

Entrepreneurial Ecosystem in Nigeria: Benefits to the US and the Global Community

Jude Amaechi Odihe¹, Opeyemi E. Aro²

¹Olin Business School, Washington University in St. Louis, Missouri, USA

²Washington University in St. Louis, Missouri, USA

Corresponding author: Jude Amaechi Odihe and Opeyemi E. Aro

ABSTRACT : The entrepreneurial ecosystem in Nigeria operates actively through its growing market and youthful demographic as well as technological developments and customer expansion. This research evaluates the narrative of Nigeria's entrepreneurial landscape for U.S. and worldwide investors and business operators alongside current business difficulties and advantages. It also evaluates important elements like policy structures together with financial access and infrastructure development while studying international collaboration methods. The research emerges with findings that indicate how the Nigerian entrepreneurial ecosystem actively promotes worldwide economic development through technological innovation and increased international commerce. Furthermore, the examination reviews Nigeria's entire framework for establishing businesses through its regulatory frameworks alongside its mandatory compliance standards and official support initiatives, which affect how businesses function in the country.

Keywords - *Taxation policies, Intellectual property protection, Entrepreneurial ecosystem, Companies and Allied Matters Act, Trade Policy and Bilateral trade agreements*

I. INTRODUCTION

Economic growth is greatly aided by entrepreneurship, especially in developing nations like Nigeria. Nigeria provides a strong foundation for innovation and enterprise development due to its population of more than 200 million people and high percentage of the young people's involvement in business. An essential element of any nation's economic development is entrepreneurship. When done well, entrepreneurial endeavors can offer means of promoting communal development, financial independence, and an improvement in people's quality of life. Understanding the Entrepreneurial Ecosystem (EE) is essential for a nation to generate successful and sustainable entrepreneurship. Since EE primarily focuses on fostering an atmosphere that encourages the growth of entrepreneurship, a variety of stakeholders including big businesses, academic institutions, financial institutions, government agencies, and regulatory bodies play crucial roles. Governments are still in the early stages of building ecosystems to support entrepreneurship in many developing and underdeveloped nations, indicating that they should increase their efforts in this area [1]. In Nigeria, recent literature and the popular press appear to indicate that all levels of government are realizing the significance of putting in place the necessary policies and strategies to increase business opportunities within small and medium-sized enterprises (SMEs) in order to foster the development of entrepreneurship.

The study focuses on Nigeria's entrepreneurial system to evaluate its influence on both the US and international groups as well as business operations' relevant difficulties and prospects. The paper analyzes Nigeria's legal system which establishes business conditions through guidelines regarding startup registration and taxation systems as well as intellectual property protection and investor relationship framework.

II. METHODOLOGY

The review implements a systematic method through the examination of peer-reviewed articles together with industry reports and case studies. This study investigates the Nigerian entrepreneurial ecosystem together with its effects on both the U.S. domestic market and international communities. The research evaluates several sectors, including technology, agriculture, finance, and manufacturing, to determine the Nigerian market's influence worldwide.

III. THE ENTREPRENEURIAL ECOSYSTEM

The entrepreneurial ecosystem (EE) is defined by Mason and Brown (2014) as a collection of interconnected entrepreneurial actors (both current and potential), entrepreneurial organizations (such as firms and venture capitalists), institutions (such as universities, public sector agencies, and financial bodies), and entrepreneurial processes (such as the number of high-growth firms, serial entrepreneurs, degree of sell-out, and entrepreneurial ambition) that formally and informally blend to connect, mediate, and govern the performance within the entrepreneurial environment. According to Galperin and Melyoki (2018), EE is a collection of laws, regulations, and organizations—both public and private—that are in place and function to support and mentor entrepreneurs as they go through the process of coming up with ideas and starting and growing businesses [4].

IV. THE STRUCTURE OF NIGERIA'S ENTREPRENEURIAL ECOSYSTEM

Markets, policy, finance, supports, human capital, and culture are the six dimensions of an EE identified by Isenberg (2011). Firstly, markets are divided into two primary groups: networks (such as global businesses) and early customers (such as distribution channels and reference customers). Secondly, policy is divided into two categories: government (such as institutional investment and support and regulatory framework incentives) and leadership (such as unwavering support and entrepreneurship strategy). Thirdly, finance has to do with the function of microloans and financial capital. Fourthly, supports include support professions (like accountancy and law) and infrastructure (like power and transportation). Fifth, there are two components to human capital: labor (both skilled and unskilled) and educational institutions (such as general degrees and specialized entrepreneurship training). Lastly, culture is made up of success stories (such as obvious achievements and money creation) and societal norms (like risk tolerance) [4].

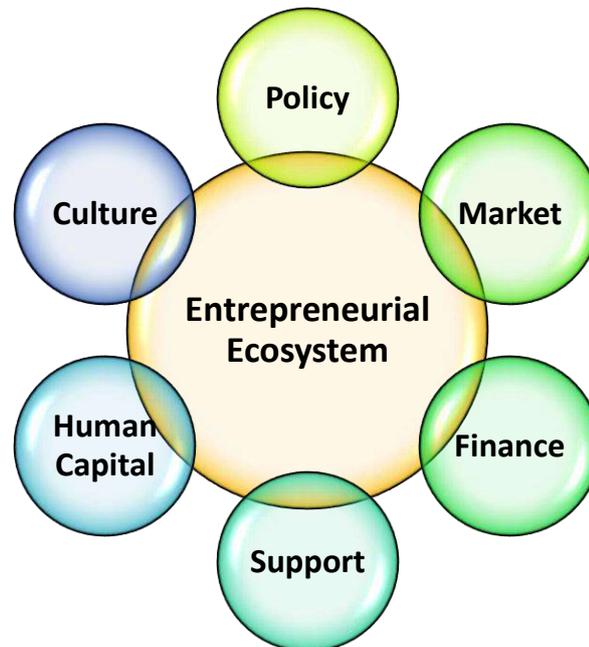


Figure 1: Isenberg's six (6) Pillars of the Entrepreneurial Ecosystem (Source: Abdullahi et al., 2022)

The entrepreneurial ecosystem in Nigeria consists of various interdependent components that facilitate business growth. These include:

4.1. Policy

Over the years, the Nigerian government has put in place a variety of laws and policies to support the establishment of indigenous businesses and foster entrepreneurship for the benefit of Nigerians (Aminu, 2012). Fiscal policy, monetary policy, and direct or specific policy are the three categories of government economic policies that have an impact on small businesses. All of these policies have an impact on matters pertaining to taxes, public spending, the money supply, interest rates, and a variety of other policies that are specifically targeted at pressing economic issues. State and local governments, parastatals, regulatory bodies, and ministries, departments, and agencies (MDAs) are the main players in Nigeria's EE in regard to policies and regulations. With the establishment of numerous organizations and agencies, the federal government is primarily responsible for formulating laws, policies, and programs that promote entrepreneurship in Nigeria. The Nigerian Enterprises Promotion Decree (NEPD), the National Directorate of Employment (NDE), the National Enterprise Development Program (NEDEP), the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), the Bank of Industry (BOI), the Industrial Training Fund (ITF), the Nigeria Agricultural

Cooperative Bank (NACB), the National Poverty Eradication Program (NAPEP), and research institutes are a few of these. The government has established a number of credit standards for loans and advances that banks must provide to small businesses in Nigeria. In 2013, the National Enterprise Development Programme (NEDEP) was created by the Federal Ministry of Industry, Trade, and Investment. One of the most thorough SMEs programs available is NEDEP, which addresses a number of topics related to business growth. To improve the program's success and efficacy, the ministry has recognized the necessity of enlisting the help of other stakeholders, including the Corporate Affairs Commission (CAC), the National Agency for Food and Drug Administration and Control (NAFDAC), and the Standards Organization of Nigeria (SON). Over 800,000 employments have been created as a result of SMEDAN's assistance in the establishment of roughly 70,000 cooperatives [6]. Government diversification initiatives in manufacturing and agriculture have recently increased output, especially in the solid minerals and the agricultural sectors. The performance of the industrial sector has also improved due to the relative stability of the currency rate. Despite these opportunities, there are still obstacles to overcome, such as uneven government policies, poor planning and execution, inconsistent policy monitoring and review to guarantee impact on business startups, SMEs' survival and growth, insecurity, and an unfavorable enabling environment [5], [6].

4.2. Market

With a population of over 180 million, Nigeria boasts the largest consumer market in Africa, making it a very appealing market for potential businesses [7]. Additionally, it offers chances for corporate expansion and growth throughout value chain segments and industries. Furthermore, urbanization is expanding quickly in Nigeria, even though a sizable portion of the population still lives in rural areas and relies on agriculture. Nigeria's biggest cities include Lagos, Port Harcourt, Kano, Kaduna, and Aba, and these are also where the biggest corporations are based. Consumer goods and the retail sector (including online shopping); real estate as a result of urban migration, population growth, and the emergence of the middle class; information and communication technology; food and agriculture; and infrastructure are among the industries with significant growth prospects. Because it influences economic growth by encouraging domestic investment, increasing capital formation, and facilitating technology transfer within the nation, foreign direct investment (FDI) is frequently regarded as a crucial catalyst for economic growth in Nigeria [8]. The significant and practical economic reforms that the Nigerian government has been implementing since the mid-1980s were influenced by the recognition of the significance of foreign direct investment. According to Ugochukwu, Okore, and Ono (2013), the reforms were intended to boost the economy's confidence and make Nigeria's investment prospects more alluring to foreign investors. From 2007 to 2018, foreign direct investment (FDI) in Nigeria averaged \$1298.48 million, peaking at \$3084.90 million in the fourth quarter of 2012 and falling to a record of \$501.83 million in the fourth quarter of 2015. Foreign capital flows into all major sectors of the economy with United States, Canada, France and China being the main sources (International Trade Administration, 2017). China contributes actively to infrastructure and capital projects in the country.[4].

4.3. Finance

One of the main factors that determines the growth and expansion of entrepreneurship is access to financing, which business owners frequently mention. Since the 2004 banking reforms, Nigeria's financial sector has expanded dramatically. There is still restricted access to entrepreneurial finance for starting or expanding enterprises, even with the banking system's solid capital foundation and strength [11]. Compared to large companies, SMEs still have to deal with stricter financing requirements and higher interest rates. They are further disadvantaged when trying to locate other sources of funding. Generally, banks charge interest rates of up to 24% annually and demand security in the form of real estate. Microfinance institutions charge high interest rates and demand payback in short cycles, yet they typically do not provide the necessary levels of capital. According to a recent joint survey conducted by SMEDAN and NBS (2013), the majority of microbusiness entities sourced their funding from private or personal sources. Just 3.14% of the 42,781,754 company entities studied got their first money in the form of loans from different organizations, whereas roughly 67.5% of these businesses got their funding from personal sources. Of the entities surveyed, 20.4% received their initial capital from family sources, 7.3% from cooperatives, and only 1.7% received grant financing [12]. These findings support the claim that access to finance remains a challenge in Nigeria. Despite these evident obstacles, the federal government is taking a variety of steps to increase the amount of funding available for entrepreneurial endeavors in support of sustainable economic growth through the CBN and other cooperation programs. Examples include the National Credit Guarantee Scheme (NCGS) in 2004, the SMEs Equity Investment Scheme (SMEEIS) in 2001, the Agricultural Credit Guarantee Scheme Fund in 1987, and the Social Investment Programs (SIPs) in 2016.

4.4. Support

The establishment of an effective EE necessitates some high-quality infrastructure that will offer SMEs development and expansion prospects as well as a supportive atmosphere. Infrastructure and business services are the two primary service area categories that make up support [11]. However, Nigeria's infrastructure, including its road networks, power and electrical systems, pipe-borne water systems, information and communication technology, transit systems, etc., is generally in very poor condition. Nigeria is rated 145th out of 189 economies in the World Bank's 2018 Ease of Doing Business Report. According to the rating, power is the biggest obstacle, which demonstrates how difficult it is to do business in Nigeria. Most capacity development providers offer business support services, including mentoring programs and, in certain cases, financial access in order to solve some of these issues. To enhance the state of the power and transportation system, the federal government and other development partners are investing heavily in infrastructure. According to a 2008 report by the Nigerian Debt Management Office (DMO), the nation required at least \$100 billion in investment to develop four important infrastructure sectors: roads, rail, power, and oil and gas. [4].

4.5. Human Capital

In Nigeria, the role of human capital is often productive and facilitative, which has fostered growth prospects [13]. Nigeria's human capital is being improved through various capacity-building initiatives among public (such as the government), private (such as financial institutions), and not-for-profit (such as NGOs/foundations) organizations, with an emphasis on entrepreneurship education (EEd) training, research, and business development programs [11]. The idea of self-reliance that underpins EEd and training includes fostering new cultural and productive environments as well as new sets of attitudes and culture for overcoming upcoming obstacles [15]. For instance, the Education Partnerships in Africa initiative sought to provide a framework for research and curriculum development in Nigerian higher education in order to create a sustainable academic infrastructure for the study and exploration of employability and entrepreneurship. Numerous technical colleges, universities, and polytechnics have been founded as state, federal, and private establishments [16]. Since entrepreneurship courses are required of all students and part of their curriculum, these institutions play a significant role in the plan to promote human capital and SMEs. Additionally, they support the growth of entrepreneurship in the following ways: (a) Management skill development and training, (b) Information sharing on SMEs (c) Consulting services; (d) The creation of centers for entrepreneurship. With fewer and fewer jobs available to even the most educated and qualified individuals, graduate entrepreneurship has become a new tool for growth [14]. Therefore, as part of their career development goals, graduates are encouraged to investigate other forms of entrepreneurial activities.

However, according to recent figures, the number of out-of-school children in Nigeria has climbed from 10.5 million to 13.2 million, the largest number in the world, with women accounting for 60% of this number (UNICEF, 2018). There is a deficiency in vocational training and early childhood education in many Nigerian early childhood education institutions [4]. They solely concentrated on teaching kids basic verbal and numerical thinking abilities. In Nigeria, children can currently only access vocational education starting in secondary school. Even with all of the work done in Nigeria's education sector and EEd, the primary goals have not yet been met. According to the 2016 Human Development Index, Nigeria is rated 152nd out of 188 countries and continues to have poor levels of human development.

4.6. Culture

The impact of Nigerian national culture on entrepreneurship varies depending on the region, industry, and cultural group. Literature suggests that culture encourages people to engage in behaviors that might not be evident in other groups [17]. Nigerians are often seen as forceful and competitive by temperament, and their entrepreneurial spirit encourages them to pursue a variety of careers in an effort to become financially independent [6]. Notwithstanding Nigeria's turbulent economic situation, there are notable examples of Nigerians pursuing their entrepreneurial dreams and building successful firms. For instance, to name a few, Otedola, Arthur Eze, and Aliko Dangote.

Nigerian cultures have practiced collectivism since the beginning of time. value system, all tasks such as cultivating the land, constructing dwellings, ensuring food security, exercising leadership, etc., were done in unison. The stronger and more capable members of the community were expected to assist the weaker members. Many ethnic groups, particularly in rural areas and township organizations, still engage in this practice today, albeit to differing degrees [18]. The National Association of SMEs (NASMES), the Association of Small Business Owners of Nigeria (ASBON), and the Market Women Associations are just a few of the organizations and associations that SMEs in Nigeria are members of. But Nigerians are also risk averse, and they are known for their incapacity to handle the dangers and uncertainties that face corporate organizations. They shy away from circumstances that involve change because they are afraid of the unknown. A lot of Nigerians are religious. Individuals tend to accept situations as "the will of God" too easily. Instead of looking for rational answers, people appropriately turn to spirituality for explanations when things happen [19].

V. ENTREPRENEURIAL LEGAL FRAMEWORK IN NIGERIA

A conclusion section must be included and should indicate clearly the advantages, limitations, and possible applications of the paper. Although a conclusion may review the main points of the paper, do not replicate the abstract as the conclusion. A conclusion might elaborate on the importance of the work or suggest applications and extensions.

The legal framework governing entrepreneurship in Nigeria plays a crucial role in shaping the business environment. The key components of this framework include:

5.1 Business Registration and Corporate Law

Entrepreneurs in Nigeria are required to register their businesses with the Corporate Affairs Commission (CAC), which oversees business incorporation and compliance (Corporate Affairs Commission, 2023). The Companies and Allied Matters Act (CAMA) 2020 provides legal backing for the registration and governance of businesses in Nigeria, making it easier for startups to formalize their operations [21].

5.2 The Pension Reform Act, 2004

By the provisions of the new Pension Reform Act of 2004, any organisation having at least 5 employees is required to set up a contributory pension scheme for the payment of retirement benefits of its employees. Under this scheme, employers are required to contribute a minimum of seven and a half percent of the employee's monthly emoluments while the employee also contributes a minimum of seven and a half percent of his monthly emoluments to the scheme. In addition, employers are to maintain life insurance policies in favour of their employees.[22].

5.3 Taxation Policies

The Federal Government is responsible for the collection of companies income tax; petroleum profits tax; withholding tax on companies; withholding tax on residents of the Federal Capital Territory (FCT) Abuja; withholding tax on non-resident individuals; value added tax; education tax; capital gains Tax on residents of the FCT; capital gains tax on corporate bodies and nonresident individuals; stamp duties on corporate bodies and residents of the FCT and personal income tax in respect of certain government officials. The State Governments are responsible for the collection of personal income tax (Pay-as-You-Earn) for individuals resident in their various states; withholding tax for individuals; capital gains tax for individuals; stamp duties on certain instruments; business premises registration fee; development levy etc. while the Local Governments are responsible for other miscellaneous taxes such as tenement rates, shops and kiosks rates etc. Tax compliance is an essential aspect of entrepreneurship in Nigeria. Businesses are required to register with the Federal Inland Revenue Service (FIRS) for tax purposes [23]. Key taxes include:

- **Companies Income Tax (CIT):** The Companies Income Tax Act provides for the taxation of profits of companies (other than oil companies) in Nigeria. Accordingly, all companies assessable to tax under the Companies Income Tax Act must register with the Federal Inland Revenue Services ("FIRS") and obtain a Tax Identification Number ("TIN"). The TIN must be shown on all returns filed or correspondence exchanged with the FIRS. This registration is done immediately after the incorporation process.
- **Value Added Tax (VAT):** VAT is imposed on goods and services at a standard rate of 7.5%. Value Added Tax ("VAT") is imposed under the VAT Act. Under the VAT Act, all companies involved in business or trade are required to register with the FIRS within 6 (six) months of commencement of business [24].
- **Personal Income Tax (PIT):** The Personal Income Tax Act establishes a "Pay-As-You-Earn" (PAYE) scheme whereby employers are required to act as agents of the tax authorities for the purpose of collecting and remitting taxes on salaries due to their employees. For this purpose, every employer is required to register with the zonal office of the tax authority in the State where its place of business is located. This registration is done after the incorporation of the company and upon employment of staff.[1]
- **Stamp Duty:** Stamp duty is charged on written agreements and other relevant documents to which a company is party. This tax is in two forms. The tax may be fixed or based on the value of the transaction [28].
- **Customs Duties and Tax:** This tax is charged on goods imported into the country. The rates are as shown in the Customs Duty Rate of the year or years in which the goods concerned are imported into Nigeria. The rates are amended from time to time. [26].

5.4. Intellectual Property Protection

Intellectual property frameworks are indispensable components within the operational toolkit of social enterprises, manifesting in patents, trademarks, copyrights, and trade secrets [27]. Intellectual property (IP) rights are protected under Nigeria's laws, including:

- **Patent and Designs Act (Cap P2 LFN 2004):** The Patents and Designs Act Cap P2 LFN 2004 (the “PDA”) governs the law of patents in Nigeria. A patent gives monopoly rights in respect of an invention and by virtue of Section 1 of the PDA, an invention is patentable if: (i) it is new;(ii) results from inventive activity; and (iii) is capable of industrial application. Patent are granted at the patentee’s risk as to the existence of a prior patent, as patent examinations are conducted for formal correctness only. After the patent is granted, the Registrar publishes notification of such grant, including a description of the patent in the government gazette. An official fee is also payable for the registration of a patent and the entire registration process generally takes a period of between two (2) to four (4) months. Duration of registration is 20 years from filing date provided annual renewal fees are paid. Section 12 of the PDA defines a design as an industrial design, which is then further defined as any combination of lines or colours or both, and any three- dimensional form, whether or not associated with colours; and which is intended by the creator to be used as a model or pattern to be multiplied by industrial process. An industrial design is registrable if it is new and is not contrary to public order or morality. Duration of registration is 5 years and is renewable only for two (2) consecutive periods of five (5) years each.
- **Trade Marks Act (Cap T13 LFN 2004):** In Nigeria, registration of trademarks is governed by the Trade Marks Act. Pursuant to Section 5 of the Trade Marks Act, a registered proprietor / owner of a trademark enjoys exclusive use of the trademark and therefore has the right to exclude others from using that trademark. This exclusive right shall be deemed to be infringed by any person who tries to use the registered trademark or one confusingly similar to it without the proprietor’s consent. In addition, the proposed mark must be capable of distinguishing the goods/services of the applicant from those of another, involved in the same trade. Following the filing of an application for registration of a trademark, the application will be examined and where it is found that the trademark is not in conflict with any registered trademark or a prior pending application, an acceptance notification is issued (usually within one (1) to three (3) weeks of the filing of the application). The mark is then forwarded for publication in the Trade Marks Journal.
- **Copyright Act (Cap C28 LFN 2004):** The Copyright Act Cap C28 LFN 2004 governs the law of copyright in Nigeria. The Act provides for the protection, transfer, infringement, remedy and penalty thereof of the copyright in literary works, musical works, artistic works, cinematograph films, sound recordings, broadcast and other ancillary matters. The protection afforded by copyright is different from the other protection of intellectual or industrial property, in that copyright protection is automatic and does not require registration, provided the work satisfies the criteria laid down by law.

5.5 Investment and Foreign Participation Laws

According to the Nigerian Investment Promotion Commission (NIPC) Act, the Minister of Internal Affairs must grant written consent to allow any person except a Nigerian citizen to practice their profession independently or with other partners while establishing or acquiring any business operation. To receive permission to do business, one must obtain a “Business Permit” through an application process at the Ministry of Internal Affairs. A local attorney operating within the country can act on behalf of the investor by processing this application for a business permit. The NIPC Act serves as the legal foundation to support FDI through its provision of non-discriminatory protection for foreign investors as established by the Corporate Affairs Commission (2023). Additionally, the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act facilitates the free flow of capital for foreign investors

5.6. Business Regulations and Compliance

Entrepreneurs need to meet regulatory requirements set by the Standards Organisation of Nigeria (SON) for product quality and safety and National Agency for Food and Drug Administration and Control (NAFDAC) for food and pharmaceutical oversight along with the Nigerian Export Promotion Council (NEPC) which backs export-promoted businesses. [24].

VI. BENEFITS TO THE U.S. AND THE GLOBAL COMMUNITY

6.1 Trade and Investment Opportunities in Nigeria

Nigeria’s entrepreneurial environment operates as a main entry point for foreign direct investment (FDI) and allows U.S. businesses and multinational corporations to reach the African market beyond Nigeria. The Nigerian market exposes valuable investment opportunities across the agricultural industry together with manufacturing and financial technology (fintech) sectors. The agricultural sector stands as the vital cornerstone of the economy, where investors should consider agribusiness combined with food processing and export-oriented production systems, according to Isenberg (2011). The Nigerian manufacturing sector is strengthened because the government implemented policies to boost industrial growth and decrease import-based business

practices. The fintech industry surveys upward as a fast-growing sector because startups use digital payment platforms with mobile banking services to provide financial services to the unbanked people. The thriving innovative companies Flutterwave and Paystack demonstrate Nigeria's position as a fintech hub, which attracts international alliances and venture capital investments throughout the world. Modern financial service innovations position Nigeria as an optimal investment and entrepreneurial development location for yield-building investments. The country is moving from linear economy to a circular economy system. The shift from a linear to a circular economy represents a fundamental change in how societies conceptualize economic growth and environmental responsibility [28].

6.2 Technology, Human Capital, and Economic Relations

Nigeria's technological evolution within fintech and mobile solutions has driven a digital economy expansion which enables cooperative ventures between U.S. tech companies and worldwide investors. The worldwide market success of Nigerian tech startups demonstrates that the nation's digital power is expanding as Interswitch and Paga advance payment system technology. The entrepreneurial ecosystem of Nigeria assists in developing highly competent professionals specialized in software development business management engineering capabilities among others. Global organizations currently seek Nigerian technology professionals to meet their workforce needs because the country demonstrates strong human capital potential. Nigeria's expanding business sector creates stronger connections between its economy and international commercial markets. The country's improved trade agreements together with foreign business connections generate both international diplomatic relationships and economic stability worldwide [24]. Through serving as a center for investment along with innovation and talent development Nigeria maintains its significant standing in international economic systems.

VII. CHALLENGES FACED BY BUSINESS OWNERS IN NIGERIA

7.1 Poor Government Infrastructure and Lack of Finance

Entrepreneurship thrives with difficulty in Nigeria because of multiple obstacles including inadequate basic infrastructure along with financial limitations and restricted access to financial capital and services. Rational infrastructure serves as a fundamental base to allow entrepreneurial knowledge execution and supports innovation generation in national economies. Access to reliable infrastructure significantly enhances productivity, efficiency, and market access, contributing to sustainable growth. Electricity is the most obvious amenity required by most industries to function. Any entrepreneur or business owner in Nigeria is acutely aware that a large chunk of their profits must be directed at self-provided utilities. Standby generators are a must for most businesses. Accessibility is another major challenge. The absence of good roads leads to spoilage of perishable goods, limits the reach of service providers, and leads to increased maintenance and repair fees for transportation equipment. Provision for these primary utilities is a burden most Nigerian entrepreneur's bear. [29].

7.2 Multiple Taxation

Entrepreneurs frequently face several taxes, particularly when importing expensive equipment. In addition to widespread corruption, entrepreneurs may be left with nothing after encounters with auditors and tax authorities. In Nigeria today, there are more than 500 different kinds of levies and more than 39 taxes, ranging from municipal to federal [31] Ihua (2009) did an empirical study and found that high taxes and numerous regulations are major causes of SMEs' failure in Nigeria. These are the main challenges faced by tax experts and agents employed by all levels of government. They are not honest in their operations, excessive in their assessments and broken heart in their relationship to the production process. Even some state Government does not help matters; they also add their burden, with such situation SMEs is highly affected significantly [30].

7.3. Unfavorable Government Policy

Businesses may be discouraged from expanding due to Nigeria's unstable policies. Policy changes that have a negative impact on business owners' profitability may be announced by new administrations. Additionally, because of established procedures or corruption, the procedures for obtaining licenses, permits, and registrations might be too onerous. The potential of SMEs is weakened by the government's incapacity to implement effective and consistent monetary and fiscal policies. According to Ogujuba et al. (2004), the issue stems from insufficient time spent on budget execution, which also influences trade and investment decisions. [30].

7.4. Political Instability and Insecurity

The commercial environment in Nigeria is severely disrupted by political instability, which makes it difficult for companies to prosper. The distribution of power and patterns of governance become uncertain in a politically unstable setting, which has a variety of effects for enterprises. This volatility makes the economy

more erratic and unpredictable, which makes it more difficult for companies to predict the future with any degree of accuracy. Local companies are more likely to fail during periods of political unrest, especially those that are just getting started. It is difficult for these companies to build a strong basis for expansion because of the unstable political climate. Furthermore, foreign investors who are looking for stability and security for their investments are turned off by political upheaval. Foreign companies are deterred from establishing or growing their operations in the impacted areas by the risk of instability and social unrest in the affected country. [29].

7.5. Corruption

Corruption and exploitation are now widespread problems in many facets of the Nigerian economy, especially in the fields of education and starting new businesses. For entrepreneurs, students, and those looking to acquire new skills, these unethical behaviors provide serious obstacles [33]. Entrepreneurs frequently run against corruption at several points along the startup development process, from registering their company to acquiring the required permits and facilities. Government representatives regularly ask for bribes and kickbacks, which leads to a corrupt system that makes it difficult for new companies to start. Inflation and higher prices for goods and services are the results of these corrupt acts' financial burden being passed on to prospective clients and customers. [29].

VIII. OPPORTUNITIES FOR BUSINESS OWNERS

8.1 Government and Private Sector Support

Various programs from both public institutions and private sector authorities boost the Nigerian business environment to promote entrepreneurs and small and medium-sized enterprises (SMEs). The Tony Elumelu Foundation (TEF) stands out as one of the major programs that provides seed funding alongside mentorship and training to startup businesses throughout Africa. Through soft loans together with grants the Bank of Industry (BOI) supports business development by providing financial assistance to help entrepreneurs increase their operations. Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) uses its capacity to deliver startup assistance through multiple programs that include capacity-building and business support services for new ventures (SMEDAN, 2023). Other government-backed initiatives, such as the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), support agribusinesses by providing financial guarantees and technical assistance (NIRSAL, 2023). These programs contribute to a conducive environment for business growth by reducing financial and operational barriers.

8.2. Digital Transformation and E-Commerce

Digital technology along with increasing internet penetration across Nigeria provides major business opportunities for owners who operate their businesses. The online market of Africa ranks Nigeria in the top list due to its total internet user base exceeding 122 million people per annum. [35]. Digital connectivity growth enabled quick e-commerce platform growth to help businesses serve a wider customer base. Through their online platforms Jumia and Konga and PayPorte show how e-commerce works in Nigeria for local businesses to use digital marketplaces as sales outlets. Digital payment systems operated by Flutterwave and Paystack and Opay simplify transactions which drives more businesses to conduct online sales. (Statista, 2023).

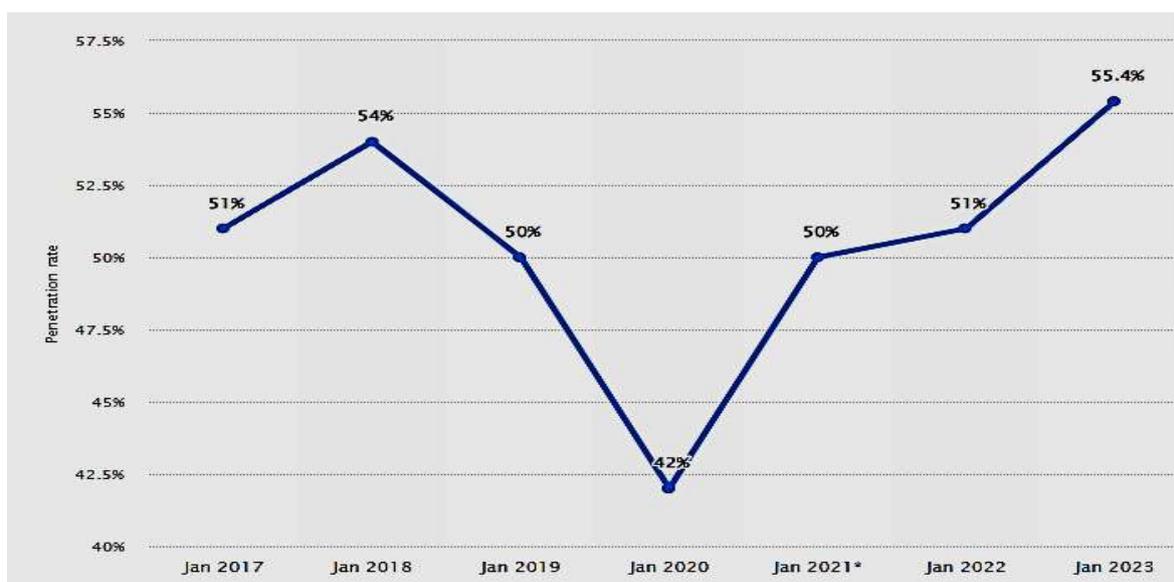


Figure 2: Internet penetration rate in Nigeria from 2017 to 2023 (Source; Statista.com)

8.3. Expansion into Global Markets

Nigerian businesses gain more opportunities to enter international markets because of their ability to create strategic alliances together with international agreements for trade. Through the African Continental Free Trade Area (AfCFTA) program Nigerian entrepreneurs gain market access to conduct business activities throughout African nations [36]. The international market has gained attention to Nigerian non-oil products including agricultural products and processed foods and textiles which creates potential for business growth. The Nigerian Export Promotion Council (NEPC) functions as a government agency which supports businesses that seek product export opportunities through market data delivery along with trade assistance and financial benefits. Businesses in Nigeria can take advantage of Amazon, Alibaba, alongside other international digital platforms to sell their products to global markets.

A large number of Nigerians abroad constitute the diaspora market that offers significant commercial potential for businesses operating locally. The World Bank reveals that annually Nigerians abroad send more than \$20 billion back to their home nation thus it substantially supports the economy. The market segment catering to Nigerian diaspora members provides lucrative opportunities for businesses to generate revenue by delivering customized products and services from the food, fashion and fintech industry.

IX. CONCLUSION

The entrepreneurial ecosystem of Nigeria provides notable business openings to indigenous owners while delivering substantial advantages to American and worldwide stakeholders. Collaboration among economic entities alongside innovation development and infrastructure solutions will boost the ecosystem's role in worldwide economic expansion. The establishment of strategic investments and policy adjustments will transform Nigeria into a foremost entrepreneurial region throughout Africa and worldwide.

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