FOSTERING A LEGAL, REGULATORY AND INSTITUTIONAL REGIME FOR A PRODUCTIVE ENTREPRENEURSHIP IN NIGERIA[1]

Abstract

This paper explores the imperative of cultivating a more robust and pragmatic legal, regulatory, and institutional environment to nurture a productive entrepreneurship in Nigeria. By examining the historical context of entrepreneurship in the nation, it underscores the significance of aligning contemporary efforts with the nation's entrepreneurial heritage. Presenting an in-depth analysis of the existing legal and regulatory framework, the study identifies gaps and discrepancies that hinder entrepreneurial growth. It examines challenges and barriers such as bureaucratic red tape, lack of access to funding, and inadequate intellectual property protection in practice. Drawing from international best practices, the paper benchmarks successful models and strategies from other countries, offering insights that can be adapted to Nigeria's unique context. Proposed reforms encompass streamlining registration procedures, enhancing access to finance, and fortifying intellectual property laws. Anticipated benefits and impacts of these reforms include an influx of innovative startups, increased job opportunities, and heightened economic diversification. Additionally, the paper underscores the potential for enhancing Nigeria's global competitiveness by attracting foreign direct investment.

Keywords: Entrepreneurship, World Bank, Nigeria, Startup, Economy, CAMA, United States of America.

Introduction

The era of over-reliance on the now morbid expectation that governments provide all jobs and employment for the teeming population of their various states is indeed, rapidly receding into chronological anachronism. Likewise, the rather lilliputian ideology being subtly ingrained in our youth within the four walls of the academia in most of the developing countries: to "make good grades so they can get good jobs" is swiftly getting obsolete. This fact is even more evidenced in the recent construing of education, by this target population, as 'scam' It is to this effect that education, especially in the developing countries, has to be carefully patterned so as to afford its products the virtue of industry and self-reliance; rather than really shaping them into morsels of mobile dependencies. Thankfully though, some institutions in some of these climes have started infusing their academic prescription with this salient entrepreneurial drive.[2]

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F Adesoji, 'Entrepreneurship as a Driver of Economic Growth: Evidence from Enterprise Development

[2] F Adesoji, 'Entrepreneurship as a Driver of Economic Growth: Evidence from Enterprise Development in Nigeria'(2015).Available SSRN: <https://ssrn.com/abstract=2852865 > Accessed 24 May 2024.

However, the major focus of this very work is on the provision of enabling environment for the smooth operation of the enterprise.[3] Entrepreneurship therefore, has emerged as a pivotal driver of economic growth and innovation worldwide, and Nigeria is no exception.[4] The dynamic Nigerian entrepreneurial landscape is characterized by a burgeoning number of ventures across diverse sectors, reflecting the nation's untapped potential. However, to truly unleash the transformative power of entrepreneurship, it is imperative to establish a robust legal, regulatory, and institutional framework that fosters its growth. Nigeria's entrepreneurial journey has witnessed both remarkable successes and persistent challenges.[5] With a teeming population marked by talents and creativity, a surge in startups and small businesses has brought forth innovation and job opportunities.

Yet, navigating the complex web of regulations, bureaucratic hurdles, including legal ambiguities has remained a significant challenge for aspiring entrepreneurs. This impedes their capacity to scale, secure investment, and eventually drive sustainable development.[6] A productive legal, regulatory and institutional regime tailored towards entrepreneurship is of paramount importance. Such a framework provides the necessary stability, clarity, and predictability that entrepreneurs need to flourish. It infuses investor-confidence; encourages local and foreign investments; and streamlines processes for starting and scaling businesses. Additionally, an enabling environment enables the safeguarding of intellectual property rights, promotes fair competition, and supports the resolution of disputes efficiently.[7]

This paper delves deeper into the multifaceted aspects of fostering a productive legal, regulatory and institutional regime for entrepreneurship in Nigeria. By understanding the challenges entrepreneurs face and the potential solutions within the legal and institutional sphere, we can pave the way for a thriving entrepreneurial ecosystem that propels Nigeria towards sustainable economic growth and global competitiveness. Beyond the introduction, part two reviews the historical background to clarify the concept of entrepreneurship. Part three dwells on the legal, regulatory and institutional regimes on entrepreneurship in Nigeria. Part four discusses the challenges and barriers of entrepreneurship in Nigeria. Part five dwells on the entrepreneurial drives in other jurisdictions by examining the global best practices to draw lessons for Nigeria. Parts six and seven are recommendations. Part eight is the conclusion.

[3] *Ibid*
[4] *Ibid*
[5] M Tijani-Alawiye, 'Entrepreneurship Development in Nigeria: A Review' (2004) 2(1) *Journal of Business Management* 63-74
[6] *Ibid*
[7] *Ibid*

2. Historical context of entrepreneurship in Nigeria

Entrepreneurship in Nigeria has a long and rich history, dating back to the pre-colonial era.[8] In the early days, entrepreneurship was largely focused on agriculture, trade, and craftwork.[9] However, with the arrival of the British in the 19th century, a new era of entrepreneurship began in Nigeria.[10] The British introduced new technologies and business practices, which helped to spur economic growth and development.[11] One of the earliest challenges faced by entrepreneurs in Nigeria was the lack of infrastructure. Roads, railways, and other transportation networks were poorly developed, making it difficult to transport goods and services. In addition, there was a shortage of credit and financial services, which made it difficult for entrepreneurs to obtain the capital they needed to start and grow their businesses. Despite these challenges, a number of successful entrepreneurs emerged in Nigeria during the colonial era. These entrepreneurs included Herbert Macaulay, who founded the Nigerian National Democratic Party (NNDP);[12] Sir Adeyemo Alakija, who was a successful businessman and philanthropist; and Madam Tinubu, who was a powerful businesswoman and political figure.[13]

After independence in 1960, the Nigerian government took steps to promote entrepreneurship. The government established the Small Business Loans Guarantee Scheme (SBLG) to provide financial assistance to small businesses. The government also created the National Directorate of Employment (NDE) to provide training and employment opportunities for young people.[14] In the 1980s, the Nigerian economy experienced a period of recession.[15] This led to a decline in entrepreneurship, as many businesses were forced to close down. However, the economy began to recover in the 1990s, and entrepreneurship began to rebound. In recent years, the Nigerian government has continued to promote entrepreneurship. The government has established a number of new initiatives to support entrepreneurs, including the You

[8] E E Inegbedion, 'The History of Entrepreneurship in Nigeria (2009) 18 (2) *Journal of Entrepreneurship* 1-12

[9] Ibid.

[10] M O Tijani-Alawiye, Entrepreneurship Development in Nigeria: A Review' (2004) 2(1) *Journal of Business Management* 63-74.

[11] *Ibid*

[12] Akinwale Akinyoade, 'Herbert Macaulay: The Father Of Nigerian Nationalism' *The Guardian*, (14 November 2018) <https://guardian.ng/life/herbert-macaulay-the-father-of-nigerian-nationalism/> Accessed 11 May 2024.

[13] *Ibid*

[14] C Appolos, 'How NDE's Special Public Works Programme is creating Job Opportunities for Unemployed Nigerians' *Tribune* (April 11, 2023) <https://tribuneonlineng.com/how-ndes-special-public-works-programme-is-creating-job-opportunities-for-unemployed-nigerians/> Accessed 11 May 2024.

[15] B Adesoji, *Nigerian Economy since 1980: Are We under a Resource Curse?* (Nairametrics, 2020) <https://www.google.com/amp/s/nairametrics.com/2020/10/02/nigerian-economy-since-1980-are-we-under-a-resource-curse/%3famp=1> Accessed 11 May 2024

Win! Programme, which provides funding and training to young entrepreneurs.[16] The government has also made it easier for businesses to register and operate, and it has reduced the amount of bureaucracy involved in starting and running a business. As a result of these initiatives, entrepreneurship is now thriving in Nigeria.[17] There are now millions of entrepreneurs in Nigeria, and they are contributing significantly to the country's economic growth.

The legal and regulatory landscape for entrepreneurs in Nigeria has also evolved significantly in recent years. The government has passed a number of laws that are designed to promote entrepreneurship, such as the Companies and Allied Matters Act (CAMA) and the Small Business Act. These laws among other various policies have made it easier for businesses to register and operate. They have provided entrepreneurs with greater protection from unfair competition and unfriendly business practices. The future of entrepreneurship in Nigeria is bright. The country has a large population of young people who are eager to start their own businesses. The government is also committed to promoting entrepreneurship, and it is providing entrepreneurs with the support they need to succeed. As a result, entrepreneurship is likely to continue to grow in Nigeria in the years to come.

3. Conceptual Framework

Over the past decades, there has been a tremendous increase in the importance of the study of entrepreneurship as well as a notable focus on research and policy. This is mostly because of how it affects innovation, economic expansion, the reduction of poverty, and the provision of public goods, especially in emerging nations.[18]Highlighting the interdependent roles of institutions and individuals in the development of entrepreneurship has also been made easier by the introduction of institutional theory in entrepreneurship studies.[19]Conventional definitions of entrepreneurship typically do not include the word 'institution' but when included; it is usually in the context of the assumed interaction between people and the socio-economic institutional frameworks that form the foundation of society.[20] For example, earlier definitions concentrated on the function and contributions of entrepreneurs within the broader economy.[21] The concept sees an 'entrepreneur' as 'the main agent of

[16] *Youth Enterprise with Innovation in Nigeria (YouWiN!): Program Impact Evaluation 2011-2016 Nigeria* (2011) <https://microdata.worldbank.org/index.php/catalog/2329> accessed 11 May 2024.
[17] *Ibid*
[18] A Cuervo, "Individual and Environmental Determinants of Entrepreneurship" (2005) 1 *International Entrepreneurship and Management Journal* 293–311.
[19] J Versen, R. Jørgensen & N. Malchow-Møller, *Defining and Measuring Entrepreneurship* (Boston, MA: Now Publishers Inc 2008) Ch 5
[20] T Kostova, 'Country Institutional Profiles: Concept and Measurement' (1997) *Academy of Management Best Paper Proceedings* 180–189.
[21] R Cantillon, *Essay on the Nature of Trade in General* (London: Frank Cass and Company 1959) 25

production in the economy.[22]An entrepreneur is the one who remains 'responsible for all exchange and circulation in the economy.'[23]

The contemporary proliferation of entrepreneurship literature can be attributed to the growing need for a more comprehensive and authoritative definition of the idea in the context of globalized business.[24] The notion of entrepreneurship has been defined as 'the pursuit of opportunity beyond resources'.[25]Entrepreneurship is defined as a "context specific social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities.[26] It equally includes new-venture creation that is growth-oriented and generates employment, as well as small businesses and micro-enterprises that may provide self-employment.[27]

The entrepreneurship networks thus contribute towards building the required institutional platforms for the smooth and efficient functioning of the national economy, socio-cultural and economic factors embedded in different national contexts.[28]The entrepreneurship literature has largely neglected to account for entrepreneurship development in diverse institutional characteristics.[29] Most extant studies in this area have focused largely on entrepreneurship in Anglo-Saxon Western countries (such as United Kingdom and United States) and other Western countries that share comparable cultural values and business environment.[30] Studies on this subject in Africa have been rare and little is comparatively known about the dynamics of entrepreneurship development in Nigeria in particular. The Nigerian context represents an important but relatively neglected context that can enrich and contribute to the global entrepreneurship discourse due to its unique geographical, political legal, regulatory, economic and cultural characteristics.

4. Institutional Theory and the Entrepreneurship Premise

Modern theoretical postulations on the meaning and role of entrepreneurs are different from the early days practice.[31] The central attempt in the modern practice is to

[22] *Ibid*

[23] A. Ezeoha and A .Ituma, 'An Institutional Analysis of Entrepreneurship Development in Nigeria in *Entrepreneurship in Africa* (Series: African Dynamics, Brill 2017) Chapter 6

[24] *Ibid*

[25] T Eisenmann, 'Entrepreneurship: A Working Definition' (2013) *Harvard Business Review*10

[26] *Ibid*

[27] A Bhide, *The Origin and Evolution of New Business* (New York: Oxford University Press 2000) Chapt 5

[28] Z. Acs L Szerb & E. Autio, *Global Entrepreneurship and Development Index 2015* (New York: Springer Briefs in Economics, Springer 2016) 10

[29] *Ibid*

[30] *Ibid*

[31] S. Shane, 'Why Do Some Societies Invent More Than Others?' (1992)7 *Journal of Business Venturing* 29-46

conceptualize entrepreneurial activities in the changing global economic system.[32] Core emphasis of the modern theorists, starting from the late 1990s, for instance, is identified to include: an interception between available profitable opportunities and enterprising individuals; and expertise in decision-making uncertainty.[33]The theoretical views about modern entrepreneurship practices are thus weaved into an emerging neo-institutionalism school, which sees both the entrepreneur and the institution as practically inseparable.[34]

Therefore, attempts to integrate institutional theory into contemporary entrepreneurship studies focus on an individual's dual role as an active agent who subverts institutions and uses them to his or her advantage, or as a dormant business person whose orientations and actions are determined by institutional forces outside of his or her control.[35] By doing this, the entrepreneurial agent perceives himself as engaged in a never-ending battle to achieve the best possible balance between the conclusions drawn by agency theorists and structuralists.[36] The growth of entrepreneurship is influenced by the dominant framework and regulations, according to structuralism; yet, human agents are seen as 'ontological primitives and view institutions as structures created by goal-maximizing individuals' according to the agency theory.[37]

It is this dichotomy between the structuralists and the agency theorists that gave birth to the problem of the *paradox of embedded agency* – with an attempt to address the problem leading to the postulation of the new institutional theory.[38]The *paradox of embedded agency* essentially arises because entrepreneurs who are constrained by institutional challenges and pressures face little chance of transforming the institutions in their favour.[39] By implication, the freedom of entrepreneurs operating in a socio-economically difficult and unstable environment such as in Nigeria is likely to be constrained by the same environment.

Resolving the arising conflicts between the structuralists and the agency theorists within the framework of neo-institutionalism requires a clear understanding of the meaning, context and tenets of modern institutions.[40]This is more so considering that

[32] *Ibid*

[33] *Ibid*

[34] S. Shane & S. Venkataraman, 'The Promise of Entrepreneurship as a Field of Study' (2000) 25(1) *Academy of Management Review* 217-226.

[35] *Ibid*

[36] *Ibid*

[37] W Clark, 'Agents and Structures: Two Views of Preferences, Two Views of Institutions' (1998) 42(2) *International Studies Quarterly* 245–270.

[38] *Ibid*

[39] *Ibid*

[40] T Lawrence, R Suddaby & B. Leca, *Institutional Work: Actors and Agency in Institutional Studies of Organizations*, (Cambridge: Cambridge University Press 2009)14-30

the term 'institution' is not just imprecise, but also complex.[41] Institutions may be defined as 'the rules of the game in a society or the humanly devised constraints that shape human interaction'.[42]They are generally conceptualized as deep aspects of social structure, which act as authoritative guidelines and constraints on behavior.[43]Institutions can be either formal, such as rules, laws and constitutions, or informal, such as norms of behavior and conventions.[44] Formal institutions refer to the objective constraints and incentives arising from government regulation of individual and organizational actions.[45]Informal institutions are 'the norms, customs and mores that enable us to co-operate with strangers in the marketplace,' through 'the norms, values of trust and reciprocity.'[46]In reality, both the formal and informal institutional environments play a crucial role in socio-economic development.

5. Legal, Regulatory and Institutional Frameworks

The legal and regulatory landscape for entrepreneurship in Nigeria shapes the environment in which businesses operate. This section delves into the existing framework governing entrepreneurial activities, encompassing laws, regulations, and policies that impact startups and business ventures across various sectors in the country.

5.1 Company and Allied Matters Act (CAMA):

The Companies and Allied Matters Act (CAMA) is the principal legislation governing the formation, operation, and regulation of companies in Nigeria. It was enacted in 1990 and has been amended several times since then, most recently in 2020. This law governs the formation, registration, and operation of companies in Nigeria.[47] It also sets out the requirements for corporate governance and financial reporting. The CAMA is the main piece of legislation governing businesses in Nigeria. It establishes the requirements for registering a company, the different types of companies that can be formed, and the duties and responsibilities of directors and shareholders. The CAMA

[41] D North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press 2004) 20-30

[42] *Ibid*

[43] W Scott, 'Approaching Adulthood: The Maturing of Institutional Theory' (2008) 37(5) *Theory and Society* 427–442.

[44]W Scott, 'Institutional Theory, Contributing to a Theoretical Research Program' in: G. Ken & A. Michael (eds), *Great Minds in Management: The Process of Theory Development* (Oxford: Oxford University Press 2004) 460–484

[45]G Bruton, D Ahlstrom & T. Puky, 'Institutional Differences and the Development of Entrepreneurial Ventures: A Comparison of the Venture Capital Industries in Latin America and Asia' (2009) 40(5) *Journal of International Business Studies* 762–778.

[46] P Boettke and C Coyne, 'Context matters: Institutions and entrepreneurship' (2009) 5(3) *Foundations and Trends in Entrepreneurship* 135-209

[47] N C Uzoka, *'An Overview of the Companies and Allied Matters Act 2020: Prospects and Challenges'* (2023) <https://www/publication/359368505_An_Overview_of_The_Companies_And_Allied_Matters_Act_2020_Prospects_and_Challenges >accessed 11 May 2024.

also sets out the rules for corporate governance, such as the requirement for independent directors and the need to have a whistle-blowing policy.[48]
CAMA is a complex piece of legislation, and there are a number of legal arguments and controversies that have arisen in relation to its interpretation and application. Some of the most significant of these arguments and controversies include:

i.
ii. The controversy over the role of the Corporate Affairs Commission (CAC). The CAC is the government agency responsible for registering and regulating companies in Nigeria. However, there have been a number of allegations that the CAC has been corrupt and inefficient in its administration of CAMA.
iii. The controversy over the use of bearer shares. Bearer shares are shares that are not registered in the name of any particular shareholder. This makes it difficult to track the ownership of shares and can be used for fraudulent purposes.
CAMA prohibits the issuance of bearer shares, but there have been allegations that this prohibition is being flouted.
iv. The controversy over the liability of directors. Directors of companies are responsible for the management of the company and can be held liable for their actions. However, there have been a number of cases in which directors have been able to escape liability by relying on technical defences. This has led to calls for reform of the law on directors' liability.

Despite these challenges, CAMA 2020 remains the most important legal framework for entrepreneurship in Nigeria. It provides a comprehensive set of rules and regulations that businesses must comply with in order to operate legally. By understanding the provisions of CAMA, entrepreneurs can reduce their risk of legal liability and ensure that their businesses are compliant with the law. The legal framework for entrepreneurship in Nigeria is still evolving. However, CAMA provides a solid foundation for businesses that are looking to start up or expand in Nigeria. By understanding the provisions of CAMA and complying with the law, businesses can reduce their risk of legal liability and ensure that they are operating legally.

5.2 The Nigerian Startup Act, 2022:
This is a landmark legislation that seeks to create a robust legal framework for the development of startups in Nigeria.[49] The Act provides for a number of measures to support startups, which include: Tax incentives. The Act provides for tax incentives for

[48]Udo Udoma & Bello-Osagie, *Nigeria: The Companies and Allied Matters Act 2020 – What You Need to Know - Part 12 – Directors Under the CAMA 2020* (11 January 2021) <https://www.mondaq.com/nigeria/shareholders/1024130/the-companies-and-allied-matters-act-2020--what-you-need-to-know---part-12--directors-under-the-cama-2020> Accessed 11 May 2023.
[49] A Oredugba, *Nigeria Startup Act 2022: Impact on Technology Development in Nigeria* (2023) SSRN Papers. Retrieved from < https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4413690> accessed 11 May 2024

businesses that invest in startups and young entrepreneurs.[50] This will encourage businesses to invest in startups and provide them with the resources and support they need to grow their businesses. Again, the Act provides for Access to finance, the Act establishes a startup fund to provide financial assistance to startups.[51] The fund will be managed by the Startups Council, which is a body established under the Act. The Act also provides for Access to talent.[52] The Act is a significant step forward for the development of entrepreneurship in Nigeria. It provides a number of measures that will help startups to succeed. However, there are some legal arguments and controversies surrounding the Act. One of the main arguments against the Act is that it is too bureaucratic. The Act establishes a number of bodies, such as the Startups Council and the startup talent pool, which will add to the regulatory burden on startups.[53] Additionally, the Act requires startups to comply with a number of requirements, such as maintaining proper accounting records and providing information to the Startups Council. This could be a challenge for small startups that do not have the resources to comply with these requirements.

Another argument against the Act is that it is not specific enough. The Act provides a broad framework for the development of startups, but it does not provide detailed guidance on how this framework should be implemented.[54] This could lead to uncertainty and confusion for startups and investors. Despite these arguments, the Nigerian Startup Act is a positive development for the country. It provides a number of measures that will help startups to succeed. However, it is important to address the legal arguments and controversies surrounding the Act in order to ensure that it is implemented effectively.

One way to address the bureaucratic concerns is to streamline the regulatory process for startups. This could involve reducing the number of bodies that startups have to deal with and simplifying the requirements that they have to comply with. Additionally, the government could provide more support to startups in complying with the requirements of the Act. Another way to address the concerns about the lack of specificity in the Act is to provide more detailed guidance on how the framework should be implemented. This could involve issuing regulations or guidelines that explain the requirements of the Act in a more detailed way.

[50] Nigerian Start up Act, 2022, s. 24.
[51] *Ibid*, s. 27.
[52] *Ibid*, s. 22.
[53] *Ibid*, s. 3.
[54] O Eboigbe, *Nigeria Startup Act, 2022: A Roadmap to Technological Inclusion in the Nigerian Economy*, (April 6 2023) <https://www.mondaq.com/nigeria/corporate-and-company-law/1246586/nigeria-startup-act-2022-a-roadmap-to-technological-inclusion-in-the-nigerian-economy> accessed 11 May 2024.

Additionally, the government could establish a helpdesk or other resource centre to provide support to startups in understanding and complying with the Act. By addressing the legal barriers and controversies surrounding the Nigerian Startup Act, the government can ensure that it is implemented effectively and that it provides a positive environment for the development of startups in Nigeria. Despite these challenges, the Nigerian Startup Act is a positive development for the country. It has the potential to create a more supportive environment for the development of startups and to help Nigeria to become a leading digital economy. However, it is important to address the potential challenges to the implementation of the Act in order to ensure that it is successful.

5.3 Nigerian Investment Promotion Commission (NIPC) Act

The Nigerian Investment Promotion Commission (NIPC) Act is a federal law that was enacted in 1995 to encourage and promote investment in Nigeria.[55] The Act establishes the NIPC as a body corporate with the power to register foreign investments, provide investment information and advice, and liaise with state governments to identify investment opportunities. The NIPC Act has been praised for its role in stimulating investment in Nigeria. The Act has made it easier for foreign investors to set up businesses in Nigeria, and it has provided a number of incentives to attract investment, such as tax breaks and guarantees against expropriation. However, the NIPC Act has also been criticized for a number of reasons. One of the main criticisms is that the Act is too bureaucratic and cumbersome. The process of registering a foreign investment with the NIPC can be lengthy and expensive, and the Act has been accused of creating a disincentive to invest in Nigeria.

Another criticism of the NIPC Act is that it does not provide enough protection for investors. The Act does not contain any provisions for investor-state dispute settlement, and it has been argued that this leaves investors vulnerable to government interference. In recent years, there have been a number of legal challenges to the NIPC Act. In 2017, the Supreme Court of Nigeria in *Attorney-General of the Federation v Nigerian Investment Promotion Commission*[56] ruled that the Act was unconstitutional to the extent that it allowed the NIPC to register foreign investments in the oil and gas sector. The Court held that the Act violated the exclusive powers of the Federal Government to regulate the oil and gas sector. In *Hopewell Development Company Limited v NIPC,*[57] the Federal High Court of Nigeria ruled that the NIPC Act was unconstitutional to the extent that it allowed the NIPC to register foreign investments in the real estate sector.

[55]Nigerian Investment Promotion Commission Act, Cap N117, Laws of the Federal Republic of Nigeria, 2004.

[56][2017] LPELR-43271 (SC).

[57] [2020] LPELR-48327(FHC).

The Court held that the Act violated the exclusive powers of the state governments to regulate the real estate sector.

In addition to these laws, there are a number of other regulations that affect entrepreneurship in Nigeria. These regulations can vary from state to state, so it is important for businesses to be aware of the specific requirements in the area where they operate. The current legal and regulatory framework for entrepreneurship in Nigeria is generally considered to be supportive of businesses. However, there are a number of areas where the framework could be improved. For example, the process of registering a company can be time-consuming and expensive. Additionally, the tax system can be complex and burdensome for businesses. Overall, the legal and regulatory framework for entrepreneurship in Nigeria is generally supportive of businesses. However, there are a number of areas where the framework could be improved. The government of Nigeria is aware of the need to improve the framework and has taken some steps to do so. However, more needs to be done to create a truly conducive environment for entrepreneurship in Nigeria.

6. Challenges and Barriers

Entrepreneurship is the process of creating a new business or venture. It is a risky but potentially rewarding activity that can lead to economic growth and job creation. Nigeria is a country with a large population and a growing economy, making it a potential hotbed for entrepreneurship. However, there are a number of challenges and barriers that hinder the growth of entrepreneurship in Nigeria. One of the biggest challenges facing entrepreneurs in Nigeria is access to finance. The cost of borrowing is high, and there is a limited supply of credit available to small businesses. This makes it difficult for entrepreneurs to start and grow their businesses. Another challenge facing entrepreneurs in Nigeria is poor infrastructure. The roads, power supply, and telecommunications networks are often unreliable, making it difficult for businesses to operate efficiently. This is especially true for businesses that rely on imported inputs or that need to distribute their products to remote locations.

Corruption is also a major challenge for entrepreneurs in Nigeria. Businesses often have to pay bribes to government officials in order to get things done, such as obtaining licenses or permits.[58] This can add to the cost of doing business and make it difficult for entrepreneurs to compete with larger, more established businesses. In addition to these challenges, entrepreneurs in Nigeria also face a number of legal and regulatory bottlenecks. The Nigerian legal system is complex and time-consuming, making it difficult for businesses to comply with all the necessary regulations. This can lead to delays and even legal action against businesses. The institutional environment in

[58] C Dibiaezue, *There's One Main Barrier to doing Business in Nigeria: The FCPA*, (September 8, 2021) <https://www.corporatecomplianceinsights.com/barrier-doing-business-nigeria-fcpa/> Accessed 11 May 2024.

Nigeria is also not conducive to entrepreneurship. There is a lack of support for small businesses from government agencies and other institutions. This can make it difficult for entrepreneurs to get the information and resources they need to start and grow their businesses.

The challenges and barriers facing entrepreneurs in Nigeria are significant, but they are not insurmountable. By taking steps to address these challenges, Nigeria can create a more favorable environment for entrepreneurship and unleash the potential of its entrepreneurs to create jobs and drive economic growth. According to the World Bank's Doing Business 2023 Report, Nigeria ranks 136 out of 190 countries in terms of ease of doing business.[59] This ranking has improved in recent years, but Nigeria still has a long way to go to create a more favorable environment for entrepreneurship. With the right policies and reforms, Nigeria can create a more favorable environment for entrepreneurship and become a hotbed for innovation and economic growth.

7. Global Entrepreneurship: Comparative Analysis of international exemplars

Entrepreneurship is essential for economic growth and development. It creates jobs, generates income, and drives innovation.[60] However, entrepreneurs need a supportive legal, regulatory, and institutional environment in order to succeed. This section discusses the international best practices for fostering a productive legal, regulatory and institutional regime for entrepreneurship. It also compares and contrasts these best practices with Nigeria's current situation in mind. There are a number of countries that have successfully created a supportive environment for entrepreneurship.

7.1 The United States:

The United States is often cited as a case study for international best practices for fostering a productive legal, regulatory and institutional regime for entrepreneurship. The country has a long history of entrepreneurial success, and its legal and regulatory environment is generally considered to be supportive of businesses of all sizes. One of the key factors in the United States' success in fostering entrepreneurship is its strong legal system.[61] The country has a well-established body of law that protects property rights, contracts, and intellectual property. This provides entrepreneurs with the confidence they need to take risks and start new businesses.

The United States also has a relatively light regulatory burden on businesses. This is in contrast to many other countries, where entrepreneurs face a maze of complex

[59] World Bank, *Doing Business 2023: Reforming to create Jobs* (Washington, DC: The World Bank, 2023), https://www.doingbusiness.org/en/reports/global-reports/doing-business-2023 accessed 11 May 2024

[60] *Ibid*

[61] S Seth, *'Why Entrepreneurship is Important to the Economy'* (Investopedia, March 16, 2023) <https://www.investopedia.com/articles/personal-finance/101414/why-entrepreneurs-are-important-economy.asp> accessed 11 May 2024.

regulations that can be difficult to navigate. The United States' relatively light regulatory burden allows entrepreneurs to focus on their businesses and not on complying with government red tape. In addition to a strong legal system and a light regulatory burden, the United States also has a number of other institutional features that support entrepreneurship. For example, the country has a well-developed financial system that provides entrepreneurs with access to capital.[62] The United States also has a strong culture of innovation and risk-taking, which is conducive to entrepreneurship. As a result of these factors, the United States has been a leading incubator of new businesses for many years. In 2021, there were over 7 million businesses in the United States with fewer than 20 employees.[63] These businesses accounted for over half of all private sector jobs in the country. The United States' experience in fostering entrepreneurship can provide valuable lessons for other countries including Nigeria. Countries that want to promote entrepreneurship should focus on creating a legal and regulatory environment that is supportive of businesses, providing access to capital, and cultivating a culture of innovation and risk-taking.

7.2 Singapore:

Singapore has emerged as a global exemplar in fostering a productive legal, regulatory, and institutional regime for entrepreneurship. Its remarkable success can be attributed to a combination of strategic policies, innovative frameworks, and a supportive ecosystem that has propelled it to the forefront of the international entrepreneurial landscape. The Singapore government has played a key role in creating a favourable environment for entrepreneurship. The country's economic development strategy has focused on innovation and technology, and the government has invested heavily in research and development, education, and infrastructure. This has created a highly skilled workforce and a vibrant innovation ecosystem that is attractive to entrepreneurs. Singapore is ranked 2nd in the world in the World Bank's "Ease of Doing Business" index.[64] The government has also implemented a number of policies that specifically support entrepreneurship. For example, the government provides grants and loans to startups, and it offers tax breaks and other incentives to businesses that invest in research and development. Singapore is a global leader in research and development, with a budget of over \$10 billion per year.[65] The government also has a number of

[62] A Hayes, *Financial Markets: Role in the Economy, Importance, Types, and Examples*, (Investopedia, April 27, 2023) <https://www.investopedia.com/terms/f/financial-market.asp>accessed 11 May 2024.

[63] Kelly Main, *'Small Business Statistics Of 2023'* (2022) <https://www.forbes.com/advisor/business/small-business-statistics/> accessed 11 May 2024.

[64] Statista Research Department, *'Ease of doing Business Singapore 2013-2020'*(Statista, May 10, 2023) <https://www.statista.com/statistics/881813/singapore-ease-of-doing-business/> accessed 11 August 2023.

[65] J Zarroli, *'How Singapore became One of the Richest Places on Earth'* (March 29, 2015) <https://www.npr.org/2015/03/29/395811510/how-singapore-became-one-of-the-richest-places-on-earth> accessed 11 May 2024

programs that help entrepreneurs to connect with mentors, investors, and other resources.

Singapore has also developed a number of innovative frameworks that support entrepreneurship. For example, the government has established a number of regulatory sandboxes that allow businesses to test new products and services in a controlled environment.[66] This helps businesses to reduce the risk of failure and to get their products to market faster. The government has also created a number of online platforms that make it easier for entrepreneurs to start and grow their businesses. For example, the government's 'One-Stop Shop' portal provides information on everything from business registration to tax filing. This helps to reduce the administrative burden on entrepreneurs and to make it easier for them to focus on their businesses.

7.3 New Zealand:

New Zealand is often cited as a case study for international best practices in fostering a productive legal, regulatory and institutional regime for entrepreneurship. The country has consistently ranked highly in global surveys of entrepreneurship, such as the World Bank's Doing Business Report and the Global Entrepreneurship Monitor.[67] There are a number of factors that contribute to New Zealand's supportive environment for entrepreneurship. These include:

I. A stable and predictable regulatory environment: New Zealand has a reputation for having a clear and transparent regulatory environment that is not overly burdensome on businesses. This is supported by a number of factors, such as the government's commitment to regulatory impact analysis and its use of a 'light touch' approach to regulation.

II. A well-educated and skilled workforce: New Zealand has a highly educated and skilled workforce, which is essential for supporting innovation and entrepreneurship. The country also has a strong tradition of vocational education and training, which helps to ensure that businesses have access to the skills they need.

III. A supportive financial environment: New Zealand has a number of government programs and initiatives that support entrepreneurship, such as the Business Growth Fund and the New Zealand Venture Investment Fund. These programs provide access to capital for start-ups and early-stage businesses, which can be a major barrier to entrepreneurship in many countries including Nigeria.

IV. A culture of innovation and risk-taking: New Zealanders are generally seen as being open to new ideas and willing to take risks. This culture of innovation and risk-taking is supported by a number of factors, such as the government's focus

[66] *Ibid.*

[67] H Frederick, *Global Entrepreneurship Monitor Aotearoa New Zealand (2005*) <https://www.academia.edu/29689575/Global_Entrepreneurship_Monitor_Aotearoa_New_Zealand_2005> accessed 11 May 2024.

on research and development, and the presence of a number of universities and research institutes.

As a result of these factors, New Zealand has a thriving entrepreneurial ecosystem. The country has a high number of start-ups, and a number of successful homegrown businesses, such as Xero, Trade Me, and Fisher & Paykel.[68] New Zealand is also a major exporter of innovative products and services, such as software, medical devices, and agricultural products. The New Zealand model for fostering entrepreneurship can be used as a blueprint for other countries. By creating a stable and predictable regulatory environment, investing in education and skills, providing access to capital and encouraging a culture of innovation and risk-taking, governments can create an environment that is conducive to entrepreneurship.

8. Anticipated Prospects

Entrepreneurship is essential for economic growth and job creation. There is a growing recognition of the need to reform the legal, regulatory and institutional regime in Nigeria to make it more conducive to entrepreneurship. A number of proposed reforms have been put forward, including:

I. Simplify business registration processes.
II. Provide access to finance
III. Reduce bureaucracy.
IV. Fight corruption.

The implementation of these reforms would have a number of positive outcomes for entrepreneurship in Nigeria.

8.1 Job Creation: A more productive legal, regulatory and institutional regime would make it easier for entrepreneurs to start and grow their businesses, which would create more jobs. According to the World Bank, entrepreneurship accounts for up to 50% of all new jobs created in developing countries.[69] For example, a study by the Nigerian Economic Summit Group found that the country could create an additional 10 million jobs by 2025 if it implemented a number of reforms, including simplifying the legal framework for businesses.[70] The case studies of successful entrepreneurs in Nigeria

[68] Wellington, *New Zealand Small Businesses spend a Third of Each Year struggling to close Cash Flow Gaps/ Xero* (21 July, 2022) <https://www.xero.com/nz/media-releases/nz-small-businesses-struggle-closing-cash-flow-gaps/> accessed 11 May 2024.

[69] I Faye & D Goldblum, "Quest to Better understand the Relationship between SME Finance and Job creation: Insights from New Report, (World Bank, June 14, 2022) <https://blogs.worldbank.org/psd/quest-better-understand-relationship-between-sme-finance-and-job-creation-insights-new-report> Accessed 11may 2023.

[70] D Onwuamaeze, "NESG: Only Comprehensive Reforms will change Nigeria's Economic Trajectory, deliver Shared Prosperity in Nigeria' *ThisDay* (February 12 2023) <https://www.google.com/amp/s/www.thisdaylive.com/index.php/2023/01/19/nesg-only-comprehensive-reforms-will-change-nigerias-economic-trajectory-deliver-shared-prosperity%3famp=1> Accessed 11 May 2024.

also provide evidence of the positive impact of a productive legal, regulatory and institutional regime. For example, the founders of the Jumia Group, Nigeria's leading e-commerce company, were able to start and grow their business because of the relatively favorable business environment in Nigeria.[71]

8.2 Innovation:

A more conducive environment for entrepreneurship would encourage innovation and creativity. Entrepreneurs are often the ones who come up with new ideas and products that drive economic growth. For example, the Nigerian telecommunications sector was transformed by the entry of new entrepreneurs who introduced innovative products and services. A study 6y the International Finance Corporation found that a 1% increase in the number of entrepreneurs in a country leads to a 0.3% increase in GDP growth.[72] This is because entrepreneurs create jobs, generate income, and pay taxes.

8.3 Economic Growth

A more productive legal, regulatory and institutional regime would boost economic growth. This is because entrepreneurs create jobs, generate income, and pay taxes. For example, a study by the World Bank found that Nigeria could increase its GDP by 10% if it improved its business environment.[73] This would create millions of new jobs and boost economic growth. The implementation of the proposed reforms would go a long way towards creating a more conducive environment for entrepreneurship in Nigeria. This would lead to job creation, innovation, and economic growth. It is therefore essential that the Nigerian government prioritizes these reforms. In addition to the proposed reforms, there are a number of other things that the Nigerian government can do to support entrepreneurship. These include: Providing training and mentorship to entrepreneurs, creating business incubators and accelerators, providing access to finance, promoting entrepreneurship education in schools. By taking these steps, the Nigerian government can help to create a more entrepreneurial society that is more prosperous and dynamic.

[71] Olaolu Olusina, 'Founders of Nigerian Online Retailer – Jumia, talk about managing a Fast-growing Business' (21 JUNE 2013) <https://www.howwemadeitinafrica.com/founders-of-nigerian-online-retailer-jumia-talk-about-managing-a-fast-growing-business/27567/> Accessed 11 May 2024.

[72] A Kritikos, Entrepreneurs and their Impact on Jobs and Economic Growth, (June 22 2021) <https://wol.iza.org/articles/entrepreneurs-and-their-impact-on-jobs-and-economic-growth/long> Accessed 11 May 2024.

[73] World Bank, *Nigeria Development Update -NDU- (*JUNE 2023) <https://www.worldbank.org/en/country/nigeria/publication/nigeria-development-update-ndu> accessed 11 May 2024.

9.Practical Case Study: An Examination of the *Jumia* Group

The Jumia Group is a Nigerian e-commerce company that was founded in 2012.[74]The company has grown rapidly and is now one of the largest e-commerce companies in Africa. *Jumia's* success is due in part to the relatively favorable business environment in Nigeria. The Nigerian government has implemented a number of reforms that have made it easier for businesses to start and operate in Nigeria. These reforms include simplifying the legal framework, streamlining the regulatory environment, and improving access to finance. *Jumia* has benefited from these reforms. The company was able to start and grow its business quickly and easily. *Jumia* also had access to finance, which allowed it to invest in its growth. As a result of these factors, *Jumia* has created thousands of jobs and has contributed to the economic growth of Nigeria.[75] The company is also a source of innovation, as it has introduced new products and services to the Nigerian market. The success of *Jumia* is a testament to the positive impact that a productive legal, regulatory and institutional regime can have on entrepreneurship. The Nigerian government should continue to implement reforms that make it easier for entrepreneurs to start and grow their businesses. This will help to create a more prosperous and dynamic Nigeria.

10. Conclusions

In conclusion, establishing a robust legal, regulatory, and institutional framework is paramount for fostering a thriving entrepreneurial ecosystem in Nigeria. By streamlining business registration, ensuring transparent and fair regulations, and offering accessible dispute resolution mechanisms, the nation can encourage innovation and investment. This approach will not only attract local entrepreneurs but also invite foreign partnerships, ultimately contributing to economic growth and job creation. Through continuous collaboration between government, industry stakeholders, and legal experts, Nigeria can pave the way for a dynamic and productive environment that nurtures entrepreneurship and positions itself as a competitive player in the global market.

11. Recommendations

Entrepreneurship is the backbone of any economy, and Nigeria is no exception. However, the country's legal, regulatory and institutional environment can be a major obstacle to starting and growing a business. These challenges make it difficult for entrepreneurs to succeed, and they ultimately stifle economic growth and development. In order to foster a more conducive environment for entrepreneurship in Nigeria, it is essential to implement reforms to the legal, regulatory and institutional regime. Here are some specific recommendations for reforms that could be implemented:

[74] Company News, *Jumia Technologies Is The Best Of Amazon In Africa* (Forbes) (October 10, 2022) <https://group.jumia.com/news/jumia-technologies-is-the-best-of-amazon-in-africa> Accessed 11 May 2024.
[75] Ibid.

I. **Simplify Business Registration Processes.**

The process of registering a business in Nigeria is currently very complex and time-consuming. This can be a major barrier to entry for entrepreneurs, especially those with limited resources. The government should simplify the process and make it more accessible to all businesses.

II. **Reduce Bureaucracy.**

The Nigerian government is known for its excessive bureaucracy. This can make it difficult for businesses to obtain the permits and licenses they need to operate. The government should streamline its bureaucratic processes and make it easier for businesses to get the approvals they need.

III. **Improve Contract Enforcement**.

The Nigerian legal system is often ineffective in enforcing contracts. This can make it risky for businesses to enter into contracts with other businesses or individuals. The government should improve the efficiency of the legal system and make it easier for businesses to enforce their contracts.

IV. **Provide Access to Finance.**

Lack of access to finance is a major challenge for entrepreneurs in Nigeria. The government should provide more support for small businesses, such as providing loans and guarantees. It should also work to reduce the cost of credit.

V. **Fight Corruption.**

Corruption is a major problem in Nigeria, and it can have a devastating impact on businesses. The government should take steps to fight corruption, such as strengthening the anti-corruption agencies and making it easier for businesses to report corruption.

In addition to these legal and regulatory reforms, the government can also play a role in fostering a more conducive environment for entrepreneurship by strengthening institutional support. This includes providing training programs, mentorship networks, and access to funding. The government can also work to create a more favourable business climate by investing in infrastructure, education, and healthcare. By implementing these reforms and providing stronger institutional support, the government can create a more conducive environment for entrepreneurship in Nigeria. This will lead to economic growth, job creation, and a better quality of life for all Nigerians.