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**BUSINESS ETHICS IN A CONSTRAINED ENVIRONMENT:  
ETHICAL DILEMMAS OF ENTREPRENEURSHIP IN NIGERIA**

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**MSc. in Management**

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**19th August 2020**

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**DECLARATION**

**Submission of Thesis and Dissertation**

**National College of Ireland**

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Date: 19th August 2020

## **Submission of Thesis and Dissertation**

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**Abstract**

This dissertation addressed ethics in entrepreneurship from the perspective of entrepreneurs in Nigeria. It tried to understand the issues that shape and influence the entrepreneur's ethical business practices. Specifically, this study identified the problems that limit an entrepreneur's ability to compete in the Nigerian business environment, its effects on ethical business practice and what can be done to improve the situation. The researcher used a cross-sectional study design and a questionnaire to raise data for the study. The sample consisted of 66 entrepreneurs in Nigeria. The data was analysed using descriptive statistics while the relationship between the variables was tested using Pearson chi-square analysis. The result showed that the problems that hamper the growth and development of entrepreneurship business in Nigeria include; limited access to finance, poor taxation policies, limited access to and lack of awareness of government programs initiated to support entrepreneurs, lack of help from the government, high level of bureaucracy and corruption. The study discovered that corruption and poor taxation policies out of all the problems had had the most significant impact on the entrepreneur's ethical behaviour. The study recommended improved government policies, especially around taxation, fighting corruption by increasing oversight, infrastructural development, as measures that can be put in place to curb the problems.

Keywords: Ethics, Entrepreneurship, Small and medium-sized enterprises (SMEs), Nigeria

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

Nigeria possesses immense and limitless entrepreneurial opportunities, but the Nigerian business environment has stifled its growth. Government poor policies and actions have failed to provide an enabling environment for entrepreneurial growth in Nigeria Thaddeus (2012). Entrepreneurship is particularly essential, especially in today's economic reality of rising inequality. It can help improve economic growth and development through small and medium enterprises in Nigeria by creating more employment and productivity. Entrepreneurship already plays a huge role in Nigeria's economy, with Over 80% of small and medium businesses being responsible for employing about 75 % of Nigeria's working population Afolabi (2015). In recent years due to the growing unemployment rate, the need for entrepreneurship to help create employment and boost productivity in other to spur socio-economic growth has become more important.

Entrepreneurs naturally are constantly threatened by competition and the risk of business failure. Therefore they strive to survive by optimally using their limited resources to make a profit Lahdesmaki, (2005) and Hannafey (2003). The business life daily exposes an entrepreneur to many complex ethical problems. The path entrepreneurs take is the reason for this, they are required to be disruptive, innovative and possess a pattern-breaking behaviour (Morris, Schindehutte, Walton, and Allen, 2002). Exposure to ethical problems become higher when entrepreneurs run a business in a challenging business environment. The situation makes examining the role the business environment plays in entrepreneurship and business ethics interesting.

Evidence from studies carried out by global enterprise monitor in Nigeria shows that Nigerian entrepreneurs often encounter high regulatory costs, corruption, government inefficiencies and difficulties getting capital. These difficulties could potentially tempt them into relying on unethical means in the pursuit of their entrepreneurial goals by significantly impacting on their ethical decision-making process Morris et al.(2002). This is because the environment ultimately creates situations fraught with ambiguity for these entrepreneurs, leaving them with the questions: (1) is the need to survive superseded by the general need to behave ethically? And (2) is it possible to satisfy the opposing requirement to survive, limit risk and make a profit with the need to be ethical simultaneously? (Robinson, Van der Mescht, and Lancaster, 2003).

Nigeria with its problems is trying to transform its economy into a developed one using entrepreneurship, and it is encountering several issues with entrepreneurial ethics. This is because a government like Nigeria and its institutions which are responsible for setting the 'rules for the game' have deficiencies which creates an atmosphere for unethical behaviours of entrepreneurs. (Sackey, Fältholm, and Ylinenpää, 2013). The research focus is on the current state of the Nigerian business environment and how it affects entrepreneurial activities. It also looks into how the problems entrepreneurs face influence their action especially when it comes to ethical business practices, and How can these problems be solved to encourage more ethical business practices that can lead to economic growth. This research will contribute to an existing knowledge gap of how entrepreneurs in developing economies experience and interact with their environment. It will identify ways the government can help them overcome environmental constraints in order to help entrepreneurs reach their full potential.

## **1.2 Problem statement**

Various studies have been carried out on entrepreneurship and ethical business practices to how the business environment affects their potential survival and growth, especially in scenarios where the business environment is plagued with a challenging condition. Researchers who have done this in different kinds of business environment and countries include (Chikweche & Fletcher, 2017), Okpara, (2011), Ezeani, (2017), and (Sackey et al., 2013). After a review of past literature, the researcher discovered that only a few works of literature addressed How this constrained business environment influence ethical business practices of entrepreneurs. The researcher also noticed that only little investigation into how what is considered an ethical business practice in a particular business environment impacts the success and failure of entrepreneurship and economic growth. Thus, there was inadequate information that could enlighten the academicians, entrepreneurs, international companies and foreign investors and the government on the current ethical challenges of starting and running a business in Nigeria.

## **1.3 Objectives of this study**

At the end of this research work, the research aims to achieve the following:

Identify the problem affecting the Nigerian business environment.

Determine if these problems affect an entrepreneur's ethical business practices.

Determine if these problems and the current ethical business practices in Nigeria limits entrepreneurial success and economic growth in Nigeria.

#### **1.4 Significance of the Study**

This research will be beneficial to the academic community, aspiring and current entrepreneurs, foreign investors and international companies, and the Nigerian government. From the theoretical point of view, this study will add depth to the existing literature on business ethics, entrepreneurship, especially in developing economies/countries. As regards managerial implications, the outcome of this research will support new and intending entrepreneurs in the SME categories and incoming investors and companies on issues they will like a face when investing in enabling them to make adequate preparation, develop realistic strategies and goals before entry. The government will also be able to see areas where there are seriously underperforming and possible initiate changes to help increase ease of doing business and foster healthy competition in the Nigerian economy.

#### **1.5 Research Questions**

The following research questions will be asked for this study:

What are the problems that limit an entrepreneur's ability to compete in the Nigerian business environment?

Do these problems affect the ethical business practices and the growth of entrepreneurs in Nigeria?

Are entrepreneurship and the economic growth possible in an environment where there is unethical business practice?

## **STRUCTURE OF DISSERTATION**

### **Chapter 1 – Introduction**

An overview of the research topic is discussed to show where the gap in knowledge was identified from past literature. The reason for the study is defined by discussing the statement of the problem, the significance of the study.

### **Chapter 2 – Literature Review**

This chapter presents a critical review of literature from past and relevant studies related to this research work.

### **Chapter 3 – Methodology**

This chapter methodological approach adopted by the researcher for carrying out the study will be provided. This will include research philosophy, design, data collection approach. Ethical consideration and limitation of the work will be discussed alongside with the data analysis method.

### **Chapter 4 – Findings**

This chapter contains the interpretation and result of the collected data from the respondents of the study.

### **Chapter 5 – Discussion**

This chapter will address the findings of the study based on the objectives of the research, especially those with possible links to the reviewed literature to ascertain if research objectives were achieved.

### **Chapter 6 – Conclusion and Recommendations**

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This chapter will conclude the research problem discussed in the paper also, give recommendation and discuss suggestions for future work.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview of the Nigerian economy**

Nigeria has always been a key player in all aspects in the African continent, in 2014 it surpassed South Africa's economy to become the biggest economy in Africa by increasing 89% in size after the rebasing of its economy (Blas and Wallis, 2014). The I.M.F. currently estimates Nigeria's economy to be worth \$1.275 trillion in G.D.P. and \$504.57 billion in nominal G.D.P. I.M.F., (2019). By 2030 consumer goods sales are expected to more than triple because there is a growing consumer class and market caused by the increasing population. Over 160 million out of a projected 273 million Nigerians could potentially belong to households who engage in discretionary spending derived from sufficient income. If these potentials are fully achieved the country's G.D.P. is predicted to exceed \$1.6 trillion by 2030, and Nigeria's potential of becoming a major economic force in the coming decades will be undeniable (Leke, Fiorini, Dobbs, Thompson, Suleiman, and Wright, 2014).

Despite the growth in population, market size, and economic activities, other key markers for economic growth such as G.D.P. growth rate, inflation, and public debt to G.D.P. ratio to mention a few are deteriorating. This has resulted in unprecedented levels of unemployment, poverty, and reduction in the general standard of living. Like most developing countries in Africa, Nigeria has its fair share of challenges. They include Regional and religious conflict, Corruption, and weak governance, which holds back the country and its economy. Despite, the last two decades of relatively stable political and economic growth Poverty rate is still on the rise and growth rate is still relatively low compared to other African economies.

This condition has been caused by poor microeconomic policies, governance, infrastructures. Most researchers have further traced the root cause of these problems to the systemic corruption in Nigeria. Corruption has created an unhealthy business environment that promotes Increasing economic inequality Kemi (2019) and (Evans School of Public Policy and Governance, 2020). In 2012 when the economic outlook was positive with a G.D.P. growth rate of 6-8%, Nigerians had nurtured the ambition to become one of the top 20 economies of the world by the year 2020. Hoping to become the first African country to join this elite class of economies (Blas and Wallis, 2014). We are currently in the year 2020, and unfortunately, it has failed to meet this target and the prospects of reaching in the coming years now seem bleak.

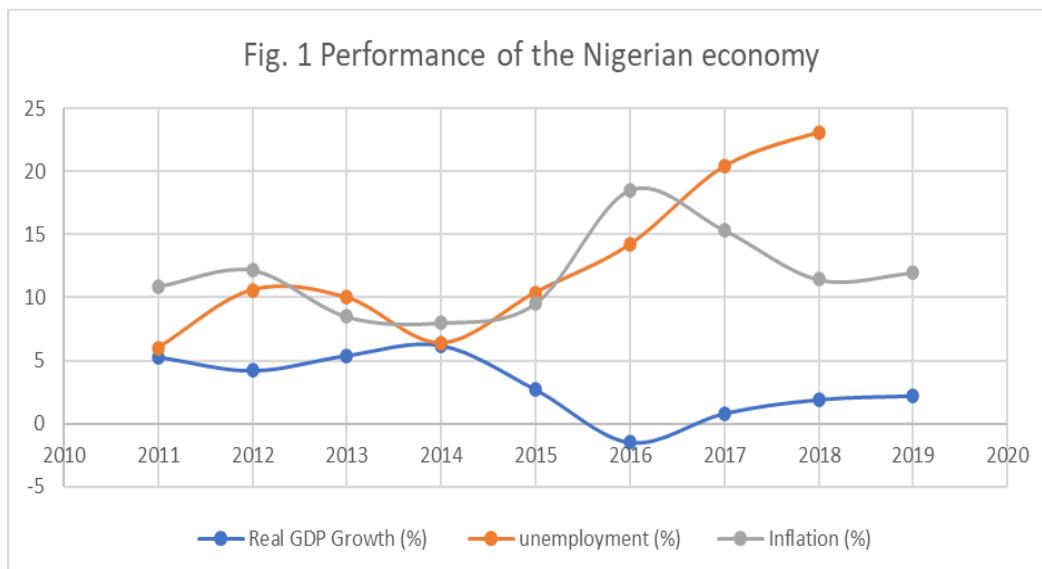
Ghana Nigeria's neighbour, the second-biggest economy in West Africa, has performed relatively well in the last three decades compared to Nigeria. Their success is due to their government decision to pursue marketed economic policies and programmes while reducing government involvement in indirect economic activities. These policies, economic reform, and structural adjustment programme which came after the nation's recovery from a recession in the early 1980s has sustained growth and earned the country a lot of praises for economic achievement (Alagidede, Baah-Boateng, and Nketiah-Amponsah, 2013). Ghana's economy is currently growing in with a G.D.P. growth rate of 8.1% ranking second in Africa and first in the Economic Community of West African States (ECOWAS) subregion PWC (2020).

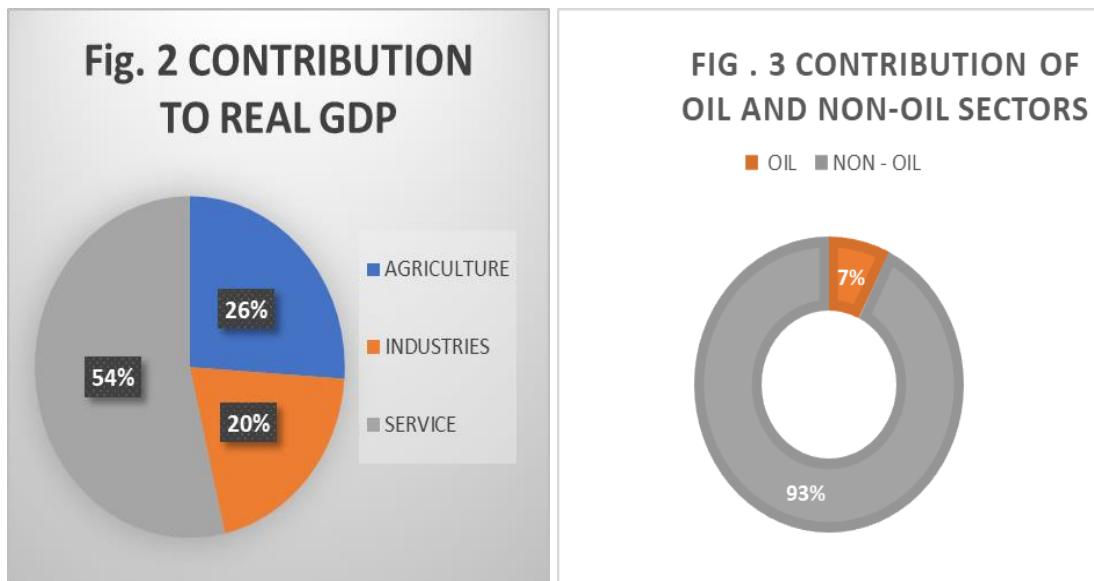
Other Smaller African economies like Egypt and Ethiopia have also recorded higher G.D.P. growth and growth rate PWC (2020). Recently In 2019, Nigeria became the poverty capital of the world with a staggering record, 94.4 out of 200 million people live in poverty, totalling a whopping 47.2% of the current population. Compared to

India, the previous holder of this position, they only had 5% of their population, which was 70 million out of 1.3 billion. Data from the world bank confirms that G.D.P. Per capital for Nigeria is at its lowest since 1981, Mailafia, (2020).

## **2.2 Current situation of the Nigerian economy**

The Nigerian economy is still in recovery after the 2016 recession, which resulted in G.D.P. contraction to -1.5%. Current growth remains slow at below 3%, a far cry compared to the days of the former glory of 2014, which recorded 6.2% growth. Nigeria's economic success is still anchored on oil exports which accounts for about 90% of its foreign exchange earnings and more than half of government revenue. Poor taxation in Nigeria limits the government's ability to tax the non-oil sector for revenue properly. N.B.S. (2020).





Sources: National Bureau of Statistics

Despite its significant contribution to revenue, oil only contributes 7.3% to G.D.P. The non-oil sector consisting of the service sector (Telecommunications, Financial and Insurance Services), Agriculture and Manufacturing, make the most significant contribution to G.D.P. at 93%. The non-oil sector has witnessed more stable growth compared to the oil sector in the previous years. With a breakdown of 54% for services, agriculture coming in next at 26% and manufacturing at 20%. The Agriculture sector, which has the biggest potential and is needed to grow the economy, is seeing poor interest and result from entrepreneurs despite government policies to make it attractive to investors (N.B.S., 2020).

Oil production though not ideal has remained consistent in the past four years. Unfortunately, with the current decrease in demand for oil caused by the unforeseen global shock of COVID -19 thing is about to become dicey for Nigeria. Most of its oil meant to be sold are being stocked piled due to collapsed demand from traditional European buyers. The Organization of petroleum exporting countries (OPEC) have agreed to further cut production. Nigeria as a member state, will need to copy with

this decision and this will reduce its output which affects the 2020 budget Stevens (2020). Economists now project a contraction of 3.4% for the year 2020 in addition to the low growth of 2% and high inflation of 12.3%. The government has been forced to cut budget plans for the second time this year as oil revenues fall drastically below the initial budget proposed price of \$57. The worst-case scenario price of \$30 a barrel is also no longer viable as market conditions have set prices at \$20 per barrel and the 2020 budget is expecting a cut by about 15%.

The business environment in Nigeria is currently unstable as its regulatory, fiscal, and monetary policy, foreign exchange, cybersecurity, and political risk are incredibly high (KPMG, 2020). All these factors are essential to entrepreneurship, with this present situation, one could only worry about the outlook of entrepreneurship which is already struggling to survive in Nigeria.

### **2.3 Nigeria's population, ethnic, and political condition, and its effect on the economy**

The Nigerian economy has always been among the biggest economies in Africa, this has been attributed to its big and continually growing market. Its big market is a result of its continually growing population. Nigeria's fertility rate is at 5.5 one of the highest in the world and is showing no signs of decline, many researchers to categorise Nigeria among African countries with a stalling fertility transition (Mberu and Reed, 2014). This prognosis spells doom for the future as uncontrolled fertility has been discovered to impact socio-economic, demographic, and environmental development adversely, especially in developing countries. Previous research conducted in Nigeria and other African countries have shown a close link between the unemployment rate and high fertility rate, which result in

population explosion (Akpa and Ikpotokin, 2012). At its current pace, a decline in Nigeria's fertility would have little impact on population growth due to the already gained momentum. Nigeria, by 2050 is expected to reach a population of 440 million people making it the third most populous country in the world after China and India United Nations, (2013).

Nigeria is expected to start reaping the benefits of its current population of over 200 million. The working-age population is not just increasing it is also corresponding with the decline of non-working age population, meaning the Dependency ratio in Nigeria is improving United Nations, (2013). This data shows that the Nigerian labour market will only continue to grow, but this might not necessarily guarantee its spot as the biggest economy in Africa in the coming years since the unemployment rate is currently high at 23.1%. The current and upcoming working-age population will need gainful employment making the problem of unemployment impossible for the government to tackle on its own.

The cultural and religious differences across Nigeria's geopolitical zones affect Nigeria's population distribution it creates an imbalanced population distribution. The North East, Centre and West geopolitical zones populated by the predominantly Muslim Hausa and Fulani ethnic groups have the highest fertility rate. This is intricately linked to polygamy, rural dwelling, high illiteracy, and poverty. The predominantly Christian southern geopolitical zones in Nigeria experience the opposite situation. Predominately populated by the Yoruba's, Igbos, they record lower fertility rates and distribution of children born to women. This is because there is a high literacy rate for both men and women who are mostly urban dwellers. (National Population Commission and I.C.F. Macro, 2009) (National Population Commission and I.C.F. International, 2014). This uneven distribution poses a

problem Nigeria's future development and ambitions of economic sustainability as the majority of its next working-age population will likely be poor, uneducated, and unemployable.

The poor demographic prospects in Nigeria is further exacerbated by a long history of religious ethnic and political conflicts which has seriously stunted Nigeria's socio-economic growth. These conflicts can be traced back to the British colonial political structure established in Nigeria which left room for ethnocentrism and set the stage for the constant conflict experienced in Nigeria till today. There is always intense competition among every ethnic group in Nigeria. This is caused by mistrust and suspicion, resulting in Unequal and differential treatment of each other. This ultimately creates a massive disparity between the northern and southern parts of Nigeria in many aspects, from literacy, level to political influence and economic prosperity Jacob (2012).

The Religious and sub-ethnic loyalties in Nigeria threatened the survival of most regions, worsens the relationships between the ethnic groups and leads to a high degree of corruption, nepotism, and tribalism. Nigerian politicians are notorious for always putting aside national interest for personal and tribal interest. They often schem to attract as many federal resources as possible for infrastructure development to their regions, at the cost of the national peace Jacob (2012).

Ethnocentrism and corruption have created an environment where anarchy, competition, and insecurity thrive. Nigeria's northern region, the least prosperous economically, experiences high poverty and unemployment among the youths is and is now notorious of carrying out Islamic Jihad attacks. It has been suggested that the high level of illiteracy and the imposition of Sharia Law in this parts of the country

creates Lack of understanding of what the Islamic faith preaches which is main reasons why religious violence persists in this part of the country Jacob (2012).

## **2.4 The role of the Nigerian government in managing the economy**

The Nigerian state practices fiscal federalism which shapes the economic structure of Nigeria. This system centralises power by putting majority of decision (including economic decision) in the hands of the federal government while relegating the states to decision making in a few areas where they are deemed more capable to perform better than the federal government. These powers are spelt out in the constitution with two lists, namely the exclusive and the concurrent legislative list. The exclusive consist of 68 items and is assigned to the federal government leaving the concurrent with only 12 items for state governments which can still be overtaken by the federal due to the shared power Elaigwu (2006) and Babalola (2015) (see Appendix 6 and 6.2 for a list of economic power shared between the federal and state government).

## **2.5 Governments role in encouraging entrepreneurship**

The Nigerian government Role in encouraging entrepreneurship has been significant since after the Nigeria civil war of 1967 to 1970. From the mid-1980s government intensified its commitment towards entrepreneurship development by establishing agencies which introduce programmes to help entrepreneurship. Each administration till date during its tenure have continued in this footstep. Unfortunately, most of these policies and programmes for entrepreneurship have been unsuccessful (see Appendix 1 for a table of the notable policy programmes). The Nigerian government also promotes entrepreneurial culture among young

Nigerians by making entrepreneurship studies mandatory in the Nigerian school curriculum, especially for higher institutions Thaddeus (2012).

General and industry-specific Policies have also been created to promote business activities some of them are: Tax relief for the Argo allied industry lasting up to five years, Agri-business/S.M.E. Investment Scheme, Power Sector reform programme. In the manufacturing sector, the Nigerian government introduced the industrial policy guidelines to help promote export-oriented industries, reduce import substitution, Increase support for private sector initiatives and joint ventures Anyanwu (1997).

In the tech industry the Nigerian government introduced a National I.C.T. Policy. The policy helped advocate positive I.C.T. usage through a partnership with youth-focused bodies and targets youth entrepreneurship. It provided support to the tech industry by Creating tax and import duty reliefs, facilitating grants, providing fiscal incentives to promot local manufacturing of I.C.T. equipment and software development, streamline importation procedures and requirements for I.C.T. equipment, reduced of multiple regulation and taxation in I.C.T., and encouraged Creating financing models for indigenous I.C.T. entrepreneurship Odufuwa (2012). Improvements have also been made to help reduce bureaucracy by the Nigerian government they include: fast-tracking registration and 50% reduction in cost for registration of business by the corporate affairs commission, 24/7 operation of Nigeria's biggest and busiest port (the Apapa Port), reduction in the number of involved agencies for import and exports procedures/documentation, improvement in Small Claims Court efficiency (Centre for democratic development, 2009).

## **2.6 Private Enterprise levels in the Nigerian economy**

### **Small enterprises**

The small enterprise is Nigeria's largest employer of labour, most Nigerians are self-employed or work for a family business close to or from home. For the urban population, this consist of 77%, and in rural areas 62%. In 2011 "working-age" adults classified between the aged 15 to 64 was estimated at 87 million people constituting over 50% of the population, small enterprises employ 53 million in of this group. However, two-thirds of them are classified as not gainfully employed because their income is not sufficient to lift them out of poverty. Four out of five people totalling 81% employed people live a subsistent life from owned family farms or household enterprises profits World Bank (2020) and N.B.S. (2011). There are 34 million small enterprises responsible for 49 million jobs, averaging 1.4 workers per enterprise. Data shows that less than 3% of enterprises employ 5 or more staff, while 8 out of 10 engages only one employee in their activities. This amounts to 43 million people which is above 80% of the employed population, N.B.S. (2011).

### **Medium enterprise**

The private sector dominated medium enterprise, and it consists of a few large local enterprises totalling only 4 million, which is small compared to small enterprise. The medium enterprise sector is still mostly informal three out of four workers in the agricultural industry from here and is informally employed in the private sector. However, agricultural employment is declining while other private sector employment is increasing proportionately, as more jobs being created in the private sector. Unfortunately, these new jobs do not pay enough to keep families above the minimum subsistence level of living. Support for the Small and medium enterprises

ranges from tax policies for various sectors and industries depending on their needs to various government training, financing, and development program all which have had limited success so far.

### **Multinational and large businesses**

For the multinationals in Nigeria, entry is currently restricted, Nigeria has played host to multinational corporations long before independence. Till date, most of these multinational corporations are still in Nigeria's core sectors of oil, banking and manufacturing but no longer dominate in any of these industries. Indigenous large companies dominate in all core sectors and industries in Nigerian Awolusi (2012) and Onudogo, (2012). From data derived on the contribution of the small and medium enterprises, a conclusion can be drawn that large companies and multinational only provide a small number of non-governmental employment opportunities in Nigeria.

### **2.7 The underground economy in Nigeria**

Omodero (2019) Defines the underground economy a legal market intentionally hidden from the government for tax evasion, avoiding or reducing of social security contribution, avoiding of official labour requirement. 65% of Nigeria Nominal G.D.P. is derived from its underground economy I. M. F. (2017). Like most countries with the same problem, the government's burdensome fiscal and structural policy is responsible for the underground economy in Nigeria. The current high unemployment has worsened the situation by creating a surge in unregistered enterprises by people seeking self-employment in the name of entrepreneurship (Mathias, Lux, Crook, Autry & Zaretzki, 2015).

Nigeria's taxation policy is a major factor that contributes to the growth of the underground economy. It is riddled with multiple taxation, outrageous tax rates and regulations, and little or no tax incentives. This adds to the long list of problems facing Nigerian entrepreneurs (Olawale and Gariwe, 2010) and Ariyo (2005). It demoralises existing and intending entrepreneurs and contribute to why close to 80% of entrepreneurs fail on or before the end of 5 years of existence in Nigeria (Ocheni and Gemade, 2015). This Taxation problem encourages new entrepreneurs into the already large underground economy where S.M.E. activities are exceedingly difficult to track and regulate. This is because Nigeria's bad tax policy and the system makes the disadvantages of the formal sector outweigh its advantages. Solutions have been proffered to solve this problem, most notable of them are the creation of the Federal Board of Inland Revenue, the tax identification number programme, and the Joint Tax Board (J.T.B.). This has all failed because they only focused on enforcing and increasing tax compliance rather than tackling the root cause of tax noncompliance (Akinleye, Olaoye, and Fajuyagbe, 2018) and Fajana (2008).

Nigeria's underground economy scope is wide and includes a lot of economic activities spanning from production to rendering services. The underground economy is characterised with no restrictions, freedom of entry and exit is guaranteed because of consist of small operations, lower-skill requirement and wages. Nigeria's Bureaucracy, an exceedingly difficult system to overcome as an impediment when setting up and running of enterprises in Nigeria, due to systemic corruption has taken a back seat among the long list of challenges for entrepreneurs. This is because Intending, new, and existing entrepreneurs are mostly setting up in the underground economy and do not envision themselves transitioning out of it. Indicating entrepreneurs prefer the underground economy despite the better financial prospects

in the formal sector, which could solve their biggest challenge. Most programmes and policies initiated by the Nigerian government are geared towards overcoming entrepreneurship biggest challenge by providing adequate funding for entrepreneurs. However, access to these funds require entrepreneurs to step out of the shadows of the informal sector, which is not happening from observation G.E.M. (2013).

The underground economy is advantageous to some extent in a country like Nigeria that ranks 146 out of 180 in the transparency international corruption index. Nigeria government is riddled with public administration corruption and dishonest policymakers constantly embezzling public funds. The underground economy consciously hides from the government productive economic activities which normally would be subject to high tax burdens and high social contributions (Buehn, Dell'Anno & Schneider, 2012) (Schneider & Williams, 2013). (Schneider and Buehn, 2013) Research conducted in 39 OECD highly developed countries identified government regulations, self-employment, unemployment, and heavy tax burdens resulting from bad tax policies as major determinants for emergence and survival of the underground economy. The determinants of Nigeria's underground economy are almost same they include unemployment, high inflation rate, poor tax policies and state regulations being the most influential factors Schneider, (2014) and (Ogbuabor and Malaolu, 2013).

(Kireenko and Nevzorova, 2015) investigation into the impact of the underground economy using life expectancy at birth, unemployment rate, school dropout rate and population growth rate as makers showed that it bad for a country in the long run. The study result showed a proportionate increase in the level of life with underground economy growth but showed a decreased quality of life in aspects like education, long life, and overall health. Yelwa and Adam (2017) advocate for

participants of the underground economy to be brought out from the shadows for proper taxation, to help improve the revenue stream of the country and avoid the poor quality of life in the future. They also believe the underground economy has undeniably in some ways had a positive impact on Nigeria's economic growth. However, Omodero (2019) Opines that this claim is bogus because the huge revenue losses recorded by the government which is crucial for its effectiveness reduces its ability to adequately provide infrastructures for the citizenry, thereby limiting socio-economic growth. He is also worried by the poor tax morality of underground economy participants in Nigeria Who still benefit from infrastructure provided by the government which is paid for by the formal sector participants.

## **2.8 Role entrepreneurship (S.M.E.s) and ethical business practice in driving economic growth**

Schumpeter, a popular scholar of entrepreneurship, put forward a theory known as Schumpeter effect. This theory states that entrepreneurial development reduces unemployment and promotes economic growth Schumpeter (1934). Most Nigerians scholars and the Global Entrepreneurship Monitor (G.E.M.) hold this same view and have established proof of a significant relationship between entrepreneurial development and economic growth. G.E.M.s research showed higher levels of entrepreneurial activity result in stronger economic growth for nations, making entrepreneurs the link between new ideas and economic growth. Entrepreneurship contribution to economic growth and employment applies to all countries form the underdeveloped to the developing and developed ones Naude (2013). Entrepreneurship is increasingly being recognized as a primary engine of economic growth everywhere Henderson (2007). It adds value through the combination of innovative ideas and existing resources to create new ideas which are then

commercialised. This leads to job creation and the establishment of new firms. The Wenneker and Thurik Model below shows the Structural Link between Entrepreneurship and Economic Growth.

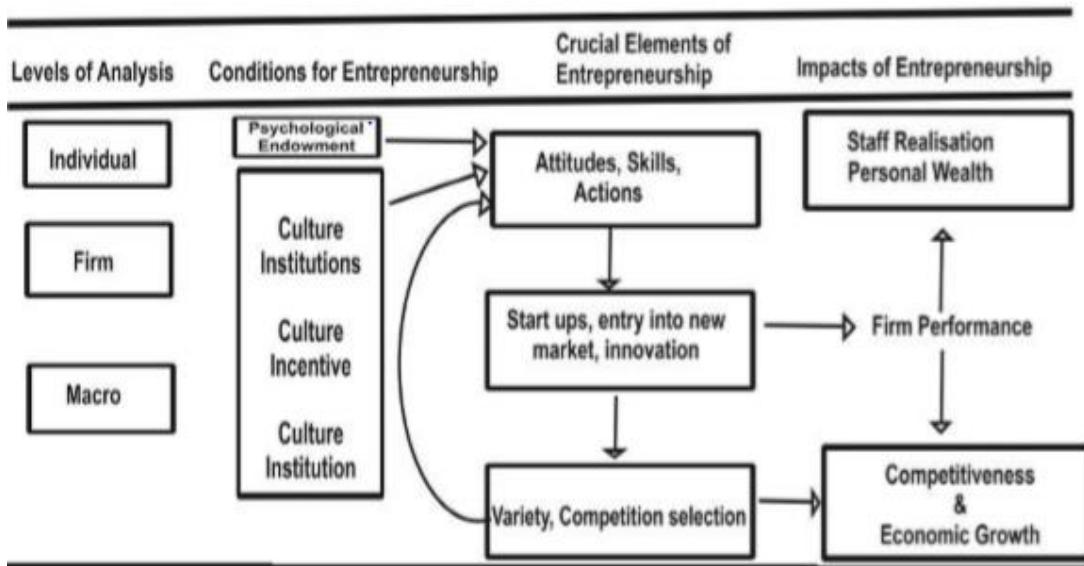


Fig. 4 The Wenneker and Thurik Model

## 2.9 Ethical business practice

Running a business with no regard for ethical practices eventually leads to problems with the law, customers, employees, and business partners. Unethical practices lead to poor business reputation and significant losses in the long run, which can be difficult to reverse. This is because customers value ethical businesses and seek alternatives once these values are lost Donovan (2013). Ethical and socially responsible practises like accountability, integrity, trustworthiness is especially important for S.M.E.s and benefit entrepreneurs financially in the long run Ahmad (2009). According to (Goll and Rasheed ,2004), a business's image and reputation can be influenced by good practices. Abideing by the law, meeting tax obligations, honouring contractual obligations, and creation of jobs for the local communities are some of the few ethical practices S.M.E.s should follow. These practices give them

some competitive advantages ranging from high levels of operations efficiency, better financial performance, perceived product quality, to customer loyalty and retention. This leads to profitability because of the reduced cost of business transactions over time-based on the foundation of trust built with all stakeholders (McMurrian & Matulich, 2006), (Dzomonda and Fatoki ,2017) and (Ferrell, 2004).

## **2.10 Effect Ethical business practices could have on Nigeria's economy**

According to Amos (2012), Ethical business practices can be instrumental in solving the economic problems in Nigeria by creating healthy competition while simultaneously discouraging cut-throat competition within competitors in the economy. It can give equal opportunities to small-scale business by avoiding a monopoly, which is harmful to the consumers. Ethical business practices can lead to the following synergistic effects on the economy:

- 1) Better Inflows of foreign business/ investments into Nigeria
- 2) Increase in G.D.P. and G.D.P. growth rate
- 3) Low unemployment
- 4) Increased revenue for the government and entrepreneurship arising from profits maximization
- 5) Improved business survival rate and proliferation
- 6) Strengthening of Nigeria's fiscal and monetary policies in the systems.

## **2.11 Ethical business practice in Nigeria**

The institutionalised practise of providing benefits to business or government officials to gain the unfair market, workplace or economic advantage in Nigeria has become an effective way of doing business. This is due effects of corruption, bribery, and fraud (Abiodun & Oyeniyi 2014). Bribery, corruption, and tax evasion are no

longer considered unethical business practices but rather seen as common practices. For instance, a recent report by PWC (2020) shows Nigeria ranks 159 out 183 among all countries of the world on tax payment rating and compliance. This shows how bad the tax evasion problem is (see appendix 3 for tax revenue data). These practices have negatively impacted economic growth by encouraging a high level of bureaucracy, the poor legal system, eroded public confidence and trust in the system and slowed the development of infrastructure which individuals and business depend on (Unruh & Arreola, 2009). This situation puts S.M.E.s in a precarious position today, with their small size and limited access to finance, this creates a high struggle to survive as they tend to experience more difficulties. The temptation to take shortcuts increases when doing business which inadvertently creates difficulty in building a credible reputation (Medlin & Green, 2003). This forces them to focus more on short term survival as opposed to adopting a long-term vision and focus. This is the case of most S.M.E.s in developing countries who lack awareness and understanding of the importance of business ethics and its long-term advantages.

## **2.12 Contribution of S.M.E.s to the Nigerian economy and its potential role in solving Nigeria's economic problem**

Seventeen million S.M.E.s in Nigeria currently employ more than 31 million Nigerians, making them the biggest part of enterprises in Nigeria at 80%, they employ about 75 % of the total workforce. S.M.E.s have helped sustain foreign exchange generation, which boosts Nigeria's export portfolio and smoothen out its adverse Balance of payment situation Aremu (2004). Statistics show that 38% of Nigerian entrepreneurs create no jobs, while 55% create 1 to 5 jobs, 4% create 6 to 19 jobs, and Only 2% create 20+ jobs. Unfortunately, two-thirds of these entrepreneurs were expected to experience low growth for their first 5 years, leaving

only One-third of them to experience steady growth G.M.E. (2012). Most Nigerian entrepreneurs are aware of these problems and high failure rate making them hesitant to making promises relating to employment creation. However, they still have high expectations for growth, and this is evident in Nigeria's Early-stage total entrepreneurial activity (T.E.A.) levels data. Nigeria's (T.E.A.) level was lastly recorded at 35%, in 2012, this is one of the highest in the world. Despite the huge stumbling blocks facing them, one-third of entrepreneurs optimistic of adding more than five jobs within the first five years and experts also have a positive expectation for job creation by entrepreneurship. Experts project that only 4% will create no jobs, while 62% will create 1-5 jobs, 22% will create 6 -19 jobs, and 10% will create 20+ jobs G.M.E. (2012).

Entrepreneurship is the best option for providing a sustainable system for the attainment of the national economic objective, which is employment generation with the lowest possible investment cost. It will provide a more cohesive attempt at diversifying the economy to help create a stabilizing effect on the economy when fluctuations occur in oil price. Entrepreneurship creates a conducive condition for economic growth and would be valuable in shaping Nigeria's economic direction. It will provide the government with revenue through tax payment for infrastructure provisions and creation of better opportunity for the citizenry, e.g. education for the next set of the working-age population which will be dominated by the less privileged Nigerians living in poverty Gunu (2004) and Aremu (2010).

Entrepreneurship will help improve the standard of living, create income and savings, encourage the improvement of indigenous technology, and form the basis of Nigeria's natural economy and industry. It can create a conducive condition for economic growth and speed up the rate of socio-economic development, which will

shape the country's economic direction. Entrepreneurship, can Relief the government of some economic responsibility affording them more time to focus and deal with the political and ethnic problem of Nigeria Like taking steps to foster unity which would be a powerful weapon in fighting ethnic and religious conflicts Afolabi (2015). Studies have shown that Entrepurnership can help reduce poverty and Empowered people irrespective of the tribe and religion they represent. Empowered people stand a better chance when demanding for changes form bad government officials regarding selfish policies and programmes. They are also better equipped to elect efficient and quality leaders for political office than people living in poverty Akpomujere (2017).

### **2.13 Possible government policy change to encourage sustainable levels of entrepreneurship and overcome the underground economy**

Various researchers have made recommendations to the government for policy changes that should be carried out to help entrepreneurship and economic growth. Afolabi (2015) and Akpomujere (2017) recognises that the greatest challenge to entrepreneurship and other forms of businesses will always be the problem of poor infrastructure, and this needs to be tackled. The top two infrastructural problems which need urgent attention are the power supply and good transportation network to aid the free flow of people for trade. These two problems if successfully addressed, could encourage tax paying by reducing the poor perception of value for paying tax. This is in line with (Akinleye, Olaoye, and Fajuyagbe, 2018) observations that the poor perception of value and respect in the tax system by most Nigerians and corporate entities, is a direct result of inadequacies on the part of the government to provide fundamental facilities.

Instead of creating new policies, audits of all existing and previous policy should be carried out to avoid repetition of already failed policies or creation of policies and programmes with clashing interest. The trend of sacrificing policies and programmes for political expediency by the new incoming administration should be curtailed, viability and ability of the policy and programme to solve the problem on the ground they were created for should be considered before termination (Abimbola and Agboola, 2011). All MSME programs and agencies should be required to show at the least basic transparency and accountability when spending public funds. Their regular, opaque mode of operations and nonchalant behaviour needs to be checked with or without allegations of corruption (Page and Okeke, 2019) (Abimbola and Agboola, 2011).

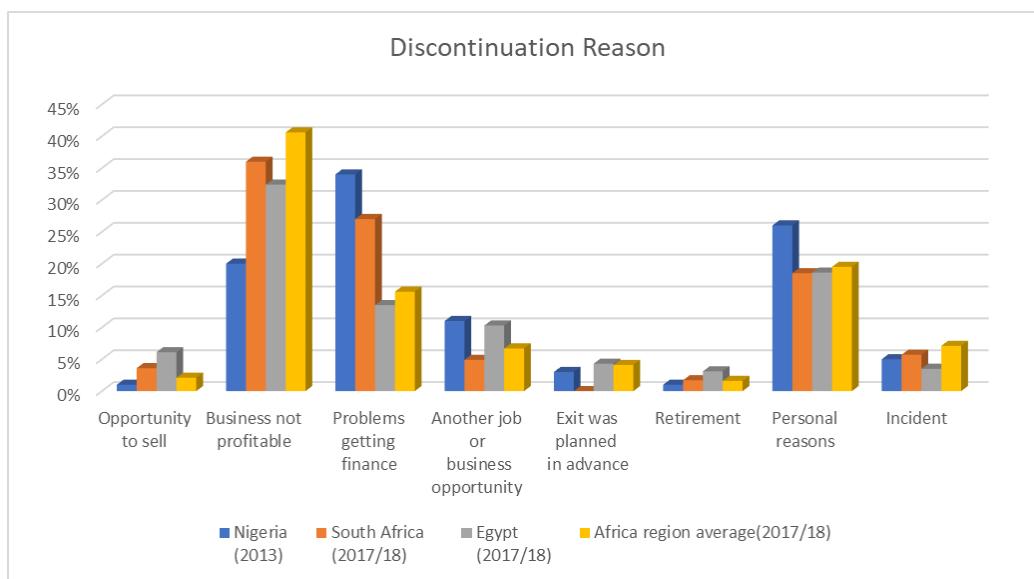
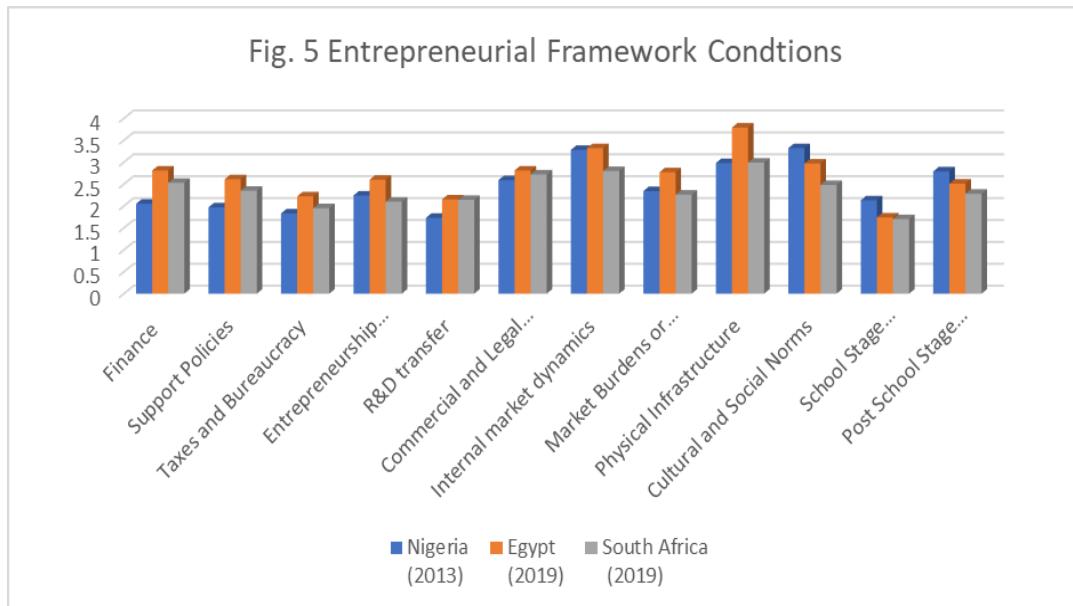
The legislature needs to step up in the management of resources and commit to the fight against corruption, by streamlining and consolidation of all MSME-related agencies and programs under the Ministry of Trade and Investment. They could collapse and consolidate all development and financial institutions into one entity through legislation for effective administration and proper oversight of activities reducing agencies complacency and corruption (Page and Okeke, 2019). (Akinyemi and Adejumo, 2018) from their study discovered that policy factors that enhance entrepreneurial activities differ across entrepreneurship phases, this range from the conception, firm birth, persistence, established, and renowned phase. He recommends policymakers need to recognise these differences and tailor effective policies targeted at each of these specific phases for optimum result.

The formal sector tax policy should be optimized to help encourage production in it and reduce the incentive of the informal sector. This will help reduce the huge informal sector unhealthy dependence on the formal sector for resources (Solomon,

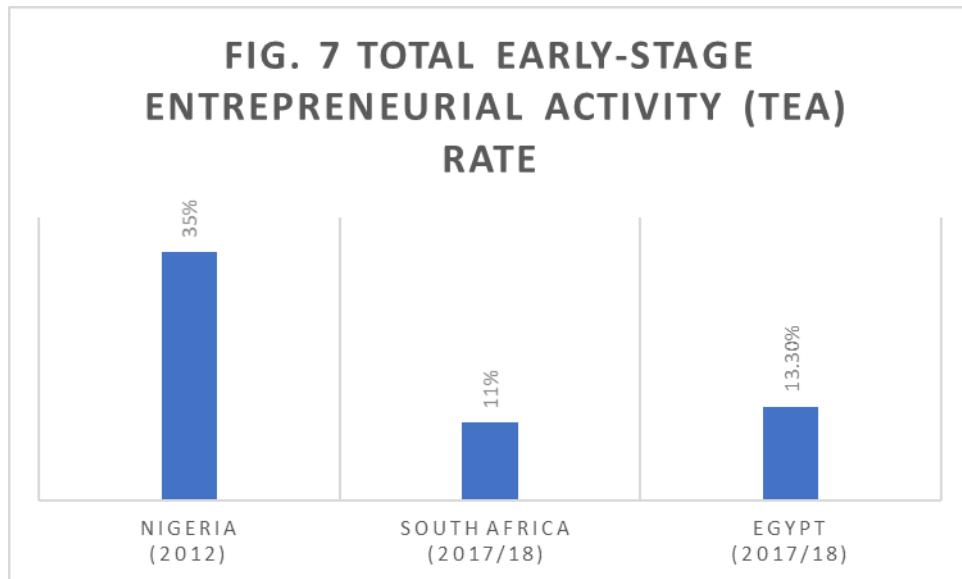
2011). The policy should be aimed at reducing the barriers of entry for production in the formal sector should be created to help encourage the transition from informal to the formal sector. Harmonization of taxation for all states, including all three tiers of government should be introduced along with a frequent review of tax policies for industries seeking to attract more entrepreneurship presence. The tax rate should be lowered to aid the reduction of tax incidents while Tax incentives such as tax allowances, holiday etc. should be extended towards entrepreneurs (Aribaba, Oladele, Ahmodu and Yusuff, 2019).

## **2.14 Examples and Lessons that can be from Egypt and South Africa**

Egypt and South Africa are now moving to the phase of meeting industry-specific needs, while Nigeria is still grappling with basic entrepreneurial needs. Unlike Nigeria, these countries' economies have grown to become fully diversified and Efficiency-driven economies without access to the vast resources available to Nigeria. These two economies are Recording G.D.P. growth rate and G.D.P. size almost equal to and exceeding Nigeria's own. Data from G.E.M. displayed on the chart below show entrepreneurial spirit, drive, success rate and education are high in Nigeria compared to these countries. However, these countries continue to boast of a better result in economic growth compared to Nigeria.



**Fig. 6 Discontinuation reason**



Source: G.M.E Nigeria, South Africa and Egypt Report.

Note: 2013 was the last report published for Nigeria

The South African business environment shares some similarities with the Nigerian business environment, especially in challenges faced. These challenges include access to affordable credit, government assistance programs, cut through bureaucratic red tape, and high-level of corruption from top to bottom of the bureaucratic structure. Despite these similarities, the South African government, unlike its Nigerian counterpart, has been able to run at least MSME programs that are far less prone to corruption compared to the Nigerian programs.

The reason for this is the South African programs are closely monitored by the legislative making it more transparent. Because legislators and civil society can detect and advocate changes in needed areas, the South African government are held accountable and are constitutionally bound to answer questions in parliamentary secessions. By doing this, they have created stronger legislative oversight when compared to Nigeria. Legislative oversight has helped keep things in check to a certain extent, and it could do the same for Nigeria (Page and Okeke, 2019).

Despite the difference with Egypt's entrepreneurship ecosystem from Nigeria, has expanded, the Nigerian system can learn a lot from it. Egypt has experienced growth in its ecosystem because of the following reasons include the following

- A) Introduction of venture capital for alternative funding
- B) launching of the Micro, Small and Medium Enterprises Development Agency (MSMEDA) to support entrepreneurship and MSMEs by the government
- C) new regulatory reforms for bankruptcy, investments and industrial licensing through laws and decrees have been enacted to help entrepreneurs
- D) introduction of start-up incubators, entrepreneurship support programs and accelerators, even at universities.

All these changes have led to growth in most key indicators. Taxation, which previously increased the burden for small businesses, rates have been addressed. The changes did not just address the high levels of taxation. It looked into value-added tax (V.A.T.), tax calculation and collection, reduced the lack of predictability, consistency, and transparency that was present in the tax system. The Nigerian government could do the same to help improve Nigeria's entrepreneurship ecosystem G.M.E (2018).

In addition to these recommendations for financing the Nigerian government could consider reducing its interference with entrepreneurial activities. This is because its intervention has rather had a profoundly negative impact on the business environment Due to corruption. Maybe it is time to partner with international development partners to help realign, support, and engage entrepreneurs away from the problematic entities that have hampered growth. Just like in Egypt's introduction of venture capitalist funding has helped drive growth and could do the same for

nigeran. A suggestion could be the encouragement of Application for a nonsubsidized bank loan if reduced government intervention in the loan-making business will make it more successful for entrepreneurs. MSMEs valuable time wasted on politicking and bribe paying to gain access to government programs loans will be saved, and it helps rebuild trust between MSMEs and commercial banks that government presence in the MSME financing space has destroyed. There will be no politically connected shell companies acquiring loans meant for MSMEs, which reduce access to finance (Page and Okeke, 2019).

Most Nigeria's MSME programs have not helped bridge the gap between government and entrepreneurs, but instead Created a perception that government MSMEs programs are not there to support them. Cooperation between government agencies and private sector stakeholders similar to the practice in Egypt could help solve this problemt. The private sector can help rebuild the lost trust and improve effectiveness in these programs. This could happen until its agencies can win back the respect of small business in other to have a real-word impact (Page and Okeke, 2019).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter will address the underpinning methodology and research methods deployed by the researcher to achieve the aim and objectives of this research. The researcher in this chapter will make his argument for the choices in research philosophy, approach, and design. He will also in detail, discuss and analyse the data collection method and procedure, target population, sample size technique and presentation. Finally, the limitations peculiar to this study and ethical considerations guiding the research will be addressed.

#### **3.2 Research philosophy**

Research philosophy is a belief system or assumptions about knowledge development used in a particular field of study. It shapes the researcher conducts and understanding of the phenomenon he is investigating by allowing the creation of a coherent research design where research elements properly fit together (Johnson and Clark, 2006) (Saunders, Lewis, and Thornhill, 2019). This study follows an epistemology rather than ontological philosophy because it seeks to understand the nature of reality rather than what is reality. The researcher employs the epistemology of positivism for this study because it advocates and allows the application of natural scientific methods when studying issues related to social reality and beyond using the following principles:

- a) Knowledge must be confirmed by the senses to be genuine.
- b) That the hypotheses generated from the theory must be capable of being tested to allow the explanation of laws to be assessed.

- c) To arrive at knowledge, facts that provide the basis for the law must be gathered first.
- d) Research must be carried out in an objective manner (value-free) (Bryman and Bell, 2007).

This epistemology believes that human behaviours and social reality can be understood through objective studying, and observations can lead to the creation of cause and effect laws that govern most general forms of human activity. This opposite to the counterclaim of the interpretive and constructivist school of thought which argue that social realities cannot be defined or governed by an established set of laws and do not define or govern social realities but instead humans through social interaction define social realities (Johnson and Onwuegbuzie, 2004).

### **3.3 Research approach**

A research problems nature and philosophical background within which it is positioned determines the approached needed to carry out the research Creswell (2019). Saunders et al. (2019) identify three research approaches; they are deductive, inductive, abductive approach. The research adopts the deductive approach for this study because it will enable the identification of a cause-effect relationship between concepts and variables. The deductive approach operates in a manner that allows facts to be measured for generalization following the principle of reductionism Saunders et al. (2019). A quantitative approach will be used in this research work because it works well with the deductive approach and is widely adopted by researchers who chose positivism as their research philosophy Creswell (2019). The deductive and quantitative approach encourages confidence in result accuracy because of the rigorous process involved to make sure bias is gotten rid of or reduces

(Holden and Lynch, 2004). The reduce or bias-free process will give the researcher a more objective view when trying to justify his hypothesis while testing relationships between variables (Johnson and Onwuegbuzie, 2004) and (Hoe and Hoare, 2012).

### **3.4 Research design**

A research design is a major conceptual framework in the research process that involves creating a plan that helps the researcher identify specific data collection and analysis methods for the research data. It is important because it prepares the researcher on actions to take for data collection and data analysis Akhtar (2016). The researcher adopts the cross-sectional design for this study because this design provides him with the best tools to understand the relationship between the business environment and entrepreneurship, ethical business practice, and economic growth and development.

Cross-sectional design helps in the study of current phenomena in terms of beliefs, practices, processes, conditions, relationships, or trends. This design is focused on the attitudes and views of people towards social situations or events. Its focal points are answering the questions of what, who, where, how and when. For this research design facts are collected and tabulated, then a very comprehensive process is taken for analysing, interpreting, identifying trends and relationship of the collected data Salaria (2012). A cross-sectional design involves data collection in many cases to create a body of quantitative or quantifiable data which is in connection with many variables at a single point in time. This is done for a close examination to detect patterns of association (Bryman and Bell, 2007).

The cross-sectional design suits this study because it helps provide an accurate representation of the participant's attitudes towards the research questions. It will

give the researcher a clear understanding of the existing relationship between the dependent and independent variable in the study. The independent variable for this study is the tax policy, corruption, government policy, entrepreneurship funding while the dependent variable includes paying taxes, access to finance, regulations set by governments, for example, paying minimum wage, ethical business practice etc. Answers to these questions can only be gotten through a research process that allows for structured testing of cause and effect relationship in an uncontrolled environment within a limited period in the present without comparison. The Longitudinal, Case study, Experimental and comparative research design will not be suitable for this purpose.

### **3.5 Data collection method**

#### **Research instrument**

Because the researcher adopts a positivist and quantitative approach of research, the most widely used research instrument for a positivist research paradigm which is the questioner is adopted. This allows the researcher to be distancing himself from the respondents since no personal relationship is necessary to in other to collect primary data need to determine the profile of the respondent as opposed to other approaches (Yauch and Steudel, 2003). This will help the researcher adhere to the epistemology of Positivism which encourages the researchers to remain detached and independent from their study at all times to avoid compromising the research by exerting influence or imposing personal biases on respondents Tuli (2010).

Especially in a survey, a questioner is used to gauge behaviours, experiences, and beliefs of study participants. There are various avenues for questioner distribution, and they range from a direct physical distribution which involves face to face

interaction with respondents or indirect/virtual distribution which utilises modern communication channels like the post, telephone, email, Checkbox, SurveyMonkey etc. For this research, Google forms will be used by the researcher for the creation and distribution of questioners, its reliable and cost-effective platforms with easy access. The questioners will be hosted on the platform then sent through emails and other social media platforms, with an embedded link to the respondents previously selected from the sampling technique used by the researcher.

### **Questionnaire development and characteristics**

The questionnaire distributed will only include questions with quantitative elements. This will give respondents short answer options to pick from to elicit a short but factual response. Close-ended questions will be used because they are the most effective option for getting this quantitative data Quinlan (2011). The questioner will include three sections A, B, and C, respectively. Section A will consist of questions aimed at gathering personal and company data which include age group, gender, number of years engaged in entrepreneurial activities. This will aid in categorising the entrepreneurs into various sections and determining their current situation and role they play in the economy.

Section B and C will contain questions aimed at understanding the role the Nigerian business environment plays in entrepreneurship, its problems and recommendations for the government. Questions will be close-ended and will be answered using a standard five-point Likert scale. This scale has proven to be advantageous when measuring and capturing respondents' precise direction, feelings, and attitudes in terms of force. It includes the following variables Strongly Disagree (SD), Disagree (D), Undecided (U), Agree (A) and Strongly Agree (SA) (Quinlan, 2011). Open-

ended question will not be included to reduce the risk of low response rate caused by low patience on the part of the respondent to write down answer Saunders et al. (2019) and Rowley (2014).

### **3.6 Target population**

The target population selected for this study are male and female entrepreneurs currently running businesses in Nigeria. Expected age for the respondents will range from 18 – 64. This is based on the 2012 GEM TEA rates by age group involved in entrepreneurial activities in Nigeria GEM (2012). The definition of the target population are as follows:

- a) New business owners (1-5years)
- b) Persisting business owners (6-10 years)
- c) Established business owners (10-20 years)
- d) Renowned business owners (20 plus years)

### **3.7 Sampling technique**

For attaining a sample size of 50-100 entrepreneurs, convenient sampling will be adopted. The sample size allows the researcher to select participants that are easily available and accessible to him Quinlan (2011). The researcher has deemed this technique adequate in the light of the current situation he finds himself conducting this research it will be efficient and the only way possible to gain access to the targeted number of participants needed for the sample size.

### **3.8 Sample size**

The sample size is crucial because it helps the researcher achieve a realistic, less expensive, time-saving data collection process which would have been impossible to

do if the entire population were to be targeted (Quinlan, Babin, Carr, Griffin, and Zikmund, 2019). The researcher aims to use a sample size of 50 – 100 participants, which will be conveniently selected for the research. They will be drawn from entrepreneurship in different states in Nigeria due to the use of an online platform for delivering the questioner's anyone with a mobile phone will be able to access it. This will help give a broader narrative of the Nigerian business environment.

### **3.9 Data collection procedure**

An indirect approach will be adopted for questioner distribution to respondents. The questioner will be shared by email and what's App groups for entrepreneurs in Nigeria. A cover letter will be attached before questioner to help explain the objective of the study. This chosen method proves to be the best because it gives the researcher convenient access to participants quicker in different states. Since there will be no face to face encounter any bias held by the researcher will not be transferred to them. It will give the researcher a better opportunity to reach is the target sample size because of how easily the questioner can be shared to participants. It will increase the possibility of participants recruiting other participants from their community of entrepreneurs for the research to help make up the number of the sample size required for the study. It will help solve the challenges of getting such a large sample size during this COVID-19 pandemic direct where interaction with participants is restricted.

### **3.10 Data analysis**

Due to the need to properly present, calculate and analyse data derived from the questioner, the researcher used SPSS 20.0 (Statistical Package for Social Science). To properly identify the various degree levels between variables where cause and

effect relationship exist, the Pearson Chi-Square will be used. The independent variable where taxation policy, corruption, access to finance, government policies. The dependent variables where tax compliance, ethical business practices, socio-economic growth and development.

### **3.11 Ethical consideration**

Ethical considerations must be a priority for any researcher before initiating any research (Fouka and Mantzorou, 2011). This research will touch-sensitive aspects of an entrepreneur's daily business activities which will be of concern to them. Ethical principles will, therefore, have be adopted and be a major priority while conducting this research. The National College of Ireland ethical guidelines will be strictly adhered to in addition to others deemed required by the researcher. These principles will include those listed by (Hammersley and Traianou, 2012) which are "minimizing harm as much as possible by protecting privacy, offering reciprocity, respecting autonomy and treating participant equitably" during the research.

For this research confidentiality and informed consent was a key ethical principle. All data obtained was done through an official introductory letter, vetted and pre-approved by the project supervisor for distribution. Participation and withdrawal were voluntary with no penalties, and participants anonymity was always maintained by ensuring discrete and confidential handling of their data. Data collection was limited to this research only, and respondents were informed of the purpose of the study and data handling procedure. It was made clear that if in the future participant's data where required, Prior approval will be requested, and adequate information given to the participants on request at any point in time. Measures taken by the

researcher to ensure participants' protection included: secure data storage in the cloud before and when using the SPSS software, using Google Form's privacy policy, which always anonymized participant identities. Informed consent was acquired through the clicking of the acceptance button after reading the survey requirements which the questionnaire link directs them to first.

### **3.12 Limitation of the study**

The first limitation of this study was the decision to use a cross-sectional research design which led to the use of a quantitative approach for the study. The exclusive use of closed-ended questions in the questioner only facilitated the collection of numerical data and reduced the ability to collect more narrative data which could have proved useful for an in-depth understanding of the study. The scope of the study was limited to tech-savvy entrepreneurs in Nigeria who had access to an internet connection and smartphones which constitute below 50% of entrepreneur's based on data from the GME and Stastica.com on internet penetration in Nigeria.

The imposed time constraints were another limitation putting pressure on the researcher to complete the work. This may have impacted the results, as a more robust analysis could have been done or more responded targeted to give a detailed depiction of the situation on the ground. The COVID-19 pandemic was a big limitation to this study because it reduces the researcher physical access to academic materials and respondents.

## **CHAPTER FOUR**

### **FINDINGS/RESULTS**

The questionnaire was distributed to entrepreneurs in Nigeria via an online survey. A total of 66 entrepreneurs successfully responded to the survey. The results are presented and discussed below.

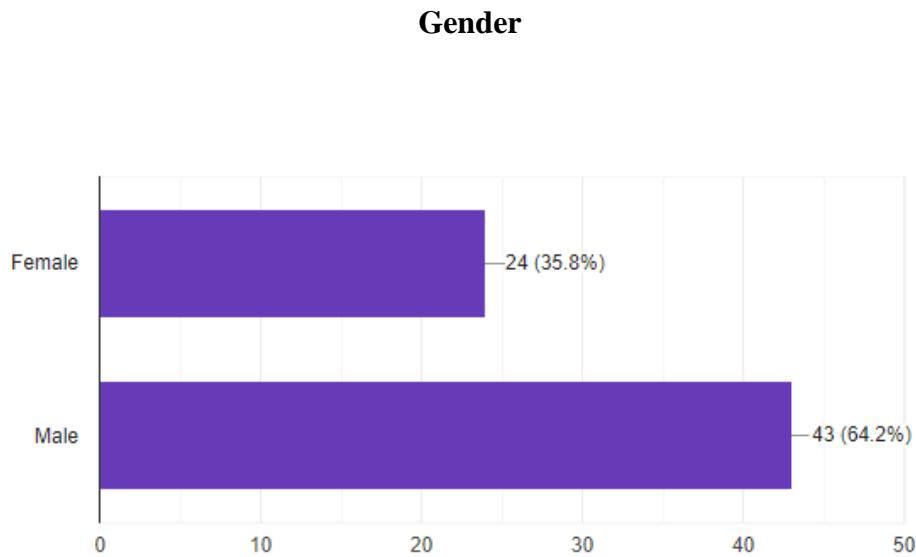


Fig. 8 Gender of the respondents

The result presented on Fig. 8 shows that (64.2%) of entrepreneurs were male while (35.8%) were female. This result proved a little difficult to analyse because most research into the gender dynamics for Nigerian entrepreneurship has been difficult to understand. Researchers have noticed that female participation in entrepreneurship at under 25 years of age is higher compared to male but significantly drops from age 25 to 34. Since 80% of our respondents fall in between 18-29 years of age, a clear reason for the disparity in gender participation can not be drawn at this time.

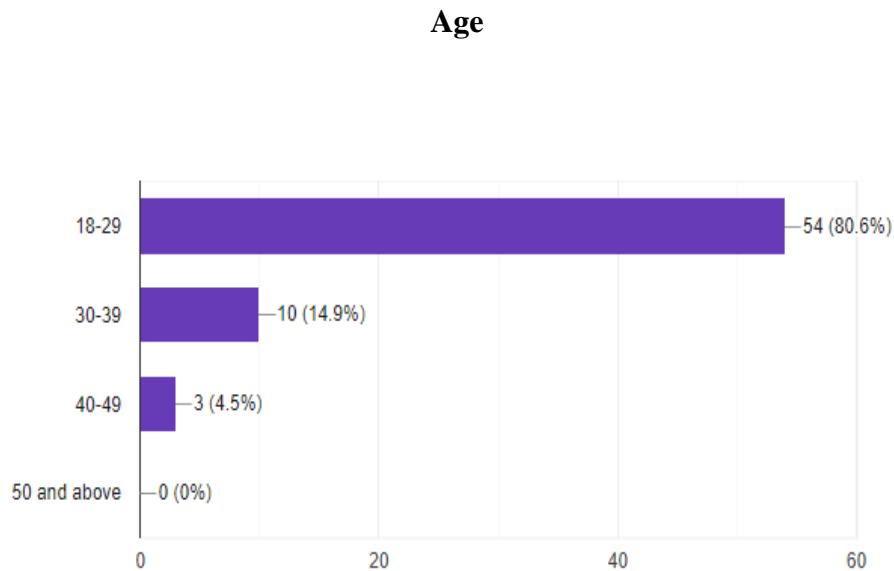


Fig. 9 Age of the respondents

The result presented on fig. 9 shows (80.6%) of the respondents were between the ages of 18-29 years, while only a few (14.9%) were between the ages of 30-39 years. The result of age distribution throws more light on the rate of entrepreneurship development in Nigeria. It agrees with the 2012 GEM finding that Nigeria's is one of the few African countries with a high Early-stage entrepreneurial activity (TEA). The federal government of Nigeria emphasis on entrepreneurship for young Nigerians, especially recent school leavers could be the reason why the majority of the entrepreneurs in the study were those of the younger generations. The researcher had difficulty attracting older entrepreneurs to partake in the study this could be as a result of reduced enthusiasm from dealing with the Nigerian business environment over the years.

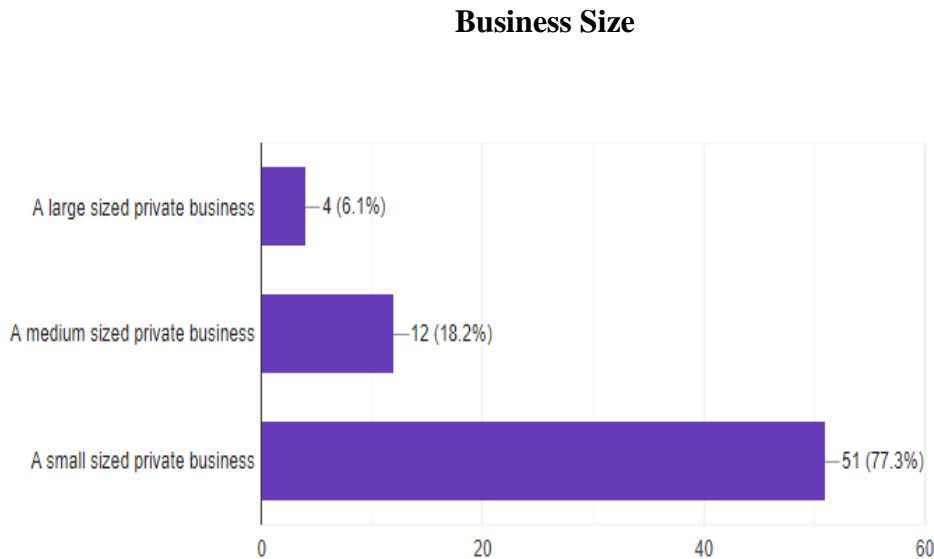


Fig 10. Business size of the entrepreneurs

The result presented in figure 10 shows 77.3% of the respondents were involved in small-sized private business while only a few (18.2% and 6.1%) were involved in medium-sized and large-sized private business respectively. This is in line with the other researchers finding of the makeup of the Nigerian economy where the small enterprises dominate the economy in size, creation of employment, and contribution to national GDP.

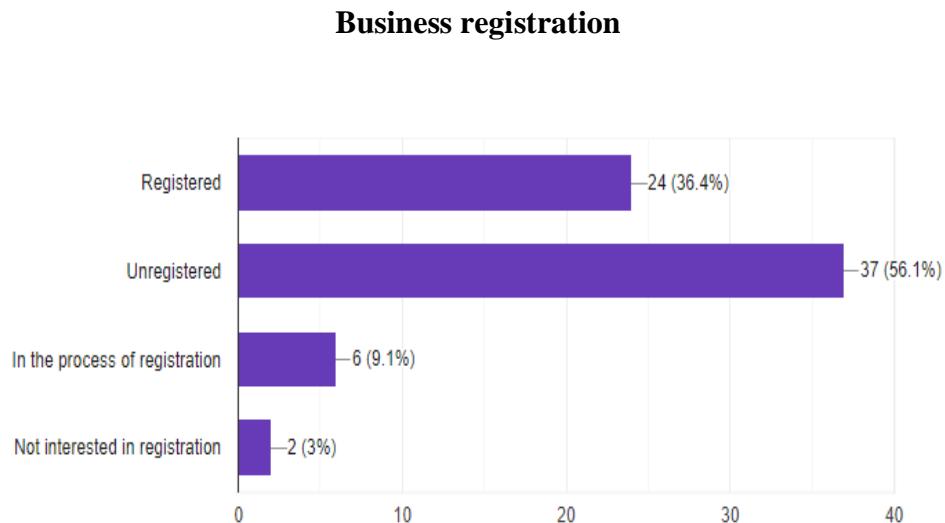


Fig. 11 business registration status of the entrepreneurs

The result on fig. 11 shows 56.1% of the businesses where unregistered, while 36.4% were registered. Very few (9.1%) of the business owners indicated that their business is in the process of registration and some were not interested in registration at all. This shows that there are underground economic activities in the Nigerian economy. The percentage of unregistered businesses ties closely with the narrative that the underground economy is larger than the formal economy and 65% of Nigeria Nominal GDP is derived from its underground economy seeing that unregistered businesses totalled (56.1%) of the businesses. One could speculate that the Very few (9.1%) currently in the process of registration is partly a result of the recent actions of the corporate affair commission decision to adopt an online process and reduce cost to the barest minimum.

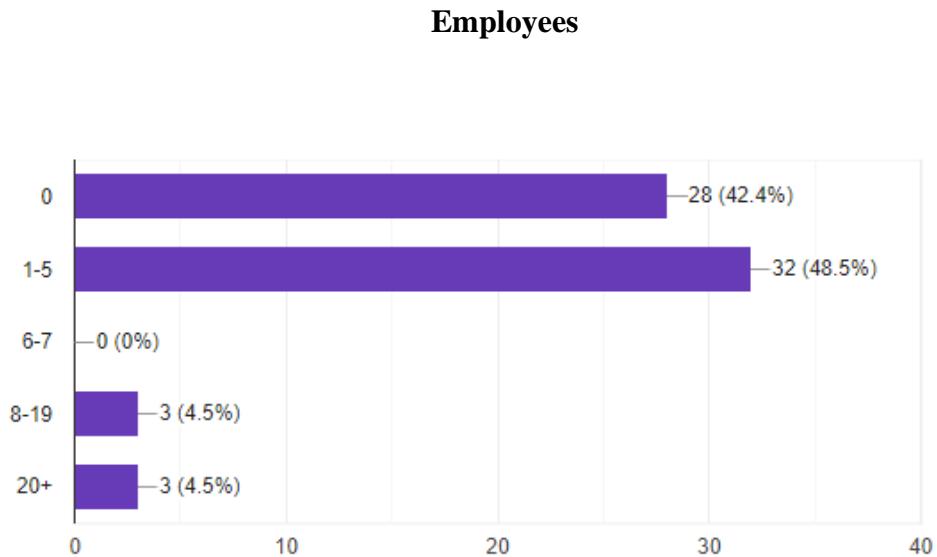


Fig. 12 Employee distribution among the businesses

The result on fig. 12 showed 48.5% of the businesses had between 1-5 employees, 42.4% of the businesses had no employees, and while very few (4.5%) had employees above 20 persons. This data set shows that almost half of entrepreneurship has not been able to create employment while almost half are creating employment. This shows that conditions have gotten worse over the years, according to the GEM in 2012, only 4% were of entrepreneurs where not creating employment and 62% created jobs.

### **Business Duration**

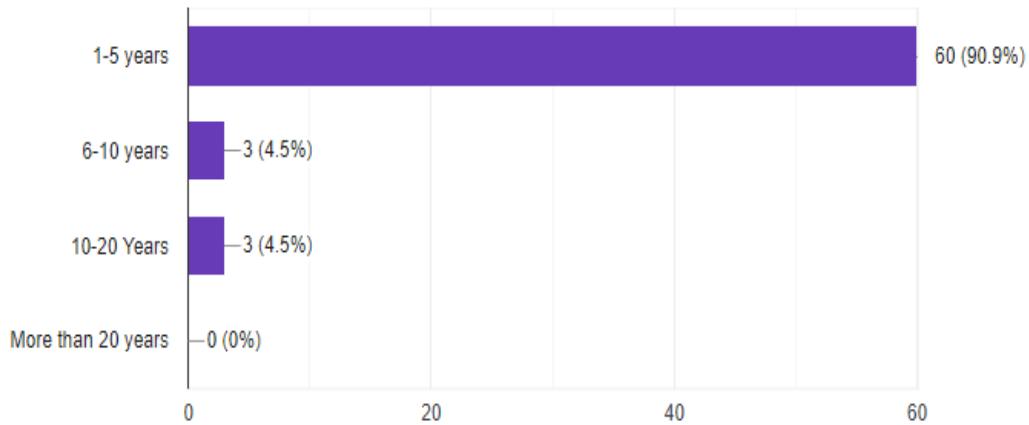


Fig. 13 showing result for the business duration of the entrepreneurs

The result on fig. 13, showed a majority (90.9%) of the entrepreneurs have been in business for not more than 5 years, i.e. between 1-5 years. While a few (4.5%) others have been in business for either 6-10 years or 11-20 years respectively. One could assume that the claim by Ocheni and Gemade (2015) that 80% of entrepreneurs fail on or before the end of 5 years of existence in Nigeria could be true due to the difficulties of the Nigerian business environment.

**Research Question 1: What are the problems that limit the entrepreneur's ability to compete in the Nigerian business environment?**

**Sourcing for finance is the biggest problem the Nigerian entrepreneur's encounter**

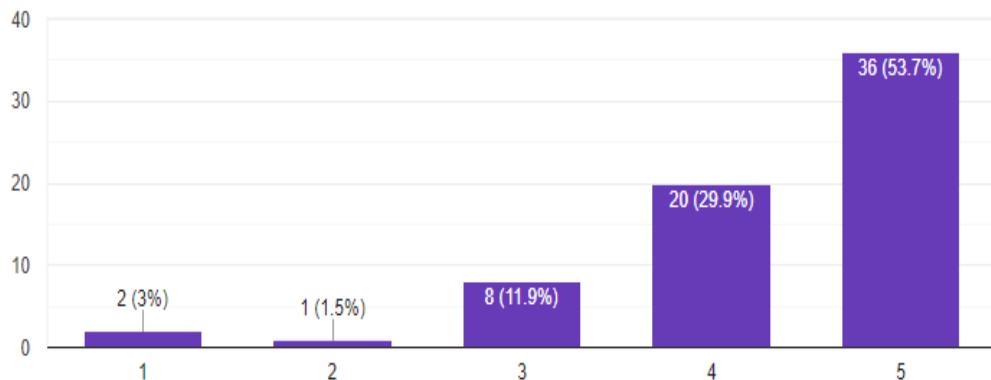


Fig. 14. The problem of sourcing for finance

The result presented on fig. 14 shows Sourcing for finance has been one of the major problems facing entrepreneurs in Nigeria. An overwhelming majority (53.7% strongly agree + 29.9% agree = 83.6%) of the entrepreneurs acknowledge access to finance was a major problem, which is in line with other researchers' findings the literature review.

**Meeting regulatory obligation such as tax payment is difficult for  
entrepreneurs in Nigeria**

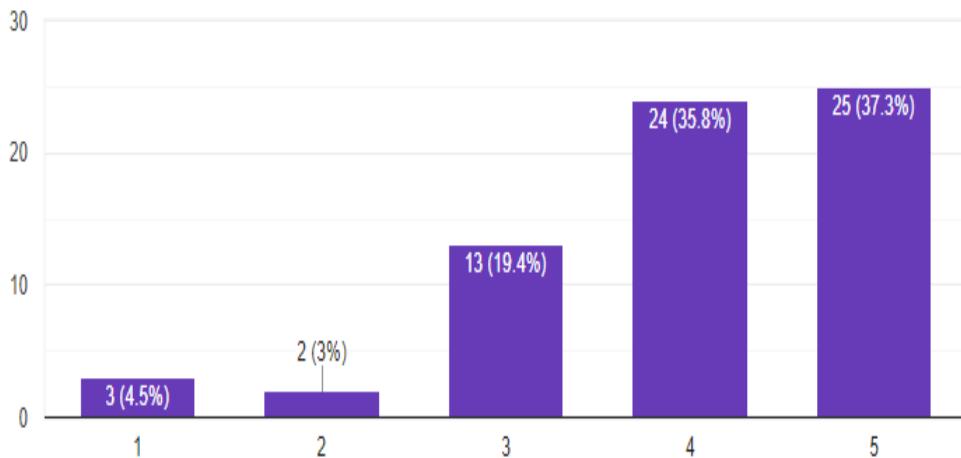


Fig. 15 Regulatory problems facing entrepreneurs in Nigeria

Another problem identified in this study that has hindered the growth of entrepreneurship in Nigeria is the inability for entrepreneurs to meet the regulatory standard. As seen in the findings of Fig. 15 the majority of the entrepreneurs are small scale private business owners and such the high and inconsiderate regulatory standards present in the country has become a big challenge. The result presented on fig. 15 showed that 37.3% strongly agreed, while 35.8% agreed which in total are more than half of the respondents has agreed to the fact that regulatory standard has been a problem for them.

**Awareness of government programs initiated to help support Entrepreneurs**

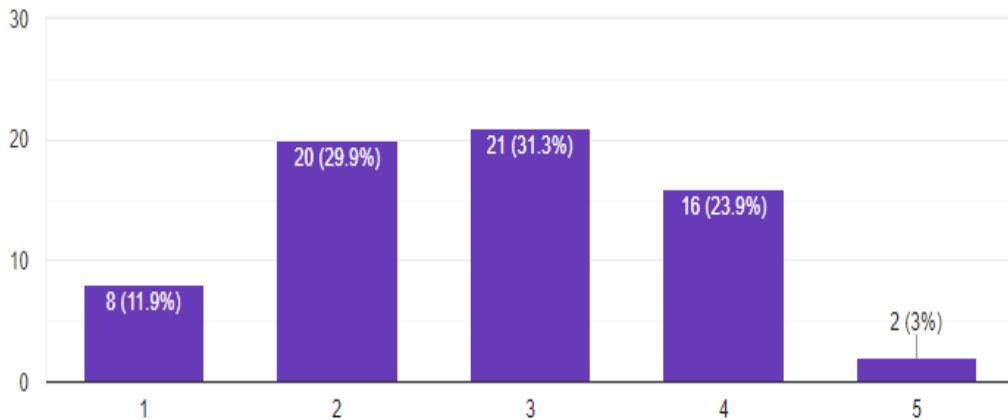


Fig. 16 Awareness issues towards government programs initiated to support entrepreneurship

The result presented in figure 16 shows the level of awareness for a government-supported program for entrepreneurship. The result showed that 31.3% of the respondents were undecided as to whether they are aware of any available government support programs for entrepreneurs, 29.9% disagreed to be aware of government support programs. Only 23.9% agreed that they were aware of government support programs. The closeness between undecided and disagreed showed low awareness of government support programs for entrepreneurs. This, therefore, means the government programs fail at achieving their objectives which is to help prepare entrepreneurs in Nigeria for success.

**Provision of sufficient help by the government**

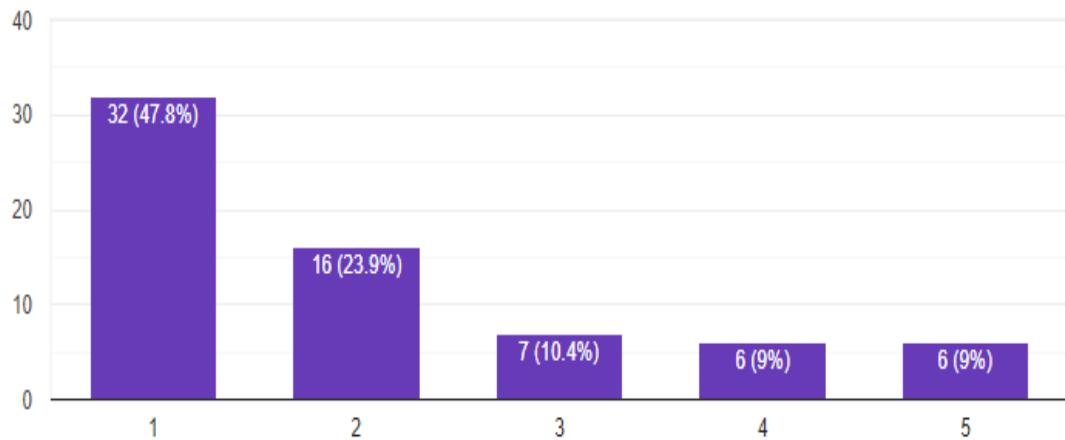


Fig. 17 is sufficient to help provided by the government?

The result on fig. 17 showed the amount of help provided by the government to support entrepreneurship indicates that almost half (47.8%) of the respondents strongly disagreed about the provision of sufficient help to entrepreneurs by the government, and 23.9% of the respondents disagreed. The result affirms the claims of researchers that the help provided by the government for entrepreneurs in Nigeria has been poor .

**Sufficient funding for new and growing enterprises is provided by the  
government**

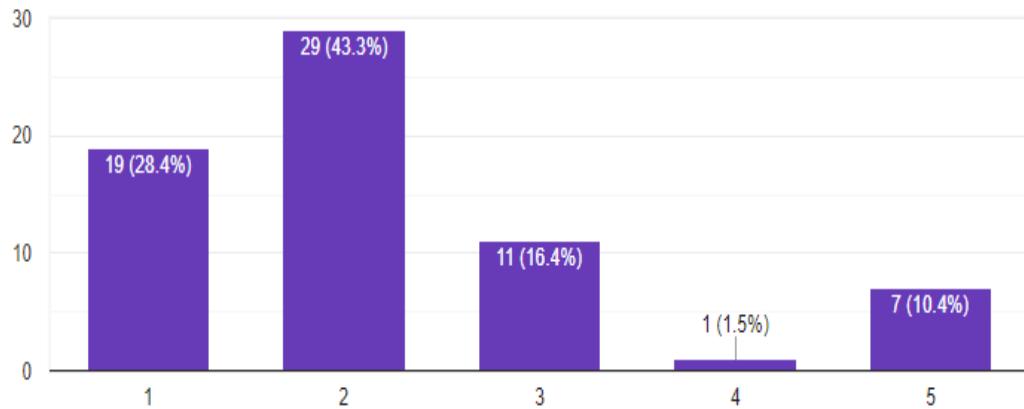


Fig. 18 Sufficient funding for new and growing enterprises is provided by the  
government

The result presented on Fig. 18 showed the responses of the respondents when asked if the government provided sufficient funding for new and growing enterprise in the study area. The result showed that almost half (43.3%) of the respondents disagreed, 28.4% strongly disagreed. The result confirms that that government actions towards providing sufficient funding for new and growing enterprise in Nigeria have failed.

**The level of bureaucracy in Nigeria helps support entrepreneurial activities**

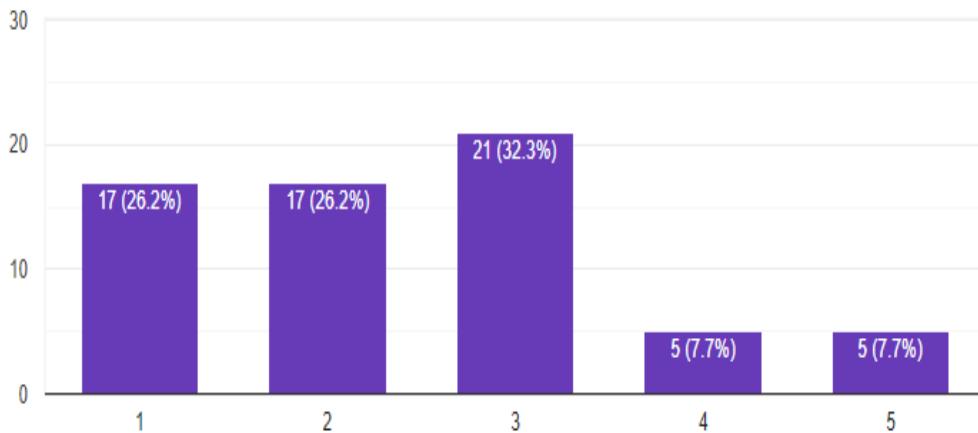


Fig 19. Level of bureaucracy and support for entrepreneurship activities

Fig. 19 showed the result of how the level of bureaucracy affects entrepreneurship activities in Nigeria. The result showed 32.3% of the respondents were undecided in their decision on whether the level of bureaucracy supports entrepreneurship activities, 26.2% either disagreed or strongly disagreed. The result suggests that the level of bureaucracy in Nigeria negative impact on entrepreneurship activities in the country outweighs the positive even though 32.3% where undecided.

**Adequate training and education are provided for entrepreneurs by the  
government**

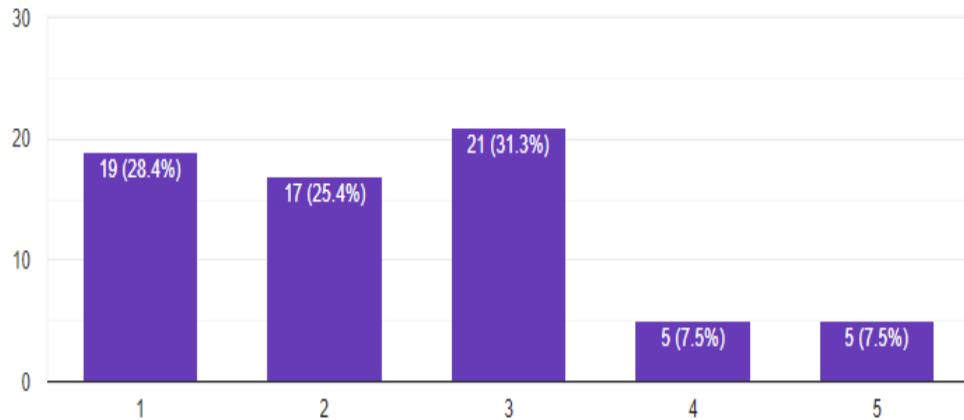


Fig. 20 Provision of adequate training for entrepreneurs

The result presented on Fig. 20 showed 31.3% of the respondents were undecided on their responses on the provision of adequate training by the government to entrepreneurs, 28.4% of the respondents strongly disagreed to the provision of adequate training for entrepreneurs by the government while 25.4% disagreed to the statement. The result suggests that the respondents do not agree that the government provides adequate training for entrepreneurs in Nigeria.

**Research Question 2: Do these problems affect the ethical business practices of new and already existing entrepreneurs in Nigeria?**

**Running a business in the underground economy limits the growth of both the business and the economy towards reaching its full potential**

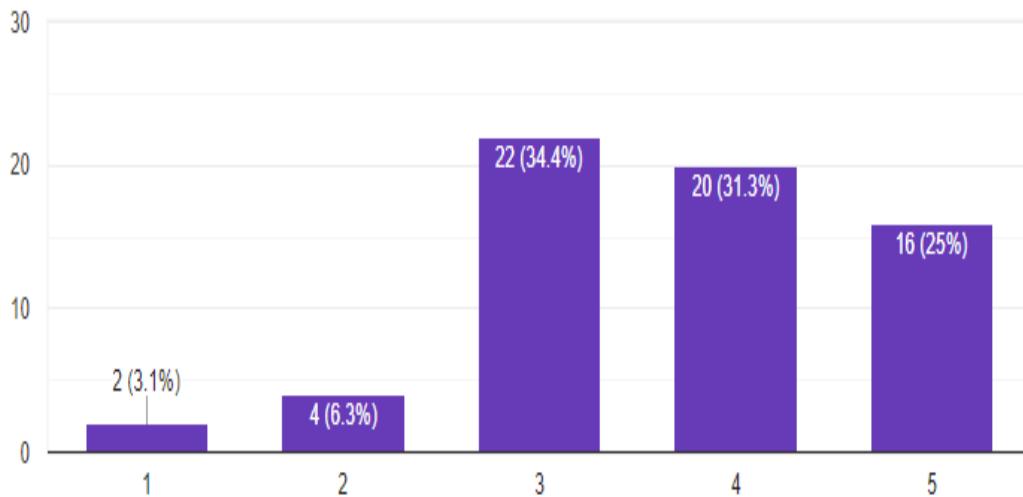


Fig. 21 Effect of the underground economy on the growth of both the business and economy

The result presented on fig. 21 showed more than half (56.3%) of the respondents agreed that the barriers to entrepreneurship isolated in the previous results have the potential limit growth of business and in extension economic growth. This is especially happens when environmental problems create an underground economy that is bigger than the formal economy like in the case of Nigeria.

**The Nigerian business environment suitable for running a business**

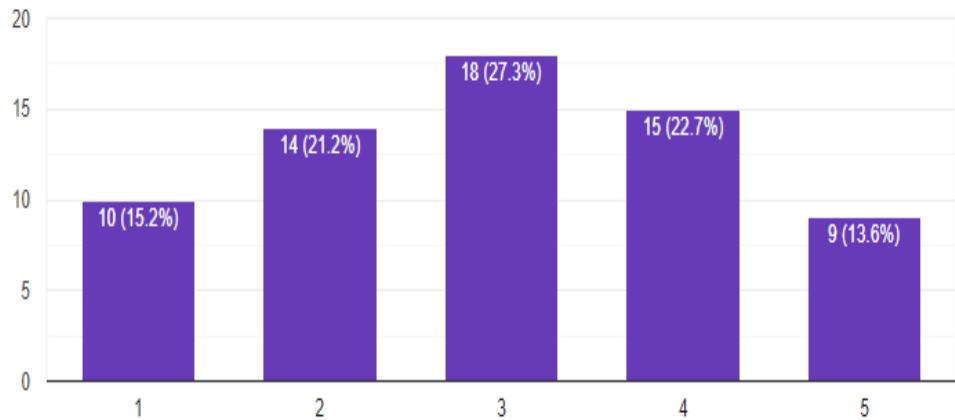


Fig. 22 Effect of the Nigerian business environment on entrepreneurship

The result presented in Fig. 22 showed the respondents were divided in their responses as 36.4% of the respondents agreed while the same number of respondents disagreed, while 27.3% were undecided. The test of hypothesis in the subsequent section will throw more light on this result.

**Corruption affects sustainable entrepreneurship and economic growth in  
Nigeria**

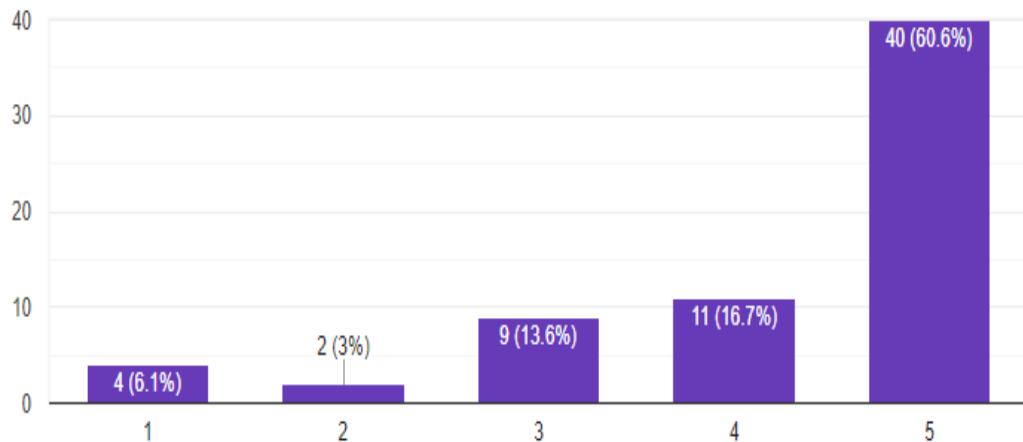
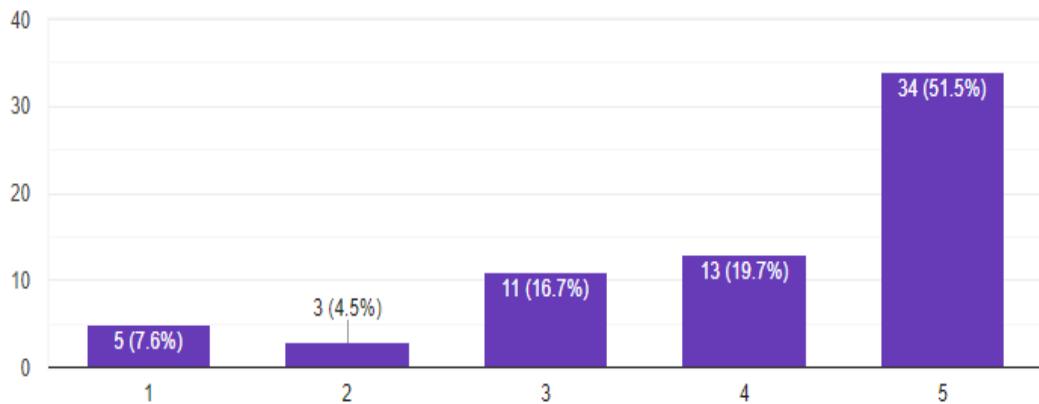


Fig 23. Effect of corruption on entrepreneurship in Nigeria

The result on the effect of corruption on sustainable entrepreneurship in Nigeria as presented on Fig 23 showed majority (60.6%) of the respondents strongly agreed that corruption had affected entrepreneurship development and ethical business practice in Nigeria.

**Research Question 3: What can be done to improve the situation?**

**Improved government policies, especially in the area of taxation, will help  
improve the success rate of entrepreneurship in Nigeria**



**Fig. 24 Improved policies and entrepreneurship development**

More than half (51.5%) of the respondents strongly agreed that policy improvement in the aspect of taxation would go a long way to improve entrepreneurship performance in Nigeria, this was followed by 19.7% of the respondents who agreed. The result showed that majority of the respondents agreed that better policies, especially in the area of taxation, will go a long way to solve some of the problems of entrepreneurship in Nigeria as well as set most of the businesses straight from an ethical point of view.

**Fighting corruption by improving transparency in will help in sustaining  
economic growth in Nigeria**

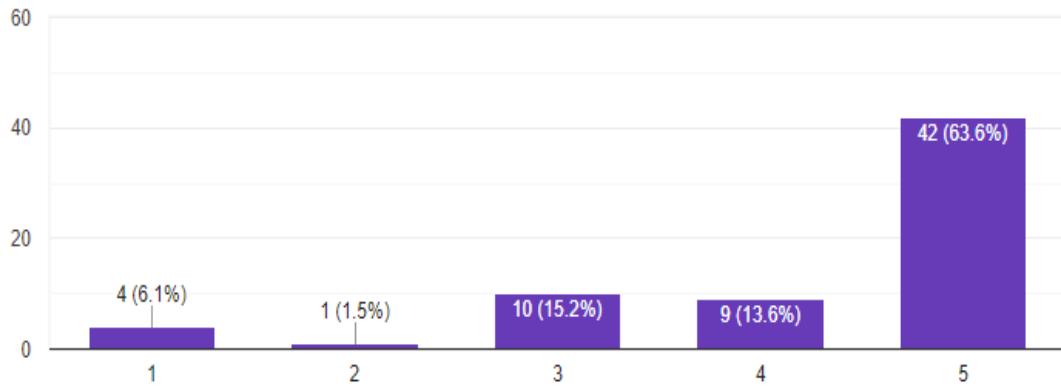


Fig. 25 Fighting corruption and economic growth in Nigeria

The result on fig. 25 showed the respondents view on fighting corruption in Nigeria as one of the ways to foster economic growth. The result showed that the majority (63.6%) of the respondents strongly agreed that fighting corruption will help to foster economic development and improve entrepreneurship development.

**Infrastructure improvement will help entrepreneurship growth in Nigeria**

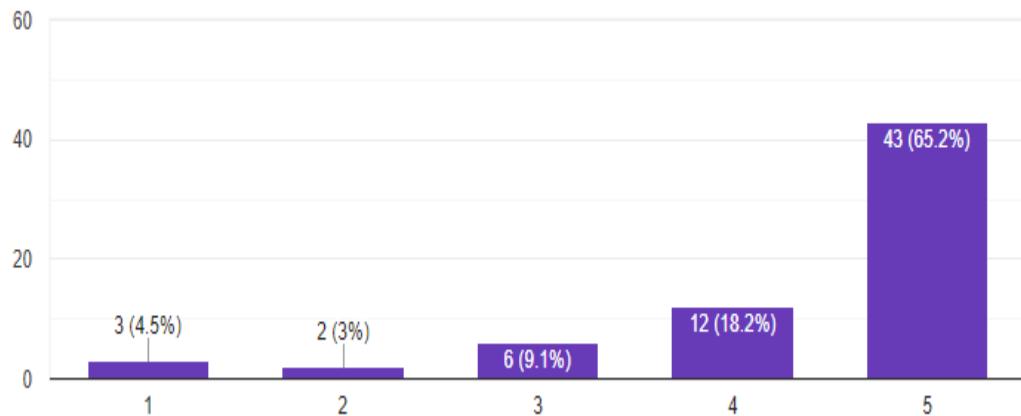


Fig. 26. Effect of infrastructure improvement on entrepreneurship growth

The result on fig. 26 showed the respondents view on infrastructure development to help entrepreneurship growth. Their views on infasctrual development on entrepreneurship growth align with that of researcher mentioned in the literature review as the majority (65.2%) of the respondents strongly agreed that infrastructure development would help entrepreneurship growth and development in Nigeria.

**Tax compliance will improve if there is a perceived sense that value derived  
from it in the form of better infrastructure**

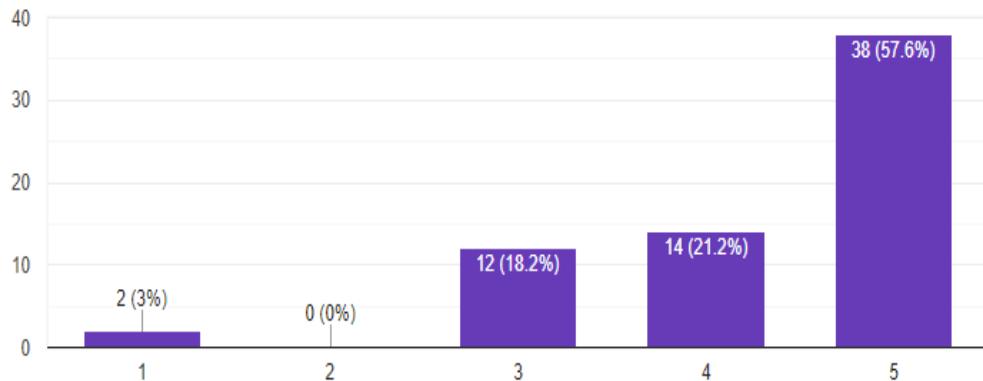


Fig. 27 Effect of transparency on tax compliance by business owners

The result presented on fig. 27 showed more than half (57.6%) of the respondents strongly agreed that improving transparency in government offices by adequately utilizing tax generated revenue will further improve compliance in tax payment by business owners. This shows that the current unethical practice of not paying tax was tied to the nature of the Nigerian business environment. If things were to change and taxes are collected utilized adequately, then tax compliance will be greatly affected in a positive way which could include increased registration of enterprises and payment of tax.

**Efficient taxation policy would help improve tax compliance in Nigeria**

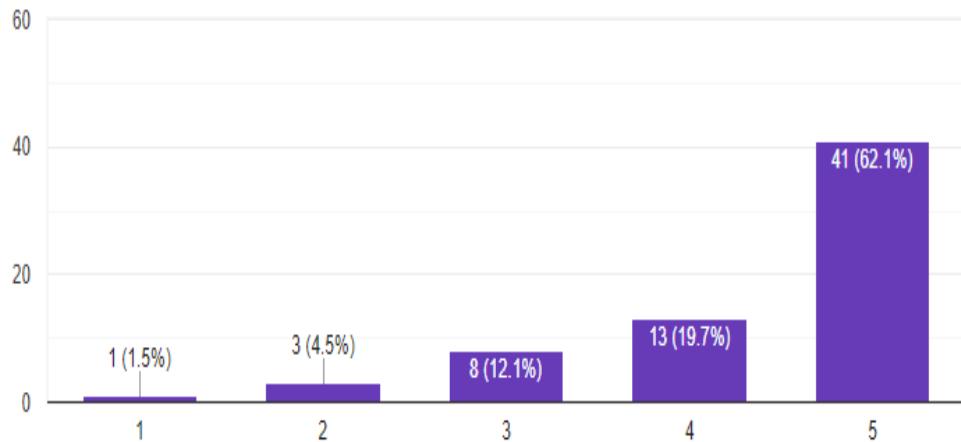


Fig 28. Effect of efficient taxation on tax compliance

As discussed in the literature review, one major put offs in tax compliance for Nigeria is lack of efficient taxation policy. The result presented on fig. 28 showed majority (62.1%) of the respondents agreed that efficient taxation policy would help improve ta compliance in Nigeria. Poor taxation policy has resulted in poor tax compliance in many countries but improved after policy positive policy changes; this could also be the case for Nigeria.

**Table 1. Showing Pearson chi-square results for the relationship between fighting corruption and tax compliance**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.880 <sup>a</sup>	16	.033
Likelihood Ratio	25.975	16	.054
Linear-by-Linear Association	3.374	1	.066
N of Valid Cases	66		

The result in table 1 shows that there exists a positive and significant relationship between fighting corruption and tax compliance. The result recorded an  $X^2$ -value of 27.880, which was significant at 5% level. This implies that an increase in the fight against corruption will lead to an increase in tax compliance among business or enterprises in Nigeria and vice versa.

**Table 2. Showing results for the relation between fighting corruption and ethical practice among entrepreneurship businesses in Nigeria**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.492 <sup>a</sup>	16	.026
Likelihood Ratio	25.194	16	.059
Linear-by-Linear Association	1.530	1	.216
N of Valid Cases	66		

The result presented in Table 2 shows the relationship between fighting corruption and ethical practice. The result showed that fighting corruption will increase ethical practice as can be seen in the positive results of the  $X^2$ -value of 28.492, which was significant at 5%. This indicates that an increase in the fight against corruption will lead to a corresponding increase in ethical practice among entrepreneurship businesses in Nigeria.

**Table 3. Relationship between government policies and ethical business practice**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	64.026 <sup>a</sup>	16	.009
Likelihood Ratio	45.207	16	.016
Linear-by-Linear Association	92.718	1	.000
N of Valid Cases	66		

The result presented in Table 3 showed that  $X^2$ -value was 64.026, which was significant at 1% level. The chi-square value recorded in table 3 shows that there exists a positive relationship between government policies and ethical practice among entrepreneurship businesses in Nigeria, this implies that an increase in better government policies such taxation policies will improve ethical performance among entrepreneurs in the study area.

**Table 4: Relationship between access to finance and entrepreneurship development in Nigeria**

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	81.014 <sup>a</sup>	16	.006
Likelihood Ratio	75.024	16	.008
Linear-by-Linear Association	34.821	1	.065
N of Valid Cases	66		

The relationship between access to finance and entrepreneurship development in Nigeria is presented in table 4. The result showed the  $X^2$ -value to be 81.014, which indicates a positive relationship between access to finance and entrepreneurship development which is significant at 1% level. The result suggests that an increase in access to finance will lead to an increase in entrepreneurship development and vice versa.

## **CHAPTER FIVE**

### **DISCUSSION**

This research set out to evaluate how ethical business practice can be affected in a constrained business environment, it specifically focused on entrepreneurship in Nigeria. The study identified the problems that limit an entrepreneur's ability to compete in the Nigerian business environment, how these problems affect ethical business practice and what can be done to improve the situation. The problems that have limited the growth and progress of entrepreneurship in Nigeria include: limited access to finance, constrained taxation policies, limited access to and lack of awareness of government programs initiated to support entrepreneurs, lack of help from the government, lack of funding for new and growing enterprises, high level of bureaucracy and lack of adequate training.

The findings of this study are in line with the findings of the Global enterprise monitor GEM (2012) and Okpara (2011), who discovered that inadequate access to finance for capital was the major challenge that was faced by entrepreneurs in Nigeria especially access to external funding. The next finding was government political and economic policies was stifling entrepreneurship and economic growth, which corroborate (Abimbola and Agboola, 2011) and (Obamuyi and Elumaro, 2018) research. These researcher's discovered that the high cost of doing business in Nigeria resulting from high tax rate and corruption was the major problems constraining entrepreneurship development in the country.

Furthermore, the result of the study has shown that there is a huge underground economy in Nigeria. It affirmed that what (Ogbuabor and Malaolu, 2013). discovered that the problems encountered by entrepreneurs had created a huge

incentive for establishing a business in the underground economy as the newest business, not up to 5 years existed in the underground economy. Results also show that running a business in the underground economy limits the growth of both the business and economy. As for the suitability of the Nigerian business environment, the result showed that the respondents neither agreed no disagreed that the Nigerian business environment was suitable for business growth therefore their answers were in the borderline. The result from primary data shows that corruption affects ethical business practices in Nigeria, with the chi-square results showing that the fight against corruption has a significant and positive effect on tax compliance and vice versa. In finding a solution to the identified problems, the study identified improved government policies especially in the area of taxation, fighting corruption, and infrastructural development as the measure that can be used to improve entrepreneurship development as well as improve ethical behaviours among entrepreneurs in Nigeria.

## **CHAPTER 6**

### **CONCLUSION/RECOMMENDATIONS**

Conclusively, the study so far has delved into business ethics in a constrained environment: ethical dilemmas for entrepreneurship in Nigeria. Specifically, the study identified the problems that limit the entrepreneur's ability to compete in the Nigerian business environment, how the problems affect ethical business practice. The study also concluded that all these problems have in culmination contributed to the slow growth of the Nigerian economy; therefore, serious action needs to be taken by the government to help improve the situation.

#### **Strengths and Limitations of the Study**

The core strength of the research lies in the methodology used, it made it easy to understand how the responses provided by the respondents reflected on the topic understudied. The limitation the researcher experienced was no physical access to respondents and relevant government agencies for secondary data. Such data would have given a indept understanding on the influence of the Nigerian business environment on entrepreneurship.

#### **Recommendations**

The researcher recommends the following as the way forward for entrepreneurship development and ethical pratice in Nigeria.

The national economic policy of Nigeria, especially those concerning SMEs, should be given more priority at the implementation phase to help create an enabling environment for entrepreneurship.

The programmes for the development and channelling of entrepreneurial talent should be audited and closely monitored by all stakeholders involved to help

increase efficiency. Like most experts have recommended government involvement in financing should be reduced to help increase access to funds and avoid cases of nepotism.

All the above recommendation will still fail if corruption is not tackled because it gives room for unhealthy competition and distrust, which ultimately leads to economic failure. Corruption should not just be tackled from the top but also at the bottom, which is the grassroots level for both the government establishment and society as even the little victories could help improve the business environment immensely.

This study need to be undertaken on a bigger scale to help identify and solve the problems of the Nigerian business environment. The Nigerian Government has not joined the GEM global survey since 2012. This monitor examines this very area with particular interest on barriers to innovation and growth in SMEs. Most countries where entrepreneurship has become successful and at the top of the list of growing economies have participated in this survey. The Nigerian government should reconsider its decision to participate in other to help accurately define the problems entrepreneurship faces. This would bring Nigeria one step closer to solving its current economic problems.

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## Appendix 1

- 1) Selected list of notable policy, programmes, and agencies from the past and present aimed at supporting entrepreneurship development in Nigeria.**

	Programme	Objective	Remarks
A	Industrial Development Centres (IDCs)	Provide support services for SME including training and project appraisal.	Poor funding
B	Bank of industry Formerly (ICON) (DFI) and (NIDB).	encourage industrial production and value creation through providing the industrial sector with finance and business support services.	Still operating with a fitch National Long-term rating of 'AA+
C	The Nigerian Bank for Commerce and Industry	Established for the administration of the SME 1 World Bank Loan Scheme and provision financial services to indigenous businesses.	Insolvency due to operational problems
D	National Directorates of Employment (NDE)	vocational skills development and designing SME programmes for combating unemployment.	Poor commitment for most tiers of government
E	National Economic Reconstruction Fund (NERFUND)	Address inadequacies associated with provision of medium to long term financing to SME and industrial enterprises.	Entangled in merger controversy
F	Family Economic Advancement Programme (FEAP)	Provision of micro facilities for entrepreneurs.	Ended after change of power to new government.
G	Better Life Programmes /Family Support Programme (BLP/FSP)	sensitization and provision of micro-credit facilities for women entrepreneurs.	Ended after change of power to new government.
H	Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)	Promotion and development of the MSME sector in the Nigerian Economy.	Failure to impact the required levels of societal strata.
I	Small & Medium Enterprises Equity Investment	Provision of credit facilities for small and medium entrepreneurs.	Poor national implementation across all parts of the nation.

	Scheme (SMEEIS)		
J	Micro Finance Banks	provide finance for the active poor in the population.	Still functional but plagued by poor national distribution and high interest rate.
K	the Micro, Small and Medium Enterprises Development Fund (MSMEDF)	Enhance access by MSMEs to financial services By providing 220 billion naira.	Failure due to embezzlement and Unreasonably high participation requirements
L	Youth Enterprise with Innovation in Nigeria (Youwin!)	Fund and encourage youth entrepreneurship.	Ended after change of power to new government.
M	N POWER	youth empowerment scheme to Improve skill development and improve entrepreneurial interest among Nigerian youths.	Currently running as the initiative of the current administration.

Sources: (Sanusi, 2003), (Central Bank of Nigeria, 2008 and 2014), (Abimbola and Agboola, 2011), (bank of industry, 2015), (N power, 2020), (world bank, 2020).

## 2) Real GDP Growth, unemployment, Inflation of Nigeria in percentage

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Real GDP Growth (%)</b>	<b>5.3</b>	<b>4.2</b>	<b>5.4</b>	<b>6.2</b>	<b>2.7</b>	<b>-1.5</b>	<b>0.8</b>	<b>1.9</b>	<b>2.2</b>
<b>unemployment (%)</b>	<b>6</b>	<b>10.6</b>	<b>10</b>	<b>6.4</b>	<b>10.4</b>	<b>14.2</b>	<b>20.4</b>	<b>23.1</b>	
<b>Inflation (%)</b>	<b>10.9</b>	<b>12.2</b>	<b>8.5</b>	<b>8</b>	<b>9.55</b>	<b>18.5</b>	<b>15.3</b>	<b>11.4</b>	<b>11.9</b>

## 3) 2019 Q4 Tax Revenue Statistics of Nigeria

- 1) According to the Joint Tax Board, only ten million people (precisely 10,006,304) pay personal income tax in all the states of the federation including the FCT.

2) 75% of registered companies were not in the tax net while 65% of those in the tax net do not file returns or pay taxes. This means to less than 9% of all companies operating in Nigeria pay taxes.

**4) Entrepreneurial Framework Conditions:**

conditions/ countries	Nigeria (2013)	Egypt (2018)	South Africa (2018)
<b>Finance</b>	<b>2.05</b>	<b>2.81</b>	<b>2.53</b>
<b>Support Policies</b>	<b>1.97</b>	<b>2.61</b>	<b>2.35</b>
<b>Taxes and Bureaucracy</b>	<b>1.83</b>	<b>2.22</b>	<b>1.95</b>
<b>Entrepreneurship Programs</b>	<b>2.24</b>	<b>2.6</b>	<b>2.1</b>
<b>R&amp;D transfer</b>	<b>1.73</b>	<b>2.15</b>	<b>2.14</b>
<b>Commercial and Legal infrastructure</b>	<b>2.59</b>	<b>2.81</b>	<b>2.72</b>
<b>Internal market dynamics</b>	<b>3.28</b>	<b>3.32</b>	<b>2.8</b>
<b>Market Burdens or Entry Regulation</b>	<b>2.34</b>	<b>2.77</b>	<b>2.26</b>
<b>Physical Infrastructure</b>	<b>2.98</b>	<b>3.79</b>	<b>2.99</b>
<b>Cultural and Social Norms</b>	<b>3.32</b>	<b>2.97</b>	<b>2.48</b>
<b>School Stage Entrepreneurial Education</b>	<b>2.13</b>	<b>1.74</b>	<b>1.7</b>
<b>Post School Stage Entrepreneurial Education</b>	<b>2.79</b>	<b>2.51</b>	<b>2.28</b>

**5) Reasons of Business Discontinuation:**

	Nigeria (2013)	South Africa (2017/18)	Egypt (2017/18)	Africa region Average (2017/18)
<b>Opportunity to sell</b>	<b>1%</b>	<b>3.60%</b>	<b>6.10%</b>	<b>2.10%</b>
<b>Business not profitable</b>	<b>20%</b>	<b>36%</b>	<b>32.40%</b>	<b>40.60%</b>
<b>Problems getting finance</b>	<b>34%</b>	<b>27%</b>	<b>13.50%</b>	<b>15.60%</b>
<b>Another job or business opportunity</b>	<b>11%</b>	<b>4.90%</b>	<b>10.30%</b>	<b>6.70%</b>
<b>Exit was planned in advance</b>	<b>3%</b>	<b>0%</b>	<b>4.30%</b>	<b>4.10%</b>

<b>Retirement</b>	<b>1%</b>	<b>1.70%</b>	<b>3.10%</b>	<b>1.60%</b>
<b>Personal reasons</b>	<b>26%</b>	<b>18.50%</b>	<b>18.60%</b>	<b>19.50%</b>
<b>Incident</b>	<b>5%</b>	<b>5.70%</b>	<b>3.5%</b>	<b>7.10%</b>

## **6) THE 1999 CONSTITUTION OF THE FEDERAL REPUBLIC OF NIGERIA**

### **Economic powers in the Exclusive Legislative list:**

Government federation accounts, Insolvency and bankruptcy, Banking (promissory notes and bills of exchange), Inside and outside borrowing for the federation or any state, Commercial and industrial monopolies, Federal trunk roads construction and maintenance, Control over capital issues, Customs and excise duties, Currency, coinage, and legal tender, Exchange control, Export duties, Labour, Incorporation, regulation, and winding up of corporate bodies other than those established by a law enacted by the state Houses of Assembly, Patents, Mines and minerals, Posts, telegraphs, and telephones, Police and other government security services established by law, Trademarks, trade, or business names, Railways, Public service of the federation, Public debts, Trade and commerce, Profits and capital gains, as provided by the Constitution, Taxation of incomes, Stamp duties, Traffic on federal trunk roads, The establishment and regulation of authorities for the Federation or any part, Trade and commerce, and in particular, Water sources affecting more than one state.

The National Assembly has power to make laws in accordance with the provisions of this Constitution on Any matter incidental or supplementary to any matter mentioned elsewhere in the exclusive list.

**6.2) Economic powers in the concurrent legislative list:**

Industrial, commercial, or agricultural development

Collection of taxes

Allocation of revenue

According to Section 4(5) of the 1999 Constitution any law enacted by a State House of Assembly, which contradicts a law validly made by the National Assembly is considered void and the National law shall prevail. Matters not listed in the exclusive federal, concurrent, and the local government lists falls under the purview of the states.

**APPENDIX 2**

Greetings!

I Emmanuel Ita, would like to thank you for taking the time to provide your valuable information as I invite you to take part in the following research study. This survey requires data for the dissertation questionnaire on the impact of the Nigerian business environment on Ethical business practices of entrepreneurs.

This research I am conducting is associated with my post-graduate dissertation, for my M.Sc in Management from the National College of Ireland. My dissertation topic is Business Ethics in a Constrained Environment: Ethical Dilemmas for Entrepreneurship in Nigeria.

I would like to inform you that participation in this Dissertation Questionnaire is Voluntary. You can opt to withdraw from the survey at any given point and your responses will not be documented. If you are happy to complete this questionnaire, all your responses will remain anonymous and confidential. The data will be secured

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in a password-protected file that will be accessed by myself and my thesis supervisor.

The questionnaire has been designed to collect your information on the topic based on your experiences and perceptions of the Nigerian business environment and how it affects ethical business practices. The survey would take approximately 10-15 minutes to complete in total. Please bear with me until the end.

All aggregated data will be analysed and discussed in my final thesis. No individual response will be presented or discussed and will be deleted after the time-frame as per the guidelines of the National College of Ireland.

For further queries, kindly feel free to write to me at  
[itaemmanuelokon@gmail.com](mailto:itaemmanuelokon@gmail.com).

Thank you and Keep Safe.

## **QUESTIONNAIRE**

### **Section A: Personal and company Information**

#### **1. What is your Gender?**

- a) Male
- b) Female

#### **2. Which age range below includes your age?**

- a) 18-29
- b) 30-39
- c) 40-49
- d) 50 and above

#### **3. What size is your business?**

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- a) a large sized private business
- b) a medium sized private business
- c) a small sized private business

**4. How many employees work for you?**

- a) 0
- b) 1-5
- c) 6-7
- d) 8 - 19
- e) 20 +

**5. What are your expectation in five years?**

- a) employing more staff
- b) expanding to other locations
- c) maintain current structure

**6. how long have you been in business?**

- a) Less than 1 years
- b) 1-2 years
- c) 2-5 Years
- d) More than 5 years

**6. how long do you hope to stay in business?**

- a) 1-2 years
- b) 2-5 Years
- c) 5-10 years
- d) 20 years and above

**Section B: government support and level of effectiveness in supporting entrepreneurship in Nigeria**

**Key:**

**1 = Strongly Disagree**

**2= Disagree**

**3= Undecided**

**4= Agree**

**5= Strongly Agree**

**Problems facing entrepreneurship and level of Government support**

S/N	Question	1	2	3	4	5
1	Sourcing for finance is the biggest problem entrepreneurs encounter.					
2	Meeting regulatory obligation such as tax payment is difficult for entrepreneurs in Nigeria.					
3	Entrepreneurs are aware of government programs initiated to help support them					
4	The help provided to Entrepreneurs by the government is sufficient.					

**Effectiveness of government support**

S/N	Question	1	2	3	4	5
5	Sufficient funding for new and growing enterprises is provided by the government					
6	The level of bureaucracy in Nigeria helps support entrepreneurial activities					
7	The help provided to Entrepreneurs by the government are sufficient and can be accessed easily					
8	Adequate training and education is provided for entrepreneurs by the government					

**Section C: The Role of entrepreneurship in solving economic problems and role of state in contributing to or removing these barriers**

**Role of entrepreneurship in solving Nigeria's economic problems**

S/N	Question	1	2	3	4	5
1	Running a business in the underground economy limits the growth of both the business and the economy towards reaching its full potential					
2	The Nigerian business environment suitable for running a business					
3	Entrepreneurship can help sustain and grow the Nigerian economy					
4	Corruption affect sustainable entrepreneurship and economic growth in Nigeria					

**Role for the government to play in removing barriers**

S/N	Question	1	2	3	4	5
5	Improved government policies especially in area of taxation will help improve success rate of entrepreneurship in Nigeria					
6	Fighting corruption by Improving transparency in will help in sustaining economic growth					
7	Infrastructure improvement will help entrepreneurship growth					
8	Tax compliance would improve if there is a perceived sense that value derived from it in form of better infrastructure					
9	Efficient taxation policy would help improve tax compliance in Nigeria					

## APPENDIX 2

**taxp \* taxcompl**

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.467 <sup>a</sup>	16	.200
Likelihood Ratio	19.894	16	.225
Linear-by-Linear Association	4.514	1	.034
N of Valid Cases	66		

- a. 20 cells (80.0%) have expected count less than 5.
- 5. The minimum expected count is .03.

### Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	-.264	.139	-2.185	.033 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.242	.129	-1.993	.051 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.951 <sup>a</sup>	16	.145
Likelihood Ratio	21.334	16	.166
Linear-by-Linear Association	2.076	1	.150
N of Valid Cases	66		

- a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .03.

**Symmetric Measures**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. .T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.179	.136	1.453	.151 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.145	.129	1.170	.246 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.364 <sup>a</sup>	16	.572
Likelihood Ratio	12.774	16	.689
Linear-by-Linear Association	.000	1	1.000
N of Valid Cases	66		

- a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .02.

**Symmetric Measures**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. .T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.000	.131	.000	1.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.024	.130	-.195	.846 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.880 <sup>a</sup>	16	.033
Likelihood Ratio	25.975	16	.054

Linear-by-Linear Association	3.374	1	.066
N of Valid Cases	66		

- a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .06.

#### Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	-.228	.119	-1.872	.066 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.145	.129	-1.169	.247 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.  
 b. Using the asymptotic standard error assuming the null hypothesis.  
 c. Based on normal approximation.

#### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.492 <sup>a</sup>	16	.026
Likelihood Ratio	25.194	16	.059
Linear-by-Linear Association	1.530	1	.216
N of Valid Cases	66		

- a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .06.

#### Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.153	.134	1.242	.219 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.120	.134	.967	.337 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.  
 b. Using the asymptotic standard error assuming the null hypothesis.  
 c. Based on normal approximation.

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.519 <sup>a</sup>	16	.000
Likelihood Ratio	28.936	16	.024
Linear-by-Linear Association	.636	1	.425
N of Valid Cases	66		

a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .03.

### Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.099	.167	.795	.430 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.023	.145	-.181	.857 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.366 <sup>a</sup>	16	.303
Likelihood Ratio	19.428	16	.247
Linear-by-Linear Association	5.633	1	.018
N of Valid Cases	66		

a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .03.

### Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.294	.097	2.464	.016 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.268	.105	2.225	.030 <sup>c</sup>
N of Valid Cases		66			

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- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.432 <sup>a</sup>	16	.423
Likelihood Ratio	13.340	16	.648
Linear-by-Linear Association	1.729	1	.189
N of Valid Cases	66		

- a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .03.

**Symmetric Measures**

	Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval Pearson's R	-.163	.124	-1.322	.191 <sup>c</sup>
Ordinal by Ordinal Spearman Correlation	-.135	.125	-1.092	.279 <sup>c</sup>
N of Valid Cases	66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	81.014 <sup>a</sup>	16	.006
Likelihood Ratio	75.024	16	.008
Linear-by-Linear Association	34.821	1	.065
N of Valid Cases	66		

- a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .02.

**Symmetric Measures**

	Value	Asymp. Std. Error <sup>a</sup>	Approx. . T <sup>b</sup>	Approx. Sig.
Interval by Interval Pearson's R	-.112	.109	-.905	.369 <sup>c</sup>
Ordinal by Ordinal Spearman Correlation	-.120	.116	-.964	.339 <sup>c</sup>
N of Valid Cases	66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.572 <sup>a</sup>	16	.060
Likelihood Ratio	17.083	16	.380
Linear-by-Linear Association	2.290	1	.130
N of Valid Cases	66		

- a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .06.

**Symmetric Measures**

	Value	Asymp. Std. Error <sup>a</sup>	Approx. . T <sup>b</sup>	Approx. Sig.
Interval by Interval Pearson's R	-.188	.121	-1.529	.131 <sup>c</sup>
Ordinal by Ordinal Spearman Correlation	-.107	.122	-.859	.394 <sup>c</sup>
N of Valid Cases	66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	64.026 <sup>a</sup>	16	.009
Likelihood Ratio	45.207	16	.016
Linear-by-Linear Association	92.718	1	.000
N of Valid Cases	66		

- a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .06.

**Symmetric Measures**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.442	.091	3.946	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.476	.097	4.327	.000 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.014 <sup>a</sup>	16	.598
Likelihood Ratio	16.015	16	.452
Linear-by-Linear Association	5.592	1	.018
N of Valid Cases	66		

- a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .03.

**Symmetric Measures**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	-.293	.099	-2.454	.017 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.290	.112	-2.428	.018 <sup>c</sup>
N of Valid Cases		66			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.