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"FUNDPRENEURSHIP": DEVELOPING A PECULIAR PROCEDURAL FUNDING FOR THE ENTREPRENEUR

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ABSTRACT

Procedural funding and micro-insurance services encourages entrepreneurship, helps the economy to grow and reduce poverty. The objective of this article is to bring to the fore, the need for the initiation of adequate procedural and fund procurement process for the development of entrepreneurship in developing economies. The article introduced a new terminology "Fundpreneurship" to the literature of finance to draw attention to the provision of stage by stage release of fund for the entrepreneur in developing countries. Fund provision process and fund-providers should follow the attendant peculiarities of new business ideas to prevent potentially viable entrepreneurs from fund-starvation at critical stages of development. Risk mitigation techniques should be planned alongside fund provision to boost the confidence of entrepreneurs and would-be entrepreneurs. Furthermore, this paper also emphasized that, strategic entrepreneurial efforts in maritime businesses like, shipping and port related services must not be starved of funding at any stage of development. Thus, procedural funding is a necessity in the maritime sector.

Keywords: Fundpreneurship, Entrepreneurship, Micro-insurance, Funding, Maritime sector, Shipping.

1.0 Introduction

The funding process, technique, time and importance cannot be over emphasized in general entrepreneurial development. Given the peculiarity, international linkage, domestic linkage and strategic significance of the maritime sector (shipping and port related services), entrepreneurs in this strategic sector should sufficiently analyse the stage-by stage funding need to avoid venture

stagnation and eventual collapse (Mills & Wardle, 2024). Fund and the process of funding is key to developing meaningful and innovative entrepreneurship in any nation, if such development is to have any viable impact in the process of national and economic development. There could be skills, noble business ideas as well as entrepreneurial and business prowess and potentials in any country. For these skills, ideas and potentials to be translated to impactful and meaningful economic development. Funds and the funding process must be well articulated and married to such entrepreneurial and business development process (Sharma, 2021).

Thus, "fundpreneurship", the adequate funding of the entrepreneurial development process that is expected to lead to economic development, should be all inclusive. "Fundprenuership" is a concept that emphasizes the availability of funds to the entrepreneur at the various stages of the business development process. Hence, "fundpreneurship" should be a key component of any entrepreneurial and business development process from the point of conception through initiation, infancy even to maturity stage. This is important because finance is a key resource amongst other resources that the entrepreneur requires to blossom in his or her chosen line of business.

Entrepreneurship is the practice of starting new organizations and/or recreating mature organizations, particularly novel businesses, generally in reaction to identified gaps. The typical entrepreneurship is the "Start-Up", where a novel idea develops into a high growth company and the success involves strong main entrepreneur, talents, and a complimentary and well-articulated funding process. Start-ups are the source of job creation and economic growth. The life-cycle of a new venture includes seed stage, start-up stage, early stage, and later stage. Securing funding for a start-up in its early stages through to the mature stage is necessary for the success of the idea. (Sonja and Tatjana, 2009)

Funding for entrepreneurship should be focused on making adequate funds available considering; time, cost, nature of business, gestation period, development stages in the chosen business, as well as customers and nature of the firms' product. However, in most emerging economies there seems not to be proper considerations of the above factors in the process of funding entrepreneurial activities and growth processes. Specifically, in the shipping sector of most developing countries including Nigeria, entrepreneurial funding is required as the inherent risk in the sector can be overwhelming due to the sectors linkage with international events (Mills & Wardle, 2024). Therefore, the objectives of this article are to: draw attention to the importance of procedural funding that can lead to developing sustainable and impactful entrepreneurship and entrepreneurs;

make procurement of fund and funding as well as risk mitigation technique as part of the training packages and skills required for a successful entrepreneurship; and encourage the development of entrepreneurial skills without fear for the scarcity or availability of funds and funding; and specifically draw attention to the vast entrepreneurial opportunities in the maritime sector and the need to create a tailored-made financing and funding procedure for maritime related startups. Arising from the objectives, the paper theoretically highlights the inevitability of funds and proper funding process to the growth and development of emerging entrepreneurs which are known to be prerequisite for economic growth around the world.

2.0 The Need for Timely and Procedural Funding of Entrepreneurship in Emerging Economies

"Fundpreneurship"- target funding of entrepreneurial growth and development process recognizing the time, cost and the maturity stages of the business being funded, plus nature of product(s) and customers to be satisfied. This is to prevent inadequate funding of the emerging company and its growth/development process. Entrepreneurship is the practice of starting new organizations or revitalizing abandoned organizations. Securing funding for a start-up in its early stages is from internal or external sources. The internal source includes; funds provided by the entrepreneur in form of the initial capital, along with funds from family and friends. While, external sources are funds from bootstrapping and business alliances, crowfunding, angel investor, venture capital fund, loan from bank, credit/grants from government and funding agencies as well as non-governmental organizations. Others are initial public offering (IPO) and the equity markets finance (Sharma, 2021). As the firm grows and requires additional capital, the need for external fund and funding becomes germane.

Every entrepreneur who wants to be successful in his or her entrepreneurial prowess needs to be trained on how to access, apply and monitor funds and the funding procedures in emerging economies. Specifically, in port and shipping related ventures there is need to foster thoughtful understanding among stakeholders and engender conversations between financial institutions, investors and marine-based businesses like shipping startups, port service entrepreneurs etc. (Friends of the Ocean, 2018).

The preparation of feasibility study with emphasis on the critical areas of funding as well as at the various stages and time these funding will be required and applied, plus the cost of obtaining such

funds should be well noted. This is important to make sure that viable business opportunities that can contribute to national developments are not starved of necessary funds. Seed and early stage finance addresses the high risk-return segment of the business financing continuum, boosting firm creation and development, whereas other equity-related instruments, such as private equity and specialized platforms for SME public listing, can provide financial resources for growth-oriented SMEs (G20 Young Entrepreneurial Summit, 2012).

Thomas and Veikko (2017) opined that Investing in entrepreneurial ventures requires tacit knowledge that is mainly acquired through prior entrepreneurial experience, implying that the supply of capital and successful usage depends on successful entrepreneurs from prior generations. As these experienced team has the ability to see opportunities where others see contradiction, and the main entrepreneurs is making sure that the start-up does not run out of money when it needs it most. Across every developing country, a crucial factor that will determine the success of entrepreneurship is access to finance.

2.1 Funding the Entrepreneur and the Entrepreneurship Process

Financing the process posit that the funds required at the various stages of the growth path must be well researched and known, this prevent starvation and stunted growth of the new firm. The "financing gap" that affects these businesses is often a "growth capital gap". In the aftermath of the 2008-09 global financial crisis, the bank credit constraints experienced by Micro, Small and Medium Scale Enterprises (MSMEs) in many countries have further highlighted the vulnerability of the MSMEs sector to changing conditions in bank lending (OECD, 2015).

Procedural funding is required because, once financing is received, the entrepreneur may use funds in ways, other than those for which it was intended. An entrepreneur might undertake excessively risky projects if all funds for the project are released in lump sum. While, a fund-provider may prefer a less risky operation. Furthermore, the entrepreneur should learn to generate the initial seed capital from personal savings and personal assets (Moon, 2010). This will engender commitment on his part. Thus, providing the required motivation for his team. Gupta (2016) posited that entrepreneurial funding should be tailored to these stages: Create an idea and submit a plan - Initial meeting with potential fund providers - Due diligence - Funding terms and term sheets.

2.1.1 Funding Maritime Related Entrepreneurs

The maritime sector is a critical part of the global economy, as it facilitates up to 80% to 90% of global trade. The knots of interwoven and interlinked businesses, organisations, and activities that clot around the maritime sector are extremely important for national and regional economies and can contribute significant fractions of GDP, driving growth and employment throughout the supply chain (Mills & Wardle, 2024).

Maritime Clusters



Adapted from Mills & Wardle, 2024

Banks have become risk averse since the 2008 financial crisis and ship owners face significant challenges in financing new vessels. This has presented a major opportunity for maritime finance centres, who, by specialising in maritime finance, can outcompete larger centres and draw in new business and investment models (Friends of the Ocean, 2018). Considering the diversity and significance of maritime related business and its linkage with other sectors of the national and global economy there is need for innovative maritime businesses and novel methods of methodological financing. The Application of "fundpreneurship" idea in maritime business startups is a required necessity in modern times.

2.2 Mitigating Entrepreneurial Risk

Given that risk is inevitable in entrepreneurships, tailored insurance services should be created to allay the fears of entrepreneurs with potentials for growth. Accordingly, Njegomoir (2016)

entrepreneur that feels possible financial failure on his back cannot recover. Fear of such a failure is also one of the most common causes of stress. The entrepreneur in most emerging economies are faced with risk of various dimensions such as;

• risks as it concern the procurement of new equipment;
• risks linked to funding and loan repayments;
• risks linked to international events
• legal risks linked with variations in business regulations; and
• other insurable like risk of fire, theft, and accident.

A study done in Nigeria by Anoke, Nzewi, Agagbo and Onu (2021) mentioned that micro-insurance services are significant factors in entrepreneurship growth and recommended that awareness should be created about the usefulness of micro insurance in mitigating risk associated with entrepreneurship survival and growth. Similarly, the work of Ubom, Williams and Ubom (2017) assessed the features and mode of operations of micro-insurance and compatibility with micro-investments as well as elements of sustainable development, using experimental, pilot and replicative research designs and secondary data procured from the publications of the National Insurance Commission of Nigeria, reports from Delta State Ministry of Poverty Alleviation, among others. The research findings showed that, micro-insurance can encourage micro investments in emerging economies, based on the experience in Delta State of Nigeria where a lot of micro-entrepreneurs, especially the beneficiaries of the state microcredit scheme and Youth Empowerment Programmes, have been compensated (for losses incurred due to various risk factors) through micro-insurance scheme. This has indorsed micro entrepreneurship, business growth, stability and continuity leading to poverty alleviation.

3.0 Conclusion

The efficient and procedural provision of funds and micro-insurance services encourages entrepreneurship, helps the economies to grow and reduce poverty. This is because idea generations are peculiar to the idea initiator and tend to affect the stages a business have to go-through to come to fruition. Thus, fund provision process and fund-providers are to follow the attendant peculiarities to prevent potentially viable entrepreneurs from fund-starvation at critical stages of development. Risk mitigation techniques should be planned alongside fund provision to

boost the confidence of entrepreneurs and would-be entrepreneurs. It should be noted procedural funding is a necessity in the maritime sector, given its strategic linkages.

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