to sustain losses on projects. Nollywood films often rest on project-based partnerships, and many of the films are directed, produced, and star single financier-auteur figures (Olayiwola, 2007). In such case, the risks are high. Repeated failure or a major flop would result in the exit from film making itself for a key player. It is a bit of a Darwinian scene. However it also spurs and motivates the filmmakers to be creative and entrepreneurial. While the films are being consumed faster than ever, there has no doubt been an evolution of quality as the domestic Nigerian market has been given more choice.

The rapidity and mobility of the film industry demonstrates the strengths of the informal economy. In addition to the flexible workforce of Nigeria, its means of production also enable it to overcome a number of disadvantages it might have from being so cheaply produced compared to foreign imports. The Nigerians often shoot for a week, traveling around to frequently used sites without needing the permits and infrastructure that creates heavy overhead costs and
production time for American films (McCall, 2004). The rapidity of the set up and take down of film shoots demonstrates the adaptive nature of the Nigerian film industry.

While the production of movies in Nigeria differs from production in the United States, the more drastic contrast occurs in its means of distribution. Film distribution is very formalized in the United States with agreements between production companies and, the exhibitors who handle the initial theatrical release, and then retailers who distribute copies of the film for home use and viewing. This American process is balanced to maximize profits for all parties and enforced by courts, all while American copyright law and intellectual property rights are diligently protected by an army of attorneys employed by the various film studios. Nigeria’s informal economy is almost an antithesis to the American approach. It relies heavily on informal ties, improvised infrastructure, and an utter disinterest in intellectual property rights. When faced with limited resources and a need to sell product quickly to fund constant rapid production, the entrepreneurial spirit of Nigerians has enabled them to create unique means of distribution.

The Nigerian movie industry lacks the infrastructure of theaters that support the American movie industry, reducing the potential revenue from box office sales. Additionally, the American movie industry benefits from limiting the number of films produced to give each film a better chance at profitability, thus supporting the need for investment in quality to compete in a set number of slots at theaters. Nollywood produces en masse and at lower costs, distributing via small stores primarily for home consumption (Ebewo, 2007). Videos bought by consumers are then often sold back to street vendors who can sell the same film cassette or disc multiple times. Through this method, film producers can charge a premium on their original copies when selling to vendors initially and fund their movies almost exclusively through cassettes and discs (Krings and Okome, 2013). Creating a system in which consumers, film producers, and video vendors all
benefit without the need for complex and regulated infrastructure is an example of the Nigerian entrepreneurial ability to overcome a lack of formal agreements and infrastructure.

Nollywood also takes a passive approach to piracy, very different from the aggressive control sought by American entertainment firms. In Nigeria, 90% of movie sales are pirated copies, consuming an estimated $1 billion off of a $3 billion industry (McPhillips, 2016). Widespread piracy is not a crippling issue in Nigeria as it might be in the United States, the budgets are kept low and economic system of film has a different equilibrium. Piracy is a widespread force and the government has been unable to prevent it in its physical and digital forms. The producers of Nigerian films also consume pirated products and in a way benefit from the very force that has harmed them. The forces of piracy promote additional economic activity and jobs and the resellers are entrepreneurs operating outside an unenforced law. This means of distribution helps spread products further and does drive value back to producers in their initial sales. Over time, Nigerians have begun to develop better systems of distribution and a social compact may curb pirated films and bring revenue back to producers (Larkin, 2004). The informal spread of piracy may not be a positive gain for the health of the film industry in terms of profit, but it does attest to the growing demand for Nigerian cultural products and the entrepreneurial spirit that seeks to meet that demand aggressively.

Perhaps the greatest example of Nigerian entrepreneurial spirit in the film industry is its international distribution networks. Without large companies with formal networks to export films, Nigerian entrepreneurs have overcome a deficiency with a “‘can-do’ spirit” that has underlain much of the broader Nigerian diaspora around the globe that has led Nigerians to be labeled as a people of business and trade (Soludo, 2006). Nigerians utilize their familial and interpersonal ties to develop informal distribution networks that have driven tremendous demand
for their product. The Hausa, the same group known for their mercantile culture centuries before the advent of film, have become a dominant group in selling Nigerian cultural products around Africa and the globe. Trading in smaller manufactured goods and consumables, the Hausa trading networks never fully faded from existence. Often selling imported Asian products in smaller markets, the Hausa relied on familial networks (Yusuf, 1975). As the Hausa have traveled across other Sub-Saharan nations, they were able to bring with them the films produced in Nigeria. The Nigerian films were not the only African films widely produced, but they were the only films produced with African consumers in mind. Other films were more motivated to follow Western conventions to gain audiences and recognition in European and American markets and film festivals. Nigerian films used plots and themes that were more relevant to African viewers and the Hausa rapidly distributed them across Africa (McCall, 2004). The Yoruba similarly distributed films produced in Yoruba to nearby Ghana and Benin, creating sphere of cultural influence for different Nigerian subcultures (Adejunmobi, 2007). These films demonstrate the ability of Nigerians to export massive amounts of cultural products without access to the elaborate logistics that have made Western multinational corporations so successful.

These videos present Nigerian cultural values, finding different Nigerian themes that resonate in different global regions. The Yoruba tended to have films that were more religious in nature or involved magic, while the Hausa films focused more on family and romance. In cities around the world, Nigerian films of differing domestic regional origins find international market success (Krings and Okome, 2013). The Muslim Hausa of Nigeria are able to tell stories dealing with romance in a religious context that other global Muslim communities can appreciate. The ability to distinguish the demands of markets far away and to properly supply those needs shows
the business acumen of Nigerian filmmakers and entrepreneurs with and their remarkable
cultural understanding and sensitivity. Their domestic and international distribution demonstrates
how Nigerians innovated to meet specific market demands with supply generated in the informal
sector.

These entrepreneurial and cultural traits discussed above are not confined to the film
industry, Nigerians are a trading people who understand the intrinsic value of cultural products
and have centuries of success understanding and supplying cultural markets. In recent years,
Nigerians have become major music producers and the fashion industry is beginning to make its
mark on the global stage. Similar to their entrance into the global market after the advent of
digital cameras, Nigerians are embracing the digital distribution of music. This comes as many
other global competitors are suffering from a loss of revenue as they transition from physical
formats to digital distribution. By 2013, Nigeria’s music industry was valued at over $40 million
and top hip-hop acts can earn as much as $100,000 for a concert in Africa (Myburgh et al., 2013;
Rutschman, 2015). In every major city there are recording labels and now global music
distributors such as MTV have begun to identify Nigeria as a key market for the future
production and consumption of music, leading to the establishment of the MTV Africa Music
Awards starting in Abuja, Nigeria in 2008. The mega-concerts featuring American artists such as
Jay-Z and Usher, alongside emerging Nigerian artists, can draw audiences of 50,000 (Coetzer,
2008). Nigerian artists and record labels are utilizing Spotify and iTunes to produce overnight
sensations such as Sunny Ade and Fela Kuti (Adegoke, 2013). Entrepreneurs are even taking on
the Western digital distribution infrastructure with their own Nigerian company MyMusic, which
has over 100 million subscribers (Rutschman, 2015). The music industry still faces similar issues
of piracy with almost 90% of physical music products being pirated copies distributed by the
same informal street vendor network that rapidly propelled the spread of Nigerian films (Coetzer, 2008). Through adapting to the market and achieving instant global distribution, the Nigerian music industry is able to avoid the overhead costs of Western counterparts and remain vibrant when music profits are globally sluggish.

Similarly, the fashion industry in Nigeria operates on the same creative principles of adapting and leveraging to overcome challenges of entering a global market and finding a unique cultural voice to appeal to consumers in the domestic and international market. Entering the world of fashion and gaining the attention of global critics is not an easy process. The fashion centers cities like Paris, Milan, and New York have spent centuries developing the financial, cultural, and physical infrastructure to support their fashion industries. Yet Nigerian designers have been able to emerge onto the global fashion scene by using their informal economy to rapidly develop businesses and engage the labor force in project based work similar to the film industry. Female business owners are drawing on crowd funding and venture capital sources to realize their vision and understanding of the needs of the emerging markets in Nigeria and beyond (Jere, 2016). Fashion houses such as Tiffany Amber in Lagos are developing unique voices under leaders such as Folake Folarin-Coke. Their collections are appearing in America fashion publications, which in turn inspire younger designers (Otas, 2012; Cosmopolitan, 2017). The presence of Nigerian clothing on American and European fashion week catwalks is a further testament to the business acumen and trading culture that seems omnipresent within the Nigerian economy.

The Nigerian entrepreneurial spirit has a long history that predates the political entity of Nigeria; it is embedded in the culture of Nigeria. In one of the most successful Nigerian industries in recent decades, the film industry, entrepreneurship is on full display. Overcoming
infrastructure, financial, and technological disadvantages, Nigerians have created the second
largest film industry in the world. The film industry can be viewed as a microcosm for the
broader economic phenomenon within Nigeria as small businesses run by entrepreneurial
individuals are driving forward the informal economy and creating tremendous growth. While it
is not the only factor at play in the Nigerian economy, it is plausible to argue, as I have, that the
pervasive culture of entrepreneurship is a key contributing force in the recent economic
development of Nigeria.

The Feedback Loop

The creative industries in Nigeria serve two functions: economic and cultural. The first
function is quite straightforward. The creative industries, as indicated before, constitute a key
and growing sector in the national economy. They generate a great deal of wealth and provide
employment to many. The cultural function is more complicated. More than anything else,
culture industries through their products and services (be it film, music, or fashion) teach and
prepare the Nigerians how to live in a rapidly modernizing, now also globalizing, world.
Nigeria, like many other countries in Africa and Asia, has been involved in the slow but
unavoidable transition from tradition to modernity for more than a century. But the pace of
transformation of Nigeria into modern society since her independence in 1960 has accelerated.
In the last two decades, under the increasing pressure of globalization, the speed at which
Nigerian society is changing has become frenetic. Nigerians caught in such a rapid
transformation are bound become disoriented. Traditional values, customs and institutions are no
longer adequate to teach and prepare young Nigerians about how to survive and succeed in an
increasingly urban environment and under a very competitive market economy. In such
situations, the cultural industries often fill the void. Nigeria is no exception. For instance, the
Nigerian films not only entertain but also instruct the audience on how to negotiate the challenges, both practical and moral, of living in a modern, urban society. The film narratives often tell the audience: what is right and what is wrong; what goes with what; how to behave in different social situations, how to negotiate gender relations, and how to interact and communicate across ethnic and religious divides. This is the key cultural function of creative industries in all developing countries as they move towards modernity.

In each developing country this pedagogical function is carried out differently by cultural industries. It is my argument that in Nigeria the cultural producers place a high premium on promoting the virtues of entrepreneurship (sociability, sagacity, agility, flexibility etc.) in facing and mastering the challenges of living under conditions of modernity. In doing so, the cultural industries often emphasize the continuity between the entrepreneurial skills of the traditional Nigerian traders and cultural producers and the skills and aptitude required to succeed in contemporary Nigeria.

Thus, the culture industries and the cultural producers in Nigeria have created an effective “feedback loop.” It works, as the culture industry has become a model of entrepreneurship, with cultural producers regarded and admired as entrepreneurs. The cultural products disseminate and teach the value of entrepreneurial skills in negotiating the modern world. The Nigerian audience consumes these messages and discusses them while ultimately reaffirming society’s high valuation of entrepreneurship and enabling the creation of more messages.

The cultural industry is itself a model of Nigerian entrepreneurship as it adapts to overcome unfavorable conditions. One might assume that limited infrastructure and widespread piracy would be prohibitive to profitable production and distribution, but entrepreneurs have managed
to overcome the difficulties posed by these obstacles and built a flourishing industry. As entrepreneurs, filmmakers found ways to utilize the informal economy and embrace technological advances to cheaply produce videos. In time, Nigerians were able to edge out competing films from America and India because their entrepreneurial skills enabled them to better understand the needs of the market. This market shift in preference towards Nigerian films occurred despite the advantages of American and Indian filmmakers including more financing, filmmaking experience and technology, and legacy infrastructure (Adejunmobi 2007). Because of their cultural affinity toward entrepreneurship, filmmakers and other cultural producers are willing to adapt to the changing environment. Musicians and fashion designers overcome similar material deficits, often working in less than ideal conditions and supporting themselves rather than finding investment for their product. The success of this industry to lift people out of the slums has produced a national belief in the cultural entrepreneurs and the possibility for an industry to continue to rise in Nigeria.

As the industry has become a model of entrepreneurship within the Nigerian economy, so too have the cultural producers become individually admired as models of entrepreneurship. Filmmakers in particular have gained in wealth and social stature, as their industry has become a point of national pride. Many of the Nigerians who fund the production of films also serve as auteurs: writing, directing, and starring in their own films (Olayiwola, 2007). Even the film producers who do not serve in an artistic capacity insist on certain styles to make their involvement recognizable (Akpabio 2007). These figures build up a personal brand and gain recognition in society, becoming the celebrity class of Nigeria as much for their prominence in media as for their success in business. Similarly, Nigerian musicians enhance their success through lucrative sponsorship deals that provide wealth and, perhaps more importantly, an
additional avenue of exposure to African audiences (Rutschman, 2015). Government officials and the press tout the exploits of cultural producers as examples of the dynamism within the country, bestowing a social capital upon artistic entrepreneurs. With each Nigerian film watched, song, and dress worn, the influence of the cultural producer class is growing and pushing forward the idea of entrepreneurship into the minds of a receptive nation. As cultural producers are turned into exemplars of entrepreneurship and rise in popularity helps secure the value given to the Nigerian spirit of entrepreneurship.

The true mediums of the entrepreneurial message are the cultural products themselves, with narratives providing scripts to navigate the challenges associated with entering the modern world. As Nigeria modernizes, economic growth and a higher standard of living entice the nation forward but Nigerians recognize that any transition could come with the loss of traditions that have governed society to this point. The cultural producers have attempted to bridge heritage with progress in movies, music, and fashion. In music and fashion, the use of existing works and patterns helps create a contextualization that enables the themes of new and old to blend together and be palatable for a nation in transition.

In Nigerian videos, tropes from previous storytelling mediums continue and help ground the new cultural message in the familiar, ultimately providing the packaging for the message of entrepreneurship to successfully take root. Early domestic movies often found success amongst the Yoruba and Igbo peoples through focusing on stories of a religious or occult nature, while the Hausa market emerged with more focus on romance stories; these three themes remain among the most prevalent genres in Nollywood (Akapabio, 2007; Larkin, 2000). The narratives portray traditional story lines in the modern urban setting, providing a bridge for audiences, showing that inherited core tenets of society can still be applicable, including the Nigerian entrepreneurial
spirit. *Blood Money* and *Living in Bondage* were two of the most popular Nigerian movies made in the 1990s, focusing on murder and the occult within Nigerian culture in a thrilling drama. Beyond that premise, however, is the reality that the protagonists were both men who had considerable money before losing it and the plots are about their ability to recover their fortunes through engaging in individualistic mercantile behavior (Haynes, 2016).

Nigerian cultural products feature entrepreneurship as more than a means of financial success; entrepreneurship is a way of finding purpose within the rapidly urbanizing multi-ethnic and multi-religious society of Nigeria. As film budgets have expanded and production costs dropped, Nigerian filmmakers are attempting to better reflect reality and current social developments rather than simply entertain, opening the way for entrepreneurship to be explored more in the plots of films (Shehu, 1992). Within the urban environment, divisions introduced by colonialism and other historic precedents can become blurred. The mercantile mission can offer a path toward navigating the more globalized society within Nigeria. Movies such as *Fifty*, which centers on a group of middle aged women living in the upper echelon of society, have appeal beyond the demographic featured in its main characters (Ajanaku, 2015). While the average Nigerian makes between $480 and $645 per year, films set in the lives of the very small professional class are common, particularly for the ever-growing romance genre (Adewunmi, 2011). These stories succeed not because the audience relates to the financial situation of the characters, but because of the value of messages dealing with urban interpersonal relationships. The cultural industry of Nigeria is answering important societal questions and therefore building its credibility and importance further.

With each step of the cultural production and consumption cycle, a feedback loop emerges, strengthening the idea of entrepreneurship within the cultural fabric of the Nigerian society’s
core tenets. As audiences consume cultural messages lauding entrepreneurship, they fund the creation of similar material. Growing the cultural industries have in turn elevated cultural producers within society, creating a mirrored image of successful entrepreneurs in reality to the narratives within the cultural products. Through this process, Nigerians are driven to explore their potential for entrepreneurship as a way to navigate the new reality surrounding them. There is evidence that films change audience opinions on institutions and normalize other behavior as well (Pautz, 2014; Folarin, 1998). Nigerians consuming messages of promoting entrepreneurship might then be influenced to support it more in the future, even consuming more products from the cultural entrepreneurs.

The message within cultural products are pervasive in the minds of consumers, videos are truly becoming a mass media for Nigerians. Over 67% of homes had a VCR by 2005; just a decade after Nigerian film producers began to create videos for the domestic market (Barrot, 2005). As production values were cut during the transition to videos from film, prices for new movies sunk to $2.50, making them accessible even for poor Nigerian consumers (Ebewo, 2007). Even now, Nigerians are finding new ways to access even more films and further tie their daily lives to films. iROKOtv and Dobox serve as two leading websites offering access to hundreds and thousands of films (Haynes, 2016). Nigerian music and fashion are similarly finding more channels to reach consumers as rising national GDP creates more disposable income for working Nigerians. Ever present media is helping to drive the feedback loop forward and promote entrepreneurship beyond the cultural industry. Other sectors are growing by embracing the mercantile legacy of Nigeria and utilizing the informal sector to create wealth across the nation. Just as the cultural industry benefitted from the introduction of digital technologies to lessen the infrastructural requirements, other industries are now embracing relevant technological
innovations to succeed in the globalized world. The spillover effect of the feedback loop is creating deeper ties to entrepreneurship across the economy and will continue to strengthen these ties as cultural producers and audience support the other’s needs. In this way, the feedback loop underlying the current cultural boom is essential to the future success of the Nigerian economy as a dynamic system of individual entrepreneurs adapting to market needs.

**Conclusion**

Nigeria is the most populous nation in Africa and possesses one of the world’s largest economies. Around the globe, Nigerians are engaged in business; the two richest Africans are Nigerian billionaire businessmen (Murori, 2016). From the perspective of economists and historians at the moment of Nigerian independence in 1960, this outcome was anything but predictable. South Africa had the more developed economy; Egypt had a rich civilizational tradition and geographical importance; The Congo emerged four years after Nigerian independence rich in natural resources and was the coveted destination for a long line of excited Western investors. Now Nigeria appears to have outpaced all of them in economic growth.

While all three proposed explanations for the Nigerian success discussed in the first part of this paper have some basis in reality, they are neither plausible nor conclusive. The suggestion that a British postcolonial legacy aided Nigeria was flawed due to data indicating the extensive cost of enclave colonialism and slave trading, along with the lasting social cleavages generated by colonial rule within Nigeria. Those who believe that democratic institutions have paved the way to development fail to recognize that even in the years of democratic governance that was uninterrupted by military coups, the policies enacted were often predatory instead of developmental. The most cited source of success for Nigeria has been its oil, massive petroleum reserves that have injected wealth into the economy and supported government spending for
decades. Yet oil has hindered the development of other industries, destroyed agricultural lands, encouraged graft among the political elites, and distorted diplomatic priorities for Nigeria. Moreover, the importance of oil in the economy has been shrinking as Nigeria has begun to reach higher and more consistent levels of growth. Thus, each of these explanations fails to account for the emergence of Nigeria as the African economic giant.

In the process of finding a theoretical foundation to understand the Nigerian success, a cultural explanation presents itself as less vulnerable to the criticisms that diminished the credibility of the previous three hypotheses. Throughout its history, Nigeria has placed a premium on trade in cultural products and promoted entrepreneurship in creative industries. This attitude and practice continue to this day. The creators of Nigerian film, music, and fashion have overcome deficits in capital and infrastructure, utilizing superior business acumen to understand the demands of the market and how to innovate to generate solutions within a limited resource environment. The domestic market consumes the products of Nigeria’s cultural industries and the producers of creative goods are rewarded for their entrepreneurship, these entrepreneurs are highly admired by average Nigerians and regarded as models worthy of emulation. Moreover these cultural products both implicitly and explicitly celebrate and promote the virtues of creative adaption and entrepreneurship in navigating the transition from a traditional to a modern society and forging a unified nation riven by ethnic, religious, and geographical differences. Such is the functional logic of the feedback loop generated by the Nigerian cultural industries and the entrepreneurship that motivates and propels it.

The implication of this theory is not only to answer a question regarding the single nation of Nigeria, but also to advance a proposition regarding the forces driving future growth in all nations. Globalization has brought disparate parts of the world closer together and lessened the
importance of location and infrastructure; material resources and capital can be shifted from one factory to another around the world. The cultural explanation proposes that the true value of a nation is within its citizens, not in its soil or in its coffers. Nigeria is far from being the most developed nation on Earth, but it is a nation with an optimistic outlook because the Nigerian people continue to innovate and adapt to generate opportunities. As globalization continues to advance and create shifting modernities for nations embracing the future and growing their economic potential, an emphasis on cultural resources and strategy merits more attention than it hitherto received, especially in the case of Nigeria.
Works Cited


