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Cover Page Footnote

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Research Paper

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ABSTRACT

This paper presents one of the first comprehensive analyses of Nigeria's future readiness and attractiveness as a potential destination for IT-enabled services offshoring. The paper examines existing literature on IT services offshoring to Africa, and presents results from in-depth evaluation of seven important location selection criteria. The study indicates that while Nigeria appears to be making progress in many areas, the country is neither yet ready nor attractive as an offshoring destination. Nevertheless, the analysis suggests that Nigeria might already be on the path to attaining readiness in the future. However, significant hurdles will need to be surmounted if Nigeria is to become fully attractive for offshoring. The study further reinforces beliefs that Nigeria has the potential to take its own share of the global offshoring market, and concludes that bringing IT services to Nigeria is all about seeking opportunities while muddling through manageable risks.

Keywords

IT enabled services, offshoring, readiness and attractiveness, Africa, Nigeria

INTRODUCTION

Ever since Kodak outsourced its IT services in 1989, the IT outsourcing practice has continued to grow (Lacity and Willcocks, 1998). While companies have gradually increased the amount of work outsourced to service providers located outside the borders of a country, others have set up what is known as 'captive centres' in offshore locations (Kotlarsky and Oshri, 2008). This means that the rate of off-shoring of services, enhanced by the eradication of market borders through globalization, is on the increase.

An indication of the growing trend of off-shoring can be seen especially in the IT services sector. Such off-shoring activities usually involve the transfer of IT assets, leases, licenses, and staff to outsourcing vendors (Lacity and Willcocks, 1998). Beyond the technical IT activities of applications support, software development or network management~~;~~, IT services off-shoring could also refer to all information systems type activities that are conducted across companies, including support of knowledge work, data management, and operations (Carmel & Tjia, 2005). Other examples of IT services that can be sent offshore are business process related activities such as call center~~re~~ operations and help desk services. Although Business Process Outsourcing (BPO) is regarded as the transfer of a firm's non IT business processes to an external partner, these processes are either IT-intensive or facilitated by IT in most cases (Kshetri, 2007). For this reason, this study takes a broad definition of IT services, and adopts the term *IT enabled services offshoring (ITES)* as the umbrella name for both BPO and IT offshoring.

For the purpose of clarification, the terms off-shoring and outsourcing should be distinguished. Whereas off-shoring involves taking a function or process across country geographical boundaries, it is not always the case that outsourcing has occurred in all off-shoring cases. A company could offshore its functions without taking them to a vendor. In other words, offshore processes can either be handed off to third-party vendors or remain in-house. This could involve organizations building their own dedicated captive centers~~res~~ - overseas subsidiaries set up by global corporations to serve the parent company (Oshri, van Fenema, and Kotlarsky, 2008) - in low-cost locations.

Over the years, India has topped the list of attractive destinations for multinationals looking to take their IT and other business processes overseas (Kotlarsky and Oshri, 2008; Joshi and Mudigonda, 2008). The Philippines, Russia, Brazil, and China are some of the other dominant players in the industry. However, beyond all the long established and well-researched outsourcing countries, not much is known about the comparative benefits and shortcomings of some of the other regional hubs that could potentially emerge as major off-shoring destinations. Whil~~st~~e Africa has generally taken a back burner position in the area of offshore outsourcing, recent trends show that Africa may be set for recognition, with Ghana, Mauritius and Egypt already emerging as some of Africa's next major off-shoring destinations (Ochara and Fadhili, 2012). With the traditional hotspots facing different problems including rising costs (Abott and Jones, 2012), the opportunity for other locations to gain visibility~~recognition~~ has grown bigger.

Clearly, the growth in Africa is real and sustainable. According to Ernst & Young (2013), the African continent will have the world's largest workforce within the next two decades, with over half of the population currently under the age of 20. Nigeria is Africa's most populous nation and according to estimates, the country accounts for approximately one sixth of Africa's population, 21% of the total population of Sub-Saharan Africa, and 50% of West African population. More interestingly, Nigeria's services sector, particularly IT, has emerged strongly and the country is considered one of the fastest growing economies in the world. As the biggest African economy and ~~7th~~ seventh most populous country in the world, Nigeria should by no means be left behind in the global off-shoring market, which has grown to become a multi-billion dollar industry and is expected to keep growing dramatically over the next few years (The Times of India, 2013).

Conversely, the Nigerian National Outsourcing Policy and Institutional Framework (2007) and the National ICT Policy (2012) have both highlighted Nigeria's commitment to developing its IT off-shoring capacities by facilitating the development of the IT enabled outsourcing sector of the country. These national policy statements as well as authors' (Joshi and Mudigonda, 2008; PM Network, 2010; Radwan and Strychacz, 2010) expectation that Nigeria could soon become a global off-shoring hub, further serve as rationale for this study. However, a country can become an off-shoring destination only when it is ready i.e. when it has the technical capabilities and resources to deliver quality products and services on-time and on-schedule (Adelakun and Iyamu, 2013) – and also when it is attractive i.e. when the location is perceived as being able to provide the necessities, environment, and potential gains that facilitates off-shoring practice. In light of the above, the paper aims to assess the possibility of Nigeria becoming an IT off-shoring destination and to evaluate the progress, if any, that Nigeria has made in this regard by answering the following questions:

- is Nigeria attractive as a potential *ITES* off-shoring destination?
- is Nigeria ready to become a major destination for *ITES* off-shoring projects?

The rest of the paper is structured as follows. The next section presents existing literature on the subject of IT off-shoring to Nigeria and Africa, and provides theoretical foundation for the research. Thereafter, the research methods employed as well as data gathering techniques are presented. Then, based on results gathered, an analysis of Nigeria's potential for *ITES* off-shoring follows. The paper concludes with discussion of key points and implications of the study.

LITERATURE REVIEW

Why and Where Do Firms Offshore?

Although information systems outsourcing has become a common practice in recent decades, rapid advancements in technologies has led to an unprecedented demand for information systems professionals across the United States and Western Europe (Carmel & Tjia, 2005). This development necessitated many companies to start looking beyond their borders for solutions, thereby giving rise to the current practice of off-shoring services to other locations.

Outsourcing decisions are driven by different objectives. According to Graf and Mudambi (2005), past research suggests three major objectives: business process improvement, cost reduction, and capability enhancement. Also, ATkearney (2010) suggests that off-shoring decisions are being driven by talent shortages at home as much as by the need to cut costs. But cutting costs appear to be the primary reason for offshore outsourcing of ITES services. This explains why off-shoring of services essentially entails shifting functions to low-cost locations or countries classified as "developing nations", and not just any location outside the country (Carmel & Tjia, 2005).

Nevertheless, researchers have argued that the expected benefits of offshore outsourcing do not occur in many cases. According to Aron and Singh (2005), many companies had experimented with the off-shoring of business processes, hoping to cut costs and improve efficiencies. However, contrary to beliefs, they have had mixed results at best.

Focusing on criteria for selection of an off-shoring location, it is unclear which of the location considerations are the most influential, and under what circumstances (Graf and Mudambi, 2005). Accordingly, studies have shown that it is better to base off-shoring decisions not only on costs but also on potential risks and opportunities that a location may provide. In fact, it has been argued that sometimes when a company wants to set up a captive center, only few factors, such as technical and market knowledge could be enough to make the destination country sufficiently attractive (Kotlarsky and Oshri, 2008). Similarly, with various traditional hotspots facing different problems including rising costs (Abott and Jones, 2012), this may be the time for companies to start looking for new locations. This goes in agreement with Farrell's (2006) conclusion that "now is the time for companies to explore a world of opportunity beyond hot spots and to base investment decisions not just on costs but also on talent, markets, strategic aims, and appetite for risk".

Offshoring to Nigeria and Africa

There is a broad range of literature on the subject of offshore outsourcing but not so much focusing on Nigeria or Africa in general; Nduwimfura & Zheng (2015) being a notable exception. Nduwimfura & Zheng (2015) performed an experiment using eight African countries as a case study, and found, perhaps surprisingly, that Morocco is the best country for IS outsourcing ahead of Kenya, South Africa, Egypt, and Nigeria. While the authors found Nigeria to be good in terms of labour, social and economic impacts, skills and business usage,they found the country bad in other aspects such as affordability, infrastructure, government support and language.

Globally, it is widely accepted that Africa remains under-exploited as a regional outsourcing location; hence there is significant untapped potential across the continent (Osagie, 2008). Perhaps this is because African countries have traditionally not done much to advance their outsourcing industries. With the exception of Egypt, Mauritius, and especially South Africa which have gained popularity as emerging offshoring hubs on the Gartner ranking of global offshoring locations. Most African countries have not done enough to improve their outsourcing industries. In a comparative study of Ghana and other West African countries, Ocra and Ntim (2013) suggested that a clear picture of the outsourcing potential in West Africa is yet to emerge, although Ghana remains West Africa's sure leader. This is in contrast to the conclusion of Nduwimfura and Zheng (2015) which placed Nigeria ahead of Ghana. For Nigeria, there have been talks of vast economic potential but even in spite of the considerable resource endowment at the disposal of the country, Nigeria has not yet realized its potential (Radwan and Strychacz, 2010).

One of the reasons Africa has remained underexploited is the problem of perception. The perception syndrome has endured for a long time among sceptics who view the continent as a politically unstable, despairingly corrupt, and an unsafe region. But Ernst & Young (2013) have argued that the perception of Africa by foreign companies already doing business in Africa versus those who have not yet invested in the continent is hugely contrasting. According to Ernst & Young (2013), "those with an established business, who understand the real rather than perceived risks of operating in Africa, who have experienced the progress made and seen the opportunities for growth, are overwhelmingly positive". The report stated that majority of the business leaders doing business in Africa ranked Africa as the second most attractive regional investment destination in the world after Asia, while those without a presence in Africa are far more negative about the continent's prospects, rating Africa as the least attractive destination in the world.

Before recent trends started to show some improvements, several authors had contended that African countries generally drift behind because of a number of reasons. According to Adeleye et. al (2004), Nigeria and other developing countries alike, are following trends emerging from different social and economic contexts without the benefit of formalized or organized national support structures, policies and guidelines. The authors argue that strategic thinking, guidelines, and regulation are particularly important for a country as populous as Nigeria.

In comparison with most off-shoring destinations, Nigeria and many African countries have inadequate educational systems. Junaidu and Abubakar (2012) put the situation into perspective and argue that Nigeria continues to underinvestt in education when compared to countries such as South Africa, India, and China. This sentiment has been echoed by different stakeholders who believe that poor investment in education has historically been a major problem for the Nigerian Education Sector and an explanation for the reason Nigerian universities continue to rank poorly in the global rankings of universities. Moreover, Nigeria does not have enough higher institutions devoted to technology and management studies. This concern is highlighted by Business Day (2012) that the major underlying indicator of Nigeria's skills gap is a grossly inadequate educational curriculum.

Africa's Rising Stock

A look at Gartner's ranking of offshoring destinations would provide us a real insight about the enhancing popularity of African countries. While South Africa, favoured for its language skills, has consistently featured on the Gartner's annual list of top 30 offshoring countries, two other African countries namely Morocco and Egypt, have also been featured. Using criteria such as data and intellectual property security and privacy, government support, cultural compatibility, labor pool, infrastructure, cost, educational system, political and economic environment, language, and global and legal maturity, Gartner identifies that developing countries, including Africa's Mauritius, have now gained a first-time entry into the list. It should be noted that the entrance of these emerging destinations have been at the expense of some developed countries. This, according to Gartner (2011), does not necessarily mean the displaced countries are performing worse, but that the dynamic outsourcing market has seen other countries making more noticeable progress.

It is perhaps surprising that South Africa occupies a very low position in AT Kearney's (2014) list of top 50 global services destinations. The African countries on the list are Egypt, Tunisia, Ghana, Mauritius, Senegal, and South Africa in that order. Of all the six African countries listed, Ghana, South Africa, Senegal, and Mauritius are from Sub-Saharan Africa. In Sub-Saharan Africa, Kenya has also been mentioned as one of the new countries entering the offshoring playing field, and which could potentially break into the list of the very attractive destinations. This trend further shows the improvement that African countries have recorded in recent years. However, Kenya and many other emerging outsourcing countries will need to address the readiness of their labour pool so as to sustain growth (King, 2007).). For Nigeria, in the wake of relatively impressive showings by some African countries, the country continues to lag behind in terms of recognition in the global off-shoring train.

Nigeria: Opportunities and Prospects

Whereas Nigeria has not featured on the Gartner and AT Kearney lists of top offshoring destinations, it is interesting to note that Nigeria is considered a place of very high opportunity in Africa. Ernst and Young (2012), in their report on market attractiveness of African countries, placed Nigeria on the very top of the opportunities category, ahead of countries like South Africa and Egypt. However, Nigeria and Egypt, two of the largest economies in Africa, have been placed in the moderate risk category by Ernst & Young (2012). The reasons for Nigeria's relatively unattractive risk profile are not far-fetched. According to Ernst & Young (2012), governance and corruption is relatively high in Nigeria although there are recent efforts towards institutionalizing democracy and revamping the financial sector. In the case of South Africa, the country's climb to the top of Ernst & Young's (2012) ranking of low-risk African countries has been noteworthy. This is because Farrell (2006) had suggested that South Africa presents a relatively high risk of doing business.

Focusing on Nigeria, a number of authors have expressed optimism that Nigeria will soon come to light as a serious global contender for outsourcing projects. For instance, Joshi & Mudigonda (2008) and The Times of Africa (2014) have predicted Nigeria's rise to become one of Africa's next big outsourcing hubs. Similarly, The PM Network (2010), in a report titled “Beyond BRIC: A sleeping giant awakens”, argues that Nigeria is quickly ‘coming into its own’, citing the government’s commitment to ongoing economic reforms and a focus on infrastructure. These efforts may now be paying dividends with Nigeria ranked second in Business Monitor International’s (2013) report on top African destinations for infrastructure projects, behind only South Africa and ahead of Egypt in third. Perhaps more noteworthy is the fact that Nigeria ranks as the number one African destination in terms of foreign direct investments (FDI) on the continent, according to Ernst and Young’s 2013 African Attractiveness index. Similarly, Adebowale, Ekemezie, and Durosinmi-Etti (2013) argued that foreign investors have been encouraged to move into Nigeria because of greater economic and political stability. The authors argue that corruption remains the single most important factor mitigating against economic progress in Nigeria. With respect to Nigeria’s competitive position for off-shoring projects, Radwan and Strychacz (2010) contend that Nigeria can compete effectively in back office processes such as data management, and customer contact due to its large pool of human resources and English Language proficiency. However, the authors conclude that Nigeria should eventually try to move to high value added services. Based on these observations, it can be argued that Nigeria is indeed making progress in many aspects, but questions remain as to why the country has not become a real destination for *ITES* off-shoring projects.

Clearly, a recurring theme among some authors who have explored the subject of offshoring is that Nigeria has a lot of opportunities which if properly harnessed, could create immense benefits. But even in spite of expectations and obvious progress made, very few studies have focused on Nigeria’s IT outsourcing or offshoring market while none, to the best of my knowledge, has been devoted to evaluating the readiness and attractiveness of Nigeria as an IT services off-shoring destination. Therefore, this paperis significant because it provides a comprehensive evaluation of Nigeria’s readiness and attractiveness as a potential IT services offshoring destination.

RESEARCH FRAMEWORK

Several frameworks for selecting offshore locations have been suggested in the IS outsourcing literature. One of the most popular is the one by Farrell (2006), which classifies offshore location success factors into six dimensions namely costs, market potential, skills, risk potential, environment, and quality of infrastructure. Other studies (e.g. Joshi and Mudigonda, 2008; Graf and Mudambi, 2005; Adelakun and Iyamu, 2013), have also presented related frameworks.

AUTHORS	FACTORS	TYPE
GRAF & MUDAMBI (2005)	COSTS; HUMAN RESOURCE, VENDOR LANDSCAPE, SUPPORTING ECOSYSTEM, COUNTRY ENVIRONMENT, RISKS AND STABILITY	CONCEPTUAL
GARTNER (2011)	COST; LABOR POOL; INFRASTRUCTURE, GOVERNMENT SUPPORT, LANGUAGE, CULTURAL COMPATIBILITY, IP SECURITY, POLITICAL ENVIRONMENT, ECONOMIC ENVIRONMENT	PERIODICAL
PALVIA, J. (2004)	POLITICAL IDEOLOGY, ICT INFRASTRUCTURE, GOVERNMENT REGULATIONS, LANGUAGE/CULTURE, LEGAL SYSTEM, WORKFORCE	CONCEPTUAL
FARRELL, D. (2006)	COST,MARKET POTENTIAL, AVAILABILITY OF SKILLS, QUALITY OF INFRASTRUCTURE, RISK PROFILE, ENVIRONMENT	TECHNICAL PAPER
ADELAKUN & IYAMU, (2013)	TECHNICAL INFRASTRUCTURE, BUSINESS INFRASTRUCTURE, REGULATORY INTERFACE, CLIENT INTERFACE,, PEOPLE FACTOR	CASE STUDY
NDUWIMFURA & ZHENG (2015)	POLITICAL & REGULATORY ENVIRONMENT, BUSINESS & INNOVATION ENVIRONMENT, INFRASTRUCTURE & DIGITAL CONTENT, AFFORDABILITY,SKILLS; INDIVIDUAL USAGE, BUSINESS USAGE, GOVERNMENT USAGE, ECONOMIC IMPACT, SOCIAL IMPACT, LANGUAGE SKILLS; LABOR AVAILABILITY	CASE STUDY

Table 1. Some frameworks for selecting off-shoring location

The Farrell framework is simple and includes essentially all the factors of the other frameworks, except culture, and in one way or the other considers other important elements in each factor which others do not necessarily consider. Thus this study adopts elements of the Farrell (2006) framework because its comprehensiveness is most suitable to assess the attractiveness and readiness of Nigeria. However, it is important to note that while all these factors are important, companies will usually attach different weights to each factor. This will depend on the driving factors influencing a company's decision to go offshore. As such, a company may still decide that a location is suitable enough even though that location may not have satisfied all the evaluation criteria for selection.

An important factor often underestimated in offshore outsourcing research is culture. It is a notable omission from the Farrell's framework, or at least it wasn't given enough emphasis. This should not be so because, according to Kvedaraviciene and Boguslauskas (2010), many outsourcing deals have failed because cultural differences are not marked as one of the core features to be considered. The authors pointed out that existing country selection models treat cultural compatibility just as one of the multiple sub-criteria.

Recent work by Abbott (2013) has emphasized the need for researchers to focus not only on economic factors as a measure of country suitability, but also on factors that assess the sustainability of a location. Abbott urges caution so that African countries will not be marginalized by static economic measures that may readily characterize them as unsuitable. It is therefore important to critically assess the contextual situation of the particular location being considered. To this end, culture is included as a seventh factor to be considered in determining the readiness and attractiveness of Nigeria as an ITES off-shoring destination.

This study divides the seven evaluating factors into two categories: attractiveness factors and readiness factors (cf. Adelakun and Iyamu, 2013). At the country level, the factors that make a location attractive are beyond the control of the outsourcing provider, e.g. government regulation (Adelakun and Iyamu, 2013), although there could be certain vendor-specific characteristics that can be classified as within the control of the outsourcing provider. However, readiness factors directly impact on the quality of service rendered by the provider. Following this reasoning, factors such as market potential, risk potential, environment, culture, and costs are classified *attractiveness* factors while quality of infrastructure and availability of skills are under *readiness* factors.

ATTRACTIVENESS	**READINESS**
Market potential	Quality of infrastructure
Risk profile	
Environment	Availability of skills
Culture	
Costs	

Figure 1: Readiness and Attractiveness Framework (Adapted from Farrell, 2006)

RESEARCH METHODOLOGY

This study analyzes the readiness and attractiveness of Nigeria as a potential destination for ITES off-shoring projects. Considering the nature of the research questions and the need to maintain methodological flexibility and structure, the study adopts a generic qualitative methodology, which Sandelowski (2000) calls "*basic or fundamental qualitative description*". The generic qualitative approach is good for maintaining flexibility of studies that do not fall neatly within a particular established philosophy (Kahlke, 2014), and it can stand alone as a researcher's articulated approach (Merriam,1998). This kind of study epitomizes the characteristics of qualitative research, but rather than focus on ethnography, phenomenology or the building of theory, "it simply seeks to discover and understand a phenomenon, a process, or the perspectives and worldviews of the people involved" (Merriam, 1998, pp. 11).

The study examines the phenomenon of *ITES* offshoring destination in light of Nigeria's specific institutional and social context, and follows a known set of blueprints that provide some form of guidance about the specific kinds of data required for the research. Thus, as is the case with descriptive case studies, the analysis aims to present answers to a series of questions based on theoretical framework (Yin, 2003).

Data Collection

The analysis was conducted at the macro-unit or national level (i.e. Nigeria) because it is the level at which the study's conclusions are pitched. However, the unit of observation includes all individual survey respondents and organizations from which data has been collected for the research.

The research combines the use of primary and secondary sources of qualitative data. Attempts were made to conduct telephone and face-to-face interviews with some of the leading IT outsourcing providers and relevant bodies both in Nigeria and abroad; however arranging sessions proved difficult in most cases. Consequently, the email interviewing method was used in conjunction with telephone interview as a means of collecting data. Interviews were held in two batches: first between July 2013 and February 2014. In order to provide more depth to the analysis, a second batch of interviews was conducted between August and October 2015.

The interviews had a certain degree of structure. For the content of the interview, some questions were asked all the participating experts while others were tailored with consideration to the perceived interest and experience of the responding parties. For instance, companies and professional bodies in Nigeria were in a position to give more in-depth comment about the Nigerian situation and to shed light on the progress the country has made with regards to what is contained in the national outsourcing policy. On the other hand, foreign contributors provided general information about off-shoring trends in Africa. Also, it was helpful that the author, being a Nigerian native with good awareness of events in Nigeria, didn't require too much effort to understand the Nigerian context. In this study, comparisons and references are made to the major off-shoring countries particularly India and South Africa, respectively the leading off-shoring country in the world and on the African continent. Also, as the paper progresses, references are made to the Western nations on numerous occasions, particularly the United States and United Kingdom which represent two of the major off-shoring countries out of which Nigeria's client base – assuming the country becomes a major off-shoring destination - will likely emerge.

In addition to interviews, data was sourced from academic and professional sources, industry reports, press interviews etc. Texts of documents - including data about offshore trends in leading markets such as South Africa and India – were taken and used to provide cross-country comparison of the situation in these countries to Nigeria. Similarly, the Nigerian Outsourcing Policy document was obtained from the Nigerian Information Technology Development Agency (NITDA), a government body in charge of information technology related policies in Nigeria.

Target Respondents

A purposive sampling of respondents was adopted for interviewing purposes. Selecting research populations involves identifying people who, by virtue of their familiarity with the research objectives, are able to provide the most relevant and detailed information (Ritchie, Lewis, and Elam, 2003). To this end, several companies and organizations thought to be relevant to the study were contacted. These included government agencies responsible for driving IT and outsourcing policies, as well as IT outsourcing companies and professional bodies. An introductory email, providing participants with detailed information about the research and soliciting for their consent and cooperation, was forwarded to the identified organizations from across Nigeria, South Africa, and UK.

Participants were made aware of what their involvement would entail and asked whether they were happy to participate. In the end, a total of eight interviews were held in Nigeria while another two was conducted with experts based in South Africa. Although having this number of interviews may be considered inadequate, it is important to note, however, that within a particular cultural context, small samples can be quite sufficient in providing accurate information, so long as the participants possess a great degree of expertise and knowledge about the domain of enquiry (Romney, Weller, and Batchelder, 1986)

Data Analysis

Mindful of the difficulties associated with presenting qualitative research, I adopted Crossan and Berdrow's (2003) approach of alternating between 'telling' and 'showing' by weaving together theoretical elements of the research framework with live excerpts from interviews as well as findings from several other sources. Incorporating rich descriptions of participants' account as well as data triangulation helped to enhance validity of the findings. Following this line, I summarize key findings from the research under the seven evaluation dimensions discussed above.
After summarizing key findings from the research, a discussion of the attractiveness and readiness of Nigeria as an IT Services off-shoring destination is presented based on the seven factor framework, with some comparisons made to leading off-shoring countries. Each factor is discussed, integrating findings from various academic and industry sources as well as results from interviews. The seven factor analysis is based on the data collected from these various sources.

FINDINGS

The data collected came from a variety of sources including industry reports, professional articles, and academic sources, but the interview is considered the most important aspect of the data collection process.

Analysis of Nigeria's Readiness

1. Availability of Skills

Findings from the study point at a mixed assessment of Nigeria's talent base. When asked to comment on the strengths and weaknesses of Nigeria as a potential *ITES* off-shoring location, some practitioners had these to say:

> *Nigeria is generally weak in human capacity development ...; however, outsourcing service providers in Nigeria can undertake work in the areas of contact/call centersr, helpdesk services, software development services, and data management* – (GM Corporate Services, local outsourcing firm)

> *"Nigeria is blessed with a literate workforce and an abundance of human talent*" – (Respondent, Association of Outsourcing Practitioners of Nigeria (AOPN))

Perhaps, the most revealing data about the state of ICT skills in Nigeria comes from the World Economic Forum (WEF). Below is a table that shows Nigeria's rankings in the WEF Global Information Technology Rankings (Skills Pillar) for the past five years.

Year	Skills Rankings	Score
2011	*108th	*3.81
2012	123th	3.44
2013	123th	3.40
2014	132th	2.71
2015	135th	2.5

Table 2: WEF Nigeria IT Skills Rankings
(NB: asterisk means reported data is for *overall readiness*)

While the rankings table suggests that Nigeria lags behind many countries in terms of technology skills, other findings show that the Nigerian government is making efforts to develop the employability of Nigerian graduates in the areas of BPO and IT off-shoring. For instance, the World Bank is partnering with the Outsourcing Development Initiative of Nigeria (ODIN) to promote and advance Nigeria's capability in the areas of IT-enabled services outsourcing. The World Bank, through its ACCESS NIGERIA project, is funding the training of several young Nigerian graduates in order to equip them with requisite skills for the IT outsourcing industry. Similarly, the National Information Technology Development Agency (NITDA) has started capacity building initiatives for Nigerian youths through various outsourcing certification training programs. The Chief Executive Officer of the BPO Academy in Nigeria shed light on government's initiatives:

> "*The BPO industry is big. India and The Philippines have been in control, but today people are looking at Africa and one of the conditions is availability of talents that will perform the job. We started this international certification since 2009 and all the graduates are working now...this means that American or European companies can send jobs to be done in Nigeria but without the right kind of people to do it, the job will not come*" – (CEO, BPO Academy Nigeria)

2. Quality of Infrastructure

The second important element that determines the level of a country's readiness for off-shoring projects is the quality of infrastructure. To assess the level of infrastructural development in Nigeria, I obtained data about basic indicators such as ICT infrastructure, power infrastructure, and transportation infrastructure.

Year	Infrastructure	Infrastructure Score
2011	*108th	*3.81
2012	119th	2.75
2013	115th	2.70
2014	117th	2.81
2015	121th	2.30

Table 3: WEF Nigeria IT Infrastructure Rankings (NB: asterisk means figure is for *overall readiness*)

In consonance with Nigeria's low placing on the WEF rankings, all the experts interviewed in Nigeria mentioned inadequate infrastructure as one of Nigeria's major inhibiting factors. Underlying Nigeria's infrastructural deficiency is inadequate power supply. Most investors say the biggest problem in Nigeria is power infrastructure (ABN digital, 2011), and absence of power reliability is holding growth back (Jones Lang Lasalle, 2013). Although Nigeria has relatively advanced power when compared to many African peers (AICD, 2011), it is worth noting that the country has only been able to meet about half its power demands. This results in incessant power outage which is further damaging Nigeria's credentials to become a major destination for offshore projects. As Radwan and Strychacz (2010) described the situation, 'the high cost and low reliability of electricity often deters international investors from relocating to Nigeria'.

The transportation system is another infrastructural problem. Despite Nigeria's undeniable need for an extended transportation system, there has unfortunately been a less than adequate transportation network in the country. Commuters mostly depend on road networks, as not many people can afford air transportation. Rail transportation, however, is now being brought back from its long years of underdevelopment, with KPMG labeling the ongoing Nigeria High Speed Rail project 'world-class' at the end of 2014.

Analysis of Nigeria's Attractiveness

3. Environment

1.1.1.1 Government Support

In response to the growing demands for a vibrant ICT sector, the Nigerian government in 2011 introduced a special ministrydedicated to Information & Communications Technology. Documents obtained show that the ministry has created a National ICT policy which outlines government's readiness to revamp the IT enabled services outsourcing sector in order to make Nigeria a globally competitive destination. A portion of the National ICT policy statement reads:

"*The overall objective is the promotion of an enabling institutional, legal, regulatory, technological, and infrastructural environment for the sustainable development of Outsourcing Business in Nigeria"*

Furthermore, although Nigeria is ranked low in ICT infrastructural development, findings show that there is an ongoing Abuja Technology Village Project and the Smart States Initiative designed to support infrastructure in the off-shoring industry. A statement from the website of the Federal Ministry of Communications read that "...the ministry will, through the Smart State Initiative, adopt measures to address the issue of multiple taxations that will accelerate the roll out of critical infrastructure across Nigeria". Government's support for the sector is further underscored by the recent establishment of an industry association to drive the country's effort towards developing the IT/BPO outsourcing industry. Excerpts:

NITDA, an agency of the government under the auspices of the Federal Ministry of Communications Technology has taken some initiatives that show they are interested in the outsourcing concept and they are willing to support its growth. For instance, NITDA has been able to incorporate within its administrative structure an outsourcing department....NITDA has even taken a further step by establishing an industry association called NAITEOC for the positioning and promotion of Nigeria as an outsourcing destination. More however still needs to be done if we are to see ourselves as a greater *player than India, the Philippines within the outsourcing space in the world* – (General Manager, Corporate Services, Local outsourcing firm, Abuja)

"NAITEOC and the World Bank are working considerably in the ICT/BPO space to serve as stimulus for job creation. It is believed that the Nigerian Outsourcing space can be positioned to compete with the likes of India, Philippines etc" – NAITEOC Chair (ThisDay, June 11, 2015)

While government support has increased in recent years, the practice of domestic outsourcing has also grown. Nevertheless there is a sense that immediate emphasis should be placed on further development of Nigeria's capacities for domestic outsourcing and nearshoring. In this regard, a Chief Executive in a leading IT outsourcing firm comments:

"Domestic outsourcing is growing fast and considering population and size of Nigeria's economy vis-à-vis most of West Africa in particular, there is more than enough potential for growth of domestic outsourcing without recourse to offshoring" – (CEO, ITES Outsourcing Firm, Lagos)

1.1.1.2 *Living Environment*

The UNDP human development 2014 ratings put Nigeria in the 'low development' category at number 152 out of 188 selected member countries of the United Nations. The UNICEF sheds more light into the measures of quality of living in Nigeria. Basic indicators reveal life expectancy at birth (2011 est.) to be 52 years while GNI per capita (PPP) was estimated at $2300. The Adult HIV rate prevalence is comparatively low at an estimate of 3.7% (2011 est.). Despite economic wealth, poverty remains a big issue, with a whopping 68% of Nigeria's population believed to be living below the international poverty line of $1.25 per day, according to 2011 UNICEF estimates.

Apart from the standard human development measures, quality of living in Nigeria is negatively affected by other factors such as poor infrastructural development especially with regards to power supply. Ironically, while Nigeria's GDP continues to grow, poverty levels remain unacceptably high. According to UNICEF, the high poverty level is indicative of a skewed distribution of Nigeria's wealth.

The Mercer yearly index of world's most expensive cities provides a good indication of costs of living in Nigeria. The index shows that Nigeria's main cities have been rated moderately expensive in recent years. While Lagos was ranked 20^{th} and 25^{th} most expensive city in the world in 2015 and 2014 respectively, Abuja also came high at 35^{th} and 36^{th} positions for those respective years.

1.1.1.3

1.1.1.4 Accessibility (time difference, flight frequency, travel time)

Geographical data shows that Nigeria, just like South Africa, has a local time identical with most of the European countries. For instance, Nigeria and Britain share the same time zone while other European countries such as Netherlands, Germany, and France are all one hour ahead of Nigeria.

In terms of travel time and flights frequency, Nigeria enjoys frequent flights to all continents of the world, especially Europe and the American continent. International flights terminate at Lagos and Abuja at suitable times. However, Nigeria is a lot closer to Europe than the Americas. Distance to

Europe from Nigeria's main cities i.e. Lagos and Abuja is between 4.5 to 6.5 hours for direct flights. However, it takes at least 10 hours to travel from Nigeria to any part of the United States.

4. Market Potential

1.1.1.5 Attractiveness of Local Market

All the respondents agreed that market potential is one of Nigeria's areas of strength. The following commentaries and figures give a picture of the Nigerian local market:

"*Nigeria's main strength is its vibrant and large market*" – Outsourcing Development Initiative of Nigeria (ODIN)

Nigeria's GDP of $510 billion has now overtaken South Africa's $370 billion to become Africa's biggest economy (The Economist, 2014).

"*Investors are thinking more about regional groupings and Nigeria feels more like the regional hub in Africa as compared to South Africa"*, - Expert economist Peter Montalto (eNCAnews, South Africa)

Jim O'Neill, the man who famously coined the term BRICs, has recently listed Nigeria amongst the next generation of attractive markets, the other three being Mexico, Indonesia, and Turkey (MINTs).

In terms of access to nearby markets, Nigeria occupies a position of strength in Africa, and especially West Africa, because of its access to nearby markets. In fact, a large part of West Africa's economic activity is centered in Nigeria, and the stock exchange in Lagos is the only large-scale financial trading center in the region. (West Africa Gateway, 2012).

5. *Costs*

The cost factor is divided into four components including corporate taxes, infrastructure costs, real estate, and labor costs**.**

Corporate Taxes

Nigeria has consistently ranked low in World Bank's ease of doing business country ranking. According to KPMG corporate tax table, Nigeria's tax rate for 2012, 2013, and 2014 was 30. This figure was above global average for the respective years.

Labor Costs

Whereas corporate taxes in Nigeria were found to be moderately high, data from different sources revealed that labor costs in Nigeria are low. An excerpt from interview with a respondent indicates that:

> **"*Labor costs in Nigeria are quite low and generally exploitative"* – (MD/CEO, local outsourcing firm, Lagos)**

Junior resources typically provide bigger cost savings (sourcing line, 2011). In Nigeria, less experienced junior IT workers are more in supply (soriyan et. al, 2002), and they generally command cheap wages.

Real Estate

In a report on the Nigerian Real Estate Sector, Detail Solicitors noted that real estate in Nigeria has grown to become one of the greatest contributors to the country's GDP from the non-oil sector. The report highlighted several notable real estate projects such as the *World Trade Centre* and *Jabi Lake Development* in Abuja, the *Eko Atlantic City* and *Wing Tower* in Lagos, as well as other related projects geared towards improving the real estate options available to investors and others alike in Nigeria.

MCO Real Estate, a real estate investment and advisory firm, also provided an industry report that seems to confirm the findings of Detail Solicitors. The report highlighted the developments in the sector and their cost implications:

"A very strong pipeline of new developments coming to the market in 2015-2016 suggests a rotation out of Grade B space into Grade A space without attendant rent increases"- (MCO Real Estate Limited)

Although respondents believe that there is a shortage of suitable real estate/office space in Nigeria, it is expected that the ongoing projects when completed will contribute to decreasing the costs of available office spaces.

Infrastructure Costs

Majority of the respondents and other data point at a high infrastructure cost in Nigeria. One of the respondents had this to say:

> **"*...infrastructure costs too are high, owing to poor infrastructural development in the country*" – (MD/CEO, local outsourcing firm, Lagos)**

The infrastructure gap in the country also brings about indirect costs. According to Abey (2012), poor infrastructure means that Nigeria runs a low wage and high cost economy. Businesses sometimes channel costs, which could otherwise be used for business expansion, merely on business maintenance. This in turn has effects on ordinary consumers who, for example, pay more on goods and services because of irregular power supply.

6. Risks Profile

Business Risks (Regulatory, Macroeconomic, Legal)

Majority of the respondents mentioned rigid regulatory framework and inadequate data protection laws as some of Nigeria's major weaknesses. Some respondents pointed at an unclear direction of government policy in addressing ongoing economic challenges. They expressed the need to have new laws passed and existing ones amended. Below is a comment from one of the respondents:

"*The factor that is most important is the development of a proper legislative and regulatory framework. This regulatory framework is expected to create the right enabling environment that will set the policy direction for the growth of the industry*." - (Industry Practitioner, Abuja)

Ernst & Young in her 2013 African market attractiveness survey, placed Nigeria in the moderate risk category, mainly because of governance related problems and corruption. However, the relatively high regulatory burden on organizations was also a contributing factor.

Security and Disruptive Events

Findings reveal that terrorist activities from the radical islamist sect 'Boko Haram', represents possibly the biggest threat to personal security and property in Nigeria. In terms of natural disasters and uprisings, Nigeria enjoys relative safety.

In terms of crime, the internations.org website points that "as far as safety is concerned, Nigeria is not exactly a prime example" and this is even more the case for foreigners to whom scams - commonly named '419' - are directed. According to a crime and safety report by the US Overseas Security Advisory Council (OSAC), the high crime risk in Nigeria can be attributed largely to widespread poverty and perceived western affluence.

On the whole, political violence and civil disturbances are rare occurrences and even when they occur, they are mostly ephemeral. With regards to natural disasters such as earthquakes, droughts, and volcanic eruptions, Nigeria generally enjoys good fortune. However, floods appear to be of growing concern, with the World Bank reporting Nigeria's worst flooding in many years which displaced thousands and led to deaths of hundreds of people in 2013.

Tackling these security and disruptive events has come with immense challenges. The coming of a new administration in 2015 seems to have brought about renewed vigor in the fight against terrorism, and has galvanized more global support for Nigeria's bid to combat terrorism in the region. In a bid to find lasting measures to check the activities of 'Boko Haram', the government launched an out-and-out military assault against the sect and at the start of 2016, declared 'technical victory' in the battle against Boko Haram. Unfortunately, other crimes like financial fraud, identity theft, and carjacking still occasionally occur. Because of this, OSAC suggests possible ways of raising security consciousness and avoiding becoming a victim of possible criminal attacks in Nigeria. OSAC advises expatriates in Nigeria to be wary of business offers promising large returns for little or no investment and avoid strangers with offers of assistance. Furthermore, expatriates should avoid displaying items of value and should carry only required sums of money at any given time (OSAC 2013).

7. Cultural compatibility and language

Geert Hofstede's work on cross-country cultural comparison provides a good basis for the analysis of Nigeria's culture relative to other countries. Hofstede's country cultural evaluation is based on six dimensions namely power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, indulgence/restraint and long term/short term orientation (geert-hofstede.com). The table below shows Nigeria's categorization in the various dimensions of the Hofstede cultural analysis.

Masculinity		Uncertainty Avoidance		Short term / Long Term Orientation		Power distance		Individualism / Collectivism		Indulgence	
MAS	FEM	HIGH	LOW	STO	LTO	HIGH	LOW	INV	COL	IND	RES
✓		✓	✓	✓		✓			✓	✓	

Table 4: Nigeria's Cultural Orientation (geert-hofstede.com)

Masculinity indicates that a society is driven by competition and achievement while a feminine society is one in which quality of life is the hallmark of success. Masculine societies clearly distinguish social gender roles as is the case in Nigeria where it is very unnatural to see females do certain things or play certain roles and vice versa. In this regard, Nigeria can be considered a masculine society. The Hofstede research scored Nigeria 60 in this dimension, further showing that Nigeria is a masculine society.

As the name implies, uncertainty avoidance is the extent to which members of a culture become anxious about future uncertainties and how different cultures respond to these uncertainties. Societies that have a tendency for uncertainty avoidance tend to maintain predictability and established set of beliefs. Nigeria received an intermediate score (55) in this dimension, with a slight tilt towards high level of uncertainty avoidance.

Power distance expresses the attitude of culture towards the inequalities among the people. Nigeria scores very highly (80) in this category, and therefore this means that there is an accepted hierarchical order about how things are done in the country.

In his explanation, Hofstede defines individualism/collectivism to mean the degree of interdependence a society maintains among its members. It has to do with whether people define their self-image in terms of 'I' or 'We'. In this dimension, Nigeria is considered a collectivist society as it has a score of 30. According to Hofstede, offence leads to shame and loss of face in collectivist societies, while employer/employee relationships are perceived in moral terms.

The final two dimensions of Hofstede's model are long term versus short term orientation and indulgence versus restraint. Societies with short term orientation generally exhibit great respect for traditions and typically spend less. Nigeria has been classified as a short term-oriented and an indulgent society.

Generally, respondents indicate that Nigeria is in a strong position in terms of language, specifically because of the country's large English-speaking population.

DISCUSSION

The seven factors framework analysis brings about interesting arguments for Nigeria's potential as a future destination for IT off-shoring. One of the attractive indices about the possibility of Nigeria becoming an off-shoring destination is the undoubted potential of the Nigerian economy. The Nigerian economy is fast developing across different sectors and despite recent setbacks occasioned by a change in government; it is expected to keep growing at an increasing pace. This lends credence to widespread beliefs that Nigeria's large and booming market is one of its major attractive points and could in some ways help propel the country towards being a potential off-shoring destination.

The low cost of labor in Nigeria potentially makes the country an attractive destination for off-shoring. However, the relatively high costs of infrastructure might erode some of this potential advantage. Unfortunately, infrastructure costs are likely to remain high unless Nigeria's infrastructural challenges are overcome. As of today, Nigeria's infrastructural spending has increased, which suggests that efforts are being made to revamp infrastructure in the country.

Another related factor that could accelerate development of IT outsourcing sector in Nigeria is government support. So far, government's support for the industry, though still far from required level, is yielding benefits,with Nigeria now ranked first in Africa for ICT growth and second fastest in the world after China (World Bank, 2012). Indeed, the government has realized the need to diversify the economy from near total dependence on oil to other areas, including BPO/IT off-shoring. A look at the situation in other off-shoring countries shows that government support is critical for offshore outsourcing to develop (See Sourcing line, 2011). Nigeria looks to be making good progress, but is definitely not there yet. While the ongoing Abuja Technology Village project will surely be a boost to Nigeria's off-shoring potential, more important for advancement of the industry, going by findings from this study, is that government will have to demonstrate political will to sustain its support for the industry across all levels and not pay lip service to it.

As a whole, the Nigerian environment looks good to some extent. In terms of accessibility, Nigeria offers relative close proximity and affinity to the time and geography of countries in Europe and the Americas. However, overall living condition in Nigeria is unfavorable to a large extent, especially in the less urban areas. But this is unlikely to have a significantly damaging effect on Nigeria's chances of becoming an off-shoring destination. As a matter of fact, most off-shoring locations have historically not ranked very high in human development index, as the case of the Philippines, South Africa, and India shows (UNDP, 2013). This goes to show that in most cases, other factors such as skills and costs compensate for low human development ratings. After all, if the living environment would be as attractive as it is in the Western countries, it would not be as suitable for off-shoring because costs would probably be much higher.

Despite the opportunities, there is an air of uncertainty about Nigeria. Nigeria is often classified as a risky country but its placement in the 'moderate risk' category of Ernst & Young attractiveness index suggests that the situation may not be as bad as is usually assumed or at least that it has improved in recent years. In terms of business risks, the observation by Adebowale et. al. (2013) that "foreign investors have been encouraged to move into Nigeria because of greater economic and political stability" may no longer be accurate. This is because, as the results have shown, the level of uncertainty in governance has only exacerbated the shock brought about by ongoing external economic turbulence. Also, although the issue of Boko Haram cannot be downplayed, terrorism will probably not be felt as 'Boko Haram' strongholds are located in the North Eastern part of the country and far away from Nigeria's industrial cities and IT hotspots. That said, the military has declared victory over Boko Haram, but how government manages the fallout of insurgency will determine whether truly Nigeria has successfully combat terrorism. Other occurrences of crime in Nigeria, such as financial fraud, carjacking, theft, and kidnappings, are lingering concerns. While security measures are in place to tackle these problems, the OSAC's counsel that expatriates should be security conscious, and that remains the surest way to safeguard against falling victim to criminal attacks. Thus, every Nigerian resident - expatriates or local inhabitants - is expected to be security conscious. Overall, Nigeria's categorization in the higher risk, higher reward quadrant of Ernst & Young's risk and opportunity matrix suggests that doing business in Nigeria is all about harnessing the opportunities and managing the risks involved.

Focusing on the evaluation of Nigeria's culture in comparison with major outsourcing countries of Europe and the Americas, there are peculiarities especially with regards to power distance and the 'I' versus 'We' orientation. The 'We' mentality of the Nigerian society can actually have a positive impact on loyalty and how the Nigerian provider views the outsourcing relationship. That said, due to the high power distance in Nigerian societies, one can expect Nigerian outsourcing providers to be ready to cede total oversight functions to their clients, waiting to be told exactly what to do, just as much as they will be comfortable with a shared-control governance structure because of their high level of interdependence orientation. These differences can influence whether or not an outsourcing company would prefer to set up its own captive center in Nigeria or completely outsource to a Nigerian provider. The level of uncertainty avoidance is relatively high, but probably not as high as Hofstede's findings suggest. This is because, according to Hofstede, cultures in this category view time as money, and consider precision and punctuality as the norm. This however contradicts the general belief that Nigeria is not a time-oriented society. In fact, it is normal to hear Nigerians talking about 'African time' – which is an idea that things rarely start on time. In other cultural dimensions such as masculinity, indulgence, and short-term orientation, Nigeria is much closer to South Africa and the western countries in orientation, making relationship management theoretically easier. Moreover, Nigeria's large English speaking workforce can potentially give it a competitive standing in the global off-shoring market.

The Nigerian government recognizes the poor state of infrastructure in the country, and are making efforts to address the challenge. Revamping Nigeria's infrastructure is definitely not an easy task, but Nigeria's National Integrated Infrastructure Master Plan (NIIMP) is expected to bring about improvements in different areas, more importantly in the area of IT infrastructure and transportation. However, the damning insights from WEF rankings as well as from the interviews suggest that a lot still needs to be done to get Nigeria to desired infrastructural level. Similarly, power infrastructure remains a challenge that must be tackled for Nigeria to realize her ambition of becoming an off-shoring destination in the future. In any case, multinationals have found a way to work round certain infrastructural hurdles, as is the case in India, which continues to maintain very high rating in the context of offshore outsourcing despite poor infrastructural development (Kotlarsky and Oshri, 2008).

With Nigeria's large, literate, and moderately talented skill base, it can be argued that the country is in a good position to become a global IT off-shoring destination. Still, Nigeria's poor ranking in skill measures suggests that the dynamics have not been able to come together. There is a need for a revamp of Nigeria's educational curriculum to focus more on technical and scientific competence. However, NITDA's ongoing training initiatives and government's partnership with World Bank in enhancing the capacity of Nigerian youths in the areas of BPO/IT outsourcing are indicators of progress in this area. With a better and well equipped skill base, coupled with relative cost advantages, Nigeria could soon start to benefit from the global off-shoring market.

IMPLICATIONS

Implications for Nigeria's Readiness

Although the readiness indicators for Nigeria are largely unflattering, there are numerous reasons for optimism. For instance, table 2 and table 3 show clearly that Nigeria's rating for *skills* and *ICT infrastructure* aren't impressive. However, a look at the same indices for the global leader in off-shoring, India (102nd and 115th) and Africa's leading nation South Africa (95th and 85th), is interesting as they show that both countries' IT readiness indices are not way better off than Nigeria's in the same period. While this does not imply that infrastructure and skill ratings are unimportant, it may mean that the specific kind of skills required for ITES off-shoring are not necessarily captured by the WEF rankings. Interview data supports this assertion, considering that industry stakeholders believe that Nigerian service providers possess satisfactory skills to offer IT outsourcing services, especially in the areas of helpdesk support services, data management, contact centre services, and software development.

Going by the results, it goes without much doubt that if Nigeria can successfully tackle its infrastructure problems, then one of the most significant inhibiting factors to having a globally competitive IT-enabled outsourcing sector would have been removed. However, while recent policy measures suggest that the government is taking infrastructure challenges seriously, becoming more competitive requires a committed, painstaking, and continual effort geared towards new infrastructural development projects.

Implications for Nigeria's Attractiveness

Nigeria's future attractiveness seems to be realistic going by findings from this study. By and large, Nigeria performs satisfactorily on some attractiveness indices such as labour costs, language, and market potential; but not so well in terms of risks, business environment, and infrastructure costs. The risks profile, in particular, seems to have been heightened by age-long perceptions about corruption and governance related issues.

Still, how much the study's observations translate into off-shoring projects will become clearer in the future. The implication of this study for Nigeria's attractiveness is summed up in the words of a practitioner respondent based in South Africa:

Global BPO market is massive in India and Philippines where over 2 million people are employed and globally the demand for BPO locations is growing. For this reason I would say there is definite scope for a country like Nigeria to develop a competitive offering…Nigeria can become an attractive destination for ITES off-shoring if they develop a compelling value proposition that is able to offer something slightly different – (Head of Marketing & Communications, foremost BPO organization, Cape Town)

Indeed, one of Nigeria's biggest accomplishments in the quest to become a future destination for ITES off-shoring will be to successfully develop a 'compelling value proposition that is able to offer something slightly different'**.** It is not enough to merely enjoy advantages in certain areas, what is required are deliberate efforts to position Nigeria as an alternative destination for ITES off-shoring. Therefore, Nigeria can begin to challenge the likes of South Africa and Malaysia if the relevant government agencies charged with the responsibility of ensuring policy implementation begin to act.

CONCLUSIONS

Recently, some researchers (Joshi and Mudigonda, 2008; Radwan and Strychacz, 2010) stated that Nigeria may soon become a global destination for off-shoring of services. This study has comprehensively examined these expectations using a seven-factor framework as base. The study highlights a summary of factors influencing the readiness and attractiveness of Nigeria as a potential off-shoring destination. Conceivably, the enabling factors include reasonably large and cheap labor force, large English-speaking workforce, vibrant and large market, and increased government support for the outsourcing/ICT industry. On the other hand, the study suggests some inhibiting factors notably high business risks and regulatory burden, corruption and governance related issues, perception syndrome,and infrastructural deficiency.

Going by the strengths and weaknesses identified above, Nigeria is neither yet attractive nor ready to become a global destination for off-shoring of services. But it appears Nigeria may be more ready, specifically for IT-enabled BPO services, than it is attractive as an off-shoring destination. Her large pool of untapped human resources which would only get better with committed ICT human capital development initiatives, and the rate at which government infrastructure spending & overall support have increased in recent years are causes for optimism. It is assuring that government has seen the need to place Nigeria's ICT sector at the forefront of the nation's development and this increased support for the sector could be the major driver of Nigeria's push towards the readiness state.

Conversely, it will be misleading to suppose that Nigeria is entirely unattractive as a potential IT off-shoring destination. However, attractiveness indices are just as important, if not more important, than readiness criteria especially in the case of developing countries like Nigeria. For instance, this study suggests that although South Africa has an adequate infrastructure base, the most important off-shoring enabling factors are the country's cultural affinity with source markets, competitive costs, and large English-speaking population. Therefore if a country is very attractive but only ready to a satisfactory extent, chances are that organizations would offshore to that location more than they would to locations whose situation is the other way round i.e. if the location is fully ready but not so attractive. This could explain why, for the most part, the risks of doing business in Nigeria have overridden the positive attractiveness indicators that Nigeria presents as an off-shoring destination.

To explain the situation further, in the case of India, for example, the large English speaking low-cost workforce was the main attraction (Cleaver, 2013). Accordingly, Nigeria enjoys these advantages, and the rising labor costs in India and other locations should only enhance Nigeria's prospects. Yet, Nigeria remains unattractive because of the impact of corruption, institutional challenges, and other related risks. Not only is corruption stifling development, it is also damaging the country's reputation in the eyes of probable clients who see Nigeria as hopelessly corrupt and unsafe to do business. Thus, even if Nigeria becomes ready in the future, it will likely take a huge effort involving broad-based marketing strategies to eradicate the negative perception about the country, highlight the gains of off-shoring to Nigeria, and put the country on the global off-shoring train.

Therefore, it may be concluded that bringing IT-enabled services to Nigeria, while offering immense opportunities and potential for gains, involves, first of all, a readiness to muddle through risks, which Ernst & Young describes as 'diminishing and manageable'. Also, an assessment of the strategic intent behind the off-shoring decision is important. This means that Nigeria may still be suitable enough in some situations even when not satisfying all the evaluation criteria.

This study has important implications for researchers, policy makers, and potential investors. Nigeria's potential is great and going by the words of Andrea Masia, Associate Economist with Morgan Stanley, 'the long term story is pretty bullish'. However, as much as Nigeria's potential to becoming a global *ITES* off-shoring destination is, it will remain no more than just a potential if current developmental initiatives are not enhanced and sustained. Policymakers should, first of all, lay emphasis on development of domestic outsourcing in Nigeria and devise means to promote the IT-enabled services industry so that it becomes attractive to the outside world. This study should raise the awareness of all stakeholders about the prospects of *ITES* off-shoring to Nigeria, and that the country has a chance to be amongthe next generation of emerging off-shoring hubs. By providing a comprehensive evaluation of Nigeria as a potential destination for IT-enabled services off-shoring, this study adds to the meager collection of research works on the subject of IT services off-shoring in Africa. Findings from the study should be relevant to researchers and practitioners who are interested in the topic of offshore outsourcing to Africa and Nigeria in particular.

On a larger note, the analysis of Nigeria's readiness and attractiveness suggests that it does not pose any serious threat to the leading ITES off-shoring countries in Africa: South Africa, Egypt, and Mauritius. However, this may quickly change if there is a sustained policy shift towards the development of the domestic ITES outsourcing sector. This argument should hold for other African and emerging countries who might want to benefit from offshore outsourcing services. However, compared to Nigeria, these countries might face certain constraints that Nigeria's larger market and skill base mitigates thus limiting their ability to play a bigger role in the IT/BPO field.

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APPENDIX

NIGERIA AT A GLANCE

POPULATION: 178.5 million (National Bureau of Statistics, 2014)
GDP: 568.51 billion (World Bank, 2014)
GDP GROWTH RATE: 3.96% (CBN, 2015)
INFLATION: 9.4% (National Bureau of Statistics, 2015)
MAIN LANGUAGES: English (Official), Yoruba, Hausa, Igbo
EXCHANGE RATE: Naira (USD = NGN 196.5 / GBP = NGN 303.455)**
TIME ZONE: UTC+1
MAJOR CITIES: Abuja, Lagos, Kano, Port Harcourt, Calabar
RELIGION: Christianity (50%), Islam (45%), Others (5%)

*** CBN Estimates (October 16, 2015)*