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Overcoming the Challenges Confronting Startups in Nigeria

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Abstract: The word 'Startup' has become a worldwide phenomenon. Every year millions of startup companies spring up worldwide. These startups have a great impact on the economies of countries in terms of new production and employment. The study aims include studying the concept of startups, examining major challenges facing startups in Nigeria, suggesting key solutions that will ease the pains of startups in Nigeria and identifying the recent efforts by the Government to ease the challenges of doing business in Nigeria. Data was collected from the primary source by using a structured questionnaire. The sample was selected using a stratified random sampling technique. The target respondents were business startups across various sectors of the economy and the year of operations between 1 to 3 years. Data were gathered electronically using Google form from 1078 respondents in Nigeria, out of which valid responses were 1065. Microsoft Excel was used for analysis. The study showed that lack of startup capital, lack of access to an accelerator and access to bank loans were strongly major factors of startup problems for businesses in Nigeria. The important factors for the successful business startup identified include the idea, training, marketing, business model, teamwork and timing were other factors for the success of businesses in Nigeria. Further research can be done on the solutions for startup businesses' access to funds, training, and marketing business models, among others, to sustain business growth in Nigeria. The findings would be valuable to startup businesses, young entrepreneurs, researchers and Government (policymakers) in understanding startup challenges and highlighting the significant support that startup entrepreneurs need. It also offered useful inputs to policymakers in improving the existing entrepreneurial ecosystem in Nigeria.

Keywords: Startups, New Businesses, Ease of Doing Business, Resource Based View, Population Ecology Theory

1. Introduction

The word ‘Startup’ has become a worldwide phenomenon. Every year millions of startup companies spring up worldwide. These startups greatly impact countries' economies in terms of new production and employment [7] Startup businesses are global engines that stimulate economic growth all over the world. Startups are considered drivers of the economy [35]. Entrepreneurship, small businesses, and startup culture are the drivers of economic wealth and the engine of economic growth; they also resolve the issues and challenges outlined in the Sustainable Development Goals (SDG) of the United Nations [15]. According to Pavlovic, Coelho, Olukuru and Doran, McCarthy & O'Connor [57], startups and small enterprises in Europe account for 99% of the growth of the continent's economies. Since SMEs account for seven out of ten jobs created in emerging nations, the World Bank estimates that 600 million jobs will be required by 2030. This makes SME growth a top priority for many governments worldwide [39]. In recent years, several companies have succeeded, while others have failed because they could not overcome various obstacles [63]. Startups are rapidly expanding businesses built to expand quickly [17]. A startup is an organization in its early phases of operations that seeks to monetize its founder(s)' original concept or product, According to Bednár & Trinova’s research [17]. The business environment has adopted a culture of SME and startup activity [6]. According to Anwar & Salem's research [6]. startup business activities increased by 16.8% in developed economies in 2019. Muriithi's research [47] argues that startup and SME organizations account for 80% of the world's population's sources of income, and perhaps 85% of jobs in Asian economies are produced by this entrepreneurial activity [57, 22]. While business culture varies throughout economies, Southeast Europe is growing more slowly than the rest of Europe [36]. However, European countries are stable marketplaces for starting and running businesses. According to research by Bosma [15]. In Ireland, the growth of SMEs and startups surged by 58.5%, while job opportunities expanded by 16.4%.

Startups are a new breed of organization. Startups are the output of the passion and determination of entrepreneurs [5]. Startup businesses are new commercial enterprises in their formative years [41]. As of June 2019, 17.4 million of Nigeria's 41.5 million registered SMEs were operational [59]. SMEs are important to any economy. SMEs create jobs and introduce new technologies, boosting the production of goods and services [71]. In Nigeria, SMEs comprise 96% of registered businesses, 48% of the national gross domestic product (GDP), and 84% of employment [59]. Lerner's research [42] asserted that there is a positive relationship between entrepreneurial ventures and employment opportunities, and economic growth. Also, Dzafic and & Babajic [23] said that most countries' economic growth depends on SMEs' contribution. Mantok [45]. observed that starts up businesses are now attracting coverage from the press and academics. According to Kamer's research [37], in the leading cities for Startups in Africa report, Lagos (Nigeria) has the highest score, followed by Cape Town (South Africa), and Kigali (Rwanda) has the lowest score, as shown in Figure 1 below:

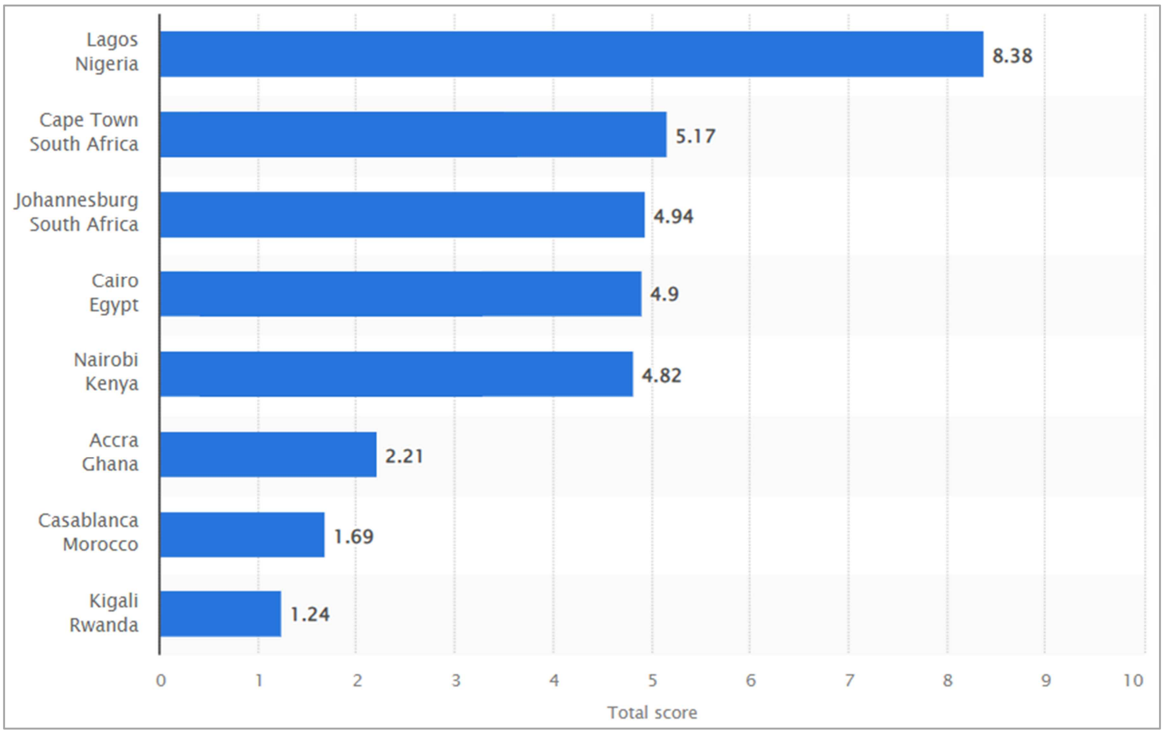

Figure 1. *Leading cities for startups in Africa in 2022, by total socre.*

1.1. Statement of Problem

According to World Bank report [77], Nigeria is ranked number 131 in the world's ease of doing business. Startups in Nigeria are confronted with a lot of challenges which include insufficient capital, difficulty in accessing loans from banks, political and religious intolerance, inadequate infrastructure, multiple taxations, kidnapping and insurgency, government bureaucracy, bribery and corruption, policy instability, lack of managerial insight, crippling inflation, the rising cost of funds, difficulty in sourcing foreign exchange, unattractive climate for foreign investors, poor leadership and marketing skills, lack of good business plan. Initially, many startups faced the so-called "Death Valley" phase [33]. This is a startup phase in which the firm must launch and adapt its product to the market and obtain regular income and profits to sustain itself, often resulting in a "low" "success" or survival rate of startups [34]. It is vital for intending entrepreneurs to be aware of possible challenges they have to overcome at the startup stage to be better prepared and seek support in advance. The awareness of the potential challenges helps entrepreneurs avoid fundamental mistakes in managing their businesses and equip themselves with adequate skills to make better decisions [34].

1.2. Objectives of the Study

1) To study the concept of Startups.
2) Examine major challenges facing startups in Nigeria.

3) Suggest key solutions that will ease the pains of a startup in Nigeria.
4) To identify recent efforts by the Government to ease the challenges of doing business in Nigeria.

1.3. Benefits of the Study

One of the benefits of this study is to prepare startup entrepreneurs to be aware of the type of problems they will face and how to navigate their way of solving the problems. The study will also be useful to policymakers and government agencies on what can be done to reduce the challenges of startups in Nigeria. Also, the study will add to the studies of overcoming the challenges faced by startup businesses in Nigeria.

2. Literature Review

2.1. Conceptual Framework

Some countries have cutoff points based on the age of incorporation, e.g. India < 6 years, Italy < 5 years, and European countries (except Italy) < 10 years. This may not be applicable in Nigeria because a company incorporated or registered may only take off up to ten years after incorporation. Therefore the time of cutoff in Nigeria will probably be calculated as from the commencement of business rather than incorporation. For this study, startups include Micro, small, and medium enterprises that have been in operation for between 1 and 3 years. Bank of Industries (BOI) definition of MSMEs shall be adopted for this study:

Enterprise Category	Number of Employees	Total Asset (N'Million)	Annual Turnover (N'Million)	Loan Amounts (N'Million)
Micro	≤ 10	≤ 5	≤ 20	≤ 10
Small	>11 ≤ 50	> 5 ≤ 100	≤ 100	>10 ≤ 100
Medium	> 51 ≤ 200	> 100 ≤ 500	≤ 500	>100 ≤ 500

Figure 2. *MSME's Definition.*

2.2. Theoretical Framework

2.2.1. Resource Based View (RBV) Theory

The resource-based view (RBV) believes that gathering critical resources and capabilities can help a company to compete and survive [79]. According to Conner & Rumelt's research [19], the Resource Based View argues that what is important are a firm's internal resources. In an advanced setting, new resources are created while others are destroyed [68].

Wernerfelt's researches [75]. One of the RBV pioneers, claimed that resources and products are two sides of the same coin for a company. Although RBV is not a theory that focuses on specific resources, it gives high importance to resource characteristics that can help achieve competitive advantage [9]. Barney's research [10] asserts a connection between business resources and long-term competitive advantage exists. He continued by saying that long-term competitive advantages result from internal strengths being exploited by responding to environmental opportunities, neutralizing external threats, and avoiding internal weakness.

RBV is oriented at resources owned by the organization [62]. According to the Resource-based view, managerial experience is an important resource for predicting business continuity. According to RBV, the more capable a company is of raising funds, the more likely it is to survive. Businesses whose managers can access financial resources are less likely to fail [79]. Parkes et al.'s research [58], examined U.K. companies and argued that entrepreneurs who use advisors are more likely to raise funds successfully. Managers have a key role in changing and adapting the combination of organizational resources to environmental demands [26]. There may be a need for scholars to develop a comprehensive theory of startups [66].

2.2.2. Population Ecology Theory

Population ecology theory (PET) is a valuable and influential perspective for organizational scholars that have provided scholars with a useful tool for understanding macro organizational phenomena since the mid-1970s [44]. PET recognizes a vital milestone in the work of Hannan & Freeman [31], who published their ideas under Population Ecology Organisations. The theory's main components show the environment's role in determining organizations' survival [26]. Population ecology theory assumes that the external environment determines the existence of a new firm from inception to the end [31]. Population ecology theory proposes that change occurs at the population level and results from organizational selection and replacement. An individual organization's survival is then based on the environmental selection of those organizations that best fit their particular localized environment [26]. Organizational change occurs at the population level through organizational births and deaths [31]. Population ecology theory believes change is impossible because of structural inertia that confronts all firms, unlike adaptationist theories, which believe change is possible because the environment is not immutable. Managers can be active agents of it [26]. The population ecology theory applies to startups as the theory provides answers regarding factors influencing the rate of organization startups and deaths. The later a firm survives, the higher the chances of survival because of organizational learning [31]. The theory does not shed light on the venture creation process at the micro level; rather, forming a firm at the macro level is emphasized.

2.2.3. Concept of Startups

According to Gartner [27], a new firm can be defined as assembling ongoing independent actions into sensible sequences to generate new organizations. Startups are organizations that search for scalable and repeatable business models [14]. A startup is an entrepreneurial venture in its early stages of operations, built for rapid growth in extreme uncertainty and aimed at bringing to market an innovative product or service that benefits a significant customer base economically and socially [21].

A startup creates an entirely new enterprise that did not formerly exist as an organization [7]. Freeman et al.; [27], Startups are Companies bound by their liability of newness and smallness [32]. A startup SME is a Company, a partnership, or a temporary organization designed to search for a repeatable and scalable business model (Spender et al., 2017). A "Startup" is a newly born company without previous history of operations [34]. According to Ries [64], A startup is defined as a human institution designed to create new products and services under extreme uncertainty. According to Herte [32], a startup is a newly established, innovative firm with a service life of up to 2 years and a maximum of 10 employees. According to Robehme [65], considering the differences in Revenues, profits or the number of employees across companies and industries, there are no specific rules to define a startup. Startups are innovative commercial ventures built for rapid and explosive growth [21].

References	Age/ Newness	Innovation	Risk/ Uncertainty	Growth	Definition
Keebel (1976)	✓				A startup is the creation of an entirely new enterprise which did not formerly exist as an organization[1]. (p.18)
Gudgin (1978)	✓				A new firm which began production for the first time[2] (p.18)
Freeman et al (1983)	✓		✓		Startups are companies bound by their liability of newness and smallness[3] (p.3)
Carter et al (1996)	✓				A "start-up" is a newly born company, without previous history of operations[4] (p. 153)

Figure 3. *Analysis of past literature.*

2.2.4. Benefits of Startups

According to Liu et al. [43], and the OECD in 2020, startups and small enterprises help create innovative goods and expand employment prospects. According to Skawinska & Romuald [69], a startup is a youthful, modest, autonomous, inventive, and creative organization that engages in research and development activities to address current issues and suggest future solutions while utilizing an alluring business model and a skilled staff. According to Bosma et al. [15], startup enterprises are the driving force behind opportunities that become business ideas. Murithi [47], estimates that startups and SME businesses account for 80% of the global population's sources of income. According to researchers, statisticians, and economists, the number of startup SMEs that create new jobs in Nigeria yearly is large [52].

2.2.5. Challenges Confronting Startup

A startup is a company that is beginning to develop and grow. It is in the first stages of operation and is usually financed by an individual or small group. The company is still in the process of establishing itself. In this process, there are many challenges the startup has to face [5]. Salamzadeh & Kawamorita [66], state that startup businesses face challenges, including support mechanisms, human resources, financial, and environmental challenges. In a similar study of Jordan carried out by Alawamleh, Francis & Alawamleh [3], it was found that the obstacles faced by startups include: logistics and financial support, distribution, sourcing for information, networking and commercial relations. According to Angadi & Patil [5], the challenges faced by startups include failure to plan, Human Resources, Funding, rules and regulations, revenue generation, supporting infrastructure, marketing & promotions, and unexpected events. According to Crowley et al. [20]; 2018; O'Brien et al., [50], lack of business knowledge, financial management, and insufficient human capital. Gupta et al.; [30], observed that the common challenges faced in both developing and developed economies for startups include a lack of business and market knowledge, lack of financial stability human capital retention. There needs to be more effective institutional structures to support and streamline the activities of entrepreneurs' risk-taking initiatives [56], Startups face some basic challenges: incorrect business models, poor market research, poor pricing strategies, wrong motives for starting a business, poor execution, and unwillingness to adapt to changing market conditions [21].

According to Öndas [54], most startup firms do not have measurable goals and objectives, a clear understanding of the context of their organization, established processes and controls, customer focus and concrete risk management before starting their operations. SMEs' access to finance is limited as most are considered non-bankable by Deposit and specialized banks. According to White [76], African entrepreneurs are challenged by a lack of capital, corruption and government support. Institutional entry barriers, lack of financial capital, overall costs, and difficulties associated with operating a business limit and starting a business in Nigeria [48]. According to Ezeani [25], the problem of some startup SMEs in Nigeria includes; high production cost, lack of commitment by some owners, lack of innovation and creativity, limited domestic market, shortage of qualified staff, shortage of subsidies, and low spending on training. Some of the problems facing startups in Nigeria include a lack of power and infrastructural amenities for business (Obokoh & Goldman, [51], unfavourable government policies and regulations, policy in consistency and overbearing bureaucracy [1]. Lack of proper planning, ineffective internal controls, lack of a business plan, competition, inadequately skilled manpower, and business location and environment [52]. Nikolić et al. [40], observed that SME and startup failure is greater in number in Africa due to the lack of financial support. Venture capitalists are not interested in investing in corrupt economies [22].

According to Kanchana, Divya & Beegom [38],, the following are the problems that confront startups: raising capital, developing the vision and business idea, assembling a business team, finding good employees, unforeseen business challenges and expenses, finding good customers, dealing with competition, keeping up with industry changes and trends, overestimating, focus, lack of passion and purpose, lack of a plan to exit the business [38]. According to Rijal et al. [63], the top five major challenges confronting startups in Nepal are human capital, support system and marketing. The followings are the issues and challenges of startups in India: failure to plan, Human resources, funding, rules and regulations, revenue generation, supporting infrastructure, marketing and promotions, and unexpected events (e.g. Covid 19) [5]. According to Oburo, [52], the following are the barriers to startup in Nigeria: Access to capital and credit, lack of infrastructural amenities, lack of proper planning and effective internal controls, government policies and regulations, business location and environment, competition and inadequate skilled manpower. According to Davies [21], startups constantly need capital; this makes their funding profile different from SMEs though they typically start as one.

2.2.6. Overcoming Challenges of Startup

Coleman, Cotei & Farha [18]; and Van Praag. [74], discovered that managers who are more skilled and knowledgeable about managing and running a business have a significant impact on the survival of that business. On the other hand, Gimeno et al., [28], surveyed U.S. startup entrepreneurs and found that a manager's experience does not affect a business's chances of survival and success. According to Davies [21], the traits of a successful founder of a startup include passion, drive, optimism, persistence, intelligence, focus, openness and integrity. According to Omri [55], the following six good governance indicators are critical to the survival of startups in any country: regulatory quality, government effectiveness, accountability, political stability, control of corruption and observance of the rule of law. According to Berkus [12], the following are the five key factors for the success of startups: Idea, Functional prototype, traction or invoicing, founding team and strategic relations. Sound and efficient business regulations are critical for entrepreneurship and a thriving private sector [48]. Startup success is often associated with growth, turnover, profit, return on investment, number of employees and productivity [16]. A good startup should ensure a good governance system and deployment of the right technology.

2.3. Empirical Reviews

In a study carried out by Opoku, Fobih & Adom [56]. in Ghana in 2019, the challenges that startup face in Ghana as non-availability of funding, lack of planning, skilled labour and proper management skills, lack of competitiveness, customer loyalty, technology innovation, legal and regulatory framework and social factors. The study recommended assistance from financial institutions, government agencies, and policymakers to support startups in Ghana.

Sevilla-Bernardo et al. [67]. had a statistical analysis of a bibliographical sample of 60 recent According to Sevilla-Bernardo et al., [67], the ten most important factors for the success of a startup are the following: idea, Decisions of the CEO Business Model, Marketing, Team, Funding, Timing, Evaluation Culture, Culture and Value of the Startup and adaptation to the environment.

A recent study by Kreitmeyr [40], aimed to investigate the challenges and problems that face entrepreneurs in general; it is found that governing investments is one of the biggest challenges that faces entrepreneurs in Jordan. Depending to a report in 2019, Jordanian entrepreneurs perceive taxes as the key barrier facing their business (73%), followed by laws governing investments in startups (62%), excessive government formalities (58%), obstacles related to customs law and regulations (55%), and social security (52%) [46].

This paper explores the problems facing entrepreneurs and business startups in Kosovo's Business Environment. This involved surveying 144 startup businesses in four regions of Kosovo. The survey method used was a questionnaire, which the respondents completed themselves. A Statistical Package for the Social Sciences (SPSS) program was then used to examine and analyze the findings. The problems for startups were during both pre-start-up and ongoing business activities. The main problems during pre-start-up were: lack of initial capital, too much local and national government bureaucracy, lack of pre-startup training, getting the bank loan and corruption. Meanwhile, the key problems during ongoing business activities were: high bank interest rates, unfair competition, lack of cash, incorrect competition and disruption to the electricity supply [73].

Ezeani [25]. investigated the challenges faced by Nigerian university graduates in finding suitable employment or embarking on entrepreneurship ventures. According to Ezeani [25], three factors inhibiting entrepreneurial endeavours in Nigeria are (a) inconsistent government policies, (b) lack of investment in education, and (c) a need for more individual skills and technical competence.

Gross [29]. examines the performance of more than 200 companies and concludes that timing is the most critical factor, followed by the team and then an idea for the success of a startup. According to Sevilla-Bernardo et al. [67].), that analyzed 60 articles on the success of startups, the following are the ten most important factors for the success of a startup are idea, the decision of the chief executive officer, Business model, marketing, team, funding, timing, evaluation culture, culture and values of the startup and adaptation to the environment.

3. Ease of Doing

The more friendly an economy is to doing business, the more attractive investments are, which catalyzes economic growth and development. It is pointed out that the easier it is to establish and run a business, the more investors will be encouraged to invest, and thus more employment is generated. A good business environment promotes competition, innovation, and expansion [77]. The Federal Government of Nigeria approved a 60-day National Action Plan on ease of doing business in Nigeria on 21st February 2017 [60]. Subsequently, the Government has been improving on this initial effort. Recent Developments in Ease of Doing Business will positively affect alleviating the problems of startups in Nigeria.

Two major Acts were passed and signed into law on October 2022 and 10th February 2023, by the Nigerian President, General Muhammadu Buhari (Retired). They are:

A. The Nigeria Startup Act 2022

President Muhammadu Buhari signed Nigeria's startup bill on 19th October 2022. The following are the highlights. The objectives of the act include:

1) Provision of a legal and institutional framework for developing startups in Nigeria.
2) Provision of an enabling environment for the establishment, development and operations of startups in Nigeria.
3) Provision for the development and growth of technology-related talents and.
4) Position Nigeria's startup ecosystem as Africa's leading digital technology centre, having excellent innovators with advanced skills and exportable capacity.

The act applies to companies incorporated under CAMA 2020 and labelled as startups and firms whose activities affect the creation, support and incubation of firms labelled as startups in Nigeria. The act was passed as a response to the challenges confronting startups in Nigeria. Special Seed Funding was also created for fintech to ease their funding challenges. Tax and fiscal incentives available to startups were also included in the act. Section 13 of the Act defined a startup label. A labelled startup must comply with all the laws governing businesses in Nigeria.

Other sections in the act include labelled startup. Investment seed fund, Tax and fiscal Incentives, which include pioneer status incentives, deduction of expenses on Research and Development, exemption from ITF contribution, Repatriation of Capital and Profits, export incentives, protection of Intellectual property rights, Access to Government grants and facilities, collaboration with the Securities and Exchange Commission, transfer of foreign technology, collaboration with the corporate affairs commission.

Despite the passage of the act, implementation is key to achieving the goals set by the Government on the ease of business for startups in Nigeria, especially for the growth of digital and technology businesses in the country.

B. Business Facilitation (Miscellaneous Provisions) Act, 2023

This act was passed to provide for the ease of doing business to ensure transparency, efficiency and productivity in Nigeria and for a related matter. The Bill is also known as the Omnibus Bill. This Bill aims to improve the enabling environment for SMEs to thrive 21 business-related laws was amended to remove bureaucratic constraints to business in Nigeria. The list of the amended laws includes The companies and Allied Matters Act, Export (Prohibition) Act, Financial Reporting Council Act, Customs & Excise Management Act, Immigration Act, Industrial Inspectorate Act, Foreign Exchange Act, Investment and Securities Act, National Planning Commission Act, National Housing Fund Act, Nigerian Customs Service Board Act, National office for technology Act, Nigerian Export Promotion Council Act, Nigerian Ports Authority Act, Nigerian Investment Promotion Commission Act, Patent and Designs Act, Nigerian Oil & Gas Industry Content Act, Pension Reform Act, Trademark Acts and Standard organization of Nigeria Act.

The benefits of the act include an Effective tool for speedy amendment of the business-related legislative framework, promotion of best global practices adapted for bet fit in Nigeria, provision of incentives to encourage the growth of MSMEs, provision of harmonization of MDA's processes, key performance indicators and consequence management for erring public officials, ensure efficiency and transparency in public service delivery with cost, time and procedures for doing business promotion of good governance practices through public-private partnership and an enhanced regulatory environment for all.

This act was facilitated by the Presidential Enabling Business Environment Council (PEBEC) in collaboration with The Presidency, The 9th National Assembly, the Federal Ministry of Justice, Participating Federal Ministries departments and agencies (MDAs), Nigeria Bar Association Section on Business Law, Nigerian Economic Summit Group, National Assembly Business Environment Round Table, Manufacturers Association of Nigeria, Nigerian Association of Small and Medium Enterprises, Lagos Chamber of Commerce and Industry.

4. Type of Study

There are two main types of study: quantitative and qualitative studies. Quantitative studies rely more on numbers and statistics, while qualitative studies are expressed through descriptive speech [21].

Quantitative studies use questionnaires mainly and depend on converting questions into numbers to facilitate the calculation of their measures. In contrast, qualitative studies are centred on interviews with individuals through open discussions and focused meetings [2].

There are two main sources of information in research: Primary and Secondary Sources. Primary sources are when a researcher rely upon the information he collects via questionnaires, surveys, personal interviews, group interviews, dialogues, focus group, and discussions. In comparison, secondary sources include references and tools the researcher uses to know the findings of the latest studies related to the same study [2]. This study uses a quantitative method.

5. Methodology of the Research

The data was collected from the primary source using a structured questionnaire via Google Forms. The questionnaire was divided into three main parts. Part A covers the basic information about the respondents; Part B covers information on the Startup problems of the study, and Part C covers information on the important factors for the success of a startup of the study—the target respondents whose business is between 1 to 3 years of operations. Data was gathered from valid responses of 1065 from 1078 respondents in Nigeria. The questionnaire was designed using a dichotomous of four points Likert scale ranging from strongly agree (4) to strongly disagree (1) to provide information on the topic.

6. Results

Questionnaires designed to understand the customers' experience of Overcoming the challenges confronting Startups in Nigeria were distributed electronically using Google form; the total number of responses was 1078, and the valid responses were 1065 respondents whose business is between 1 to 3 years. The questionnaire was formulated using dichotomous questions Likert scale ranging from Strongly Agree (4) to Strongly Disagree (1).

Table 1. *Demographic data.*

VARIABLES	CATEGORIES	FREQUENCY (N = 1065)	PERCENTAGE (%)
GENDER	Male	818	77.81
	Female	347	23.19
	Total	1065	100
EDUCATION	High School	102	9.58
	Diploma	220	20.66
	Degree	667	62.63
	Masters	72	6.76
	Doctoral	4	0.38
	Total	1065	100
INDUSTRY/SECTOR	Agriculture	429	40.28
	Production	89	8.36
	Trading	84	7.89
	Education	35	3.29
	Health Care	40	3.76
	Food Service	51	4.79
	Real Estate	7	0.66
	Accounting	5	0.47
	Hospitality & Tourism	9	0.85
	Fashion	110	10.33
	Others	206	19.34
	Total	1065	100
LEGAL STATUS	Partnerships	79	7.42
	Limited by Guarantee	116	10.89
	Non Profit	21	1.97
	Sole proprietorship	849	79.72
	Total	1065	100
YEARS OF COMMENCEMENT	2020	404	37.93
	2021	373	35.02
	2022	205	19.25
	2023	83	7.79
	Total	1065	100

The Male gender constituted 76.81% of the respondents, while 23.19% were female. The highest level of education of the business owner was mostly Degree level (62.63%), followed by Diploma level (20.66%), high school (9.58%), master and doctoral degrees have the lowest level (6.76% and 0.35%, respectively. The agricultural sector has the highest (40.28%), followed by Others (19.34%), which comprises I. T., logistics and construction and followed by fashion (10.33%), Production (8,36%), Trading (7,89%), Foodservice (4.79%), Health care (3.76%) and education (3.29%) in operation within 1-3 years.

Table 2. *Startup Problems.*

SN	STATEMENT	MEAN	STD	INTERPRETATION
1	Lack of startup capital	3.64	3.15	Strongly Agree
2	Too much Government Bureaucracy	2.98	2.48	Agree
3	Lack of pre-start-up training	2.78	2.29	Agree
4	Lack of access to an accelerator	3.24	2.76	Strongly Agree
5	Getting a Bank loan	3.17	2.74	Strongly Agree
6	Corruption	2.92	2.48	Agree
7	Finding equipment for production	3.14	2.67	Agree
8	Unfavourable Government Policies	3.11	2.62	Agree
9	Limited market	2.69	2.19	Agree
10	Access to Electricity	3.21	2.75	Agree
11	Access to water supply	2.91	2.43	Agree
12	Getting an operation permit	2.85	2.33	Agree
13	Complicated Business Registration	2.69	2.18	Agree
14	Lack of proper planning	2.72	2.21	Agree
15	Finding a working location	2.85	2.35	Agree
16	Problem with Finding a Business Partner	2.72	2.23	Agree
17	Access to ICT	2.76	2.26	Agree

Respondents were asked questions on startup problems facing small businesses within 1-3 years of operations. The statement "lack of startup capital" had the highest and positive mean, followed by the statement "Lack of access to an accelerator and getting a bank loan", which strongly agreed. In contrast, the other statements were agreed as the startup problems for businesses in Nigeria. All these statements are major factors facing business startups because there was no negative response from the survey.

Table 3. *Important factors for the success of a startup.*

SN	STATEMENT	MEAN	STD	INTERPRETATION
1	Idea	3.54	2.98	Strongly Agree
2	Chief Executive Officer decisions	3.21	2.70	Agree
3	Business model	3.37	2.83	Strongly Agree
4	Marketing	3.47	2.92	Strongly Agree
5	Team	3.36	2.83	Strongly Agree
6	Funding	3.58	3.01	Strongly Agree
7	Timing	3.33	2.80	Strongly Agree
8	Evaluation culture	3.25	2.73	Agree
9	Culture and values	3.19	2.68	Agree
10	Adaptation to the Environment	3.24	2.72	Agree
11	Satisfaction	3.30	2.77	Agree
12	Training	3.40	2.86	Strongly Agree
13	Diversity	3.14	2.64	Agree
14	Advisors	3.22	2.70	Agree
15	Scalability	3.22	2.70	Agree
16	Digitization	3.29	2.77	Agree
17	Lean Startup	3.22	2.69	Agree

Table 3 shows the important factors for the success of a startup. The statement "Funding" had the highest and positive mean, followed by the statements "Idea, Training, Marketing, Business model, teamwork and timing were strongly agreed as the success factor of a startup business in Nigeria. All other statements were agreed factors for businesses' success in Nigeria, and where there was no negative response from the survey.

7. Discussion and Implication

This research result is in accordance with a study carried out by Opoku, Fobih, & Adom [56] in Ghana in 2019, where the challenges SMEs face include funding, lack of planning management skills, and limited market. Also, in contrast, the problems facing the Jordan start up are high taxes, laws governing startups excessive government formulation [40]. According to this research, timing is of the most critical factors for the success of a startup. This position was also corroborated by Gross [29], who reviewed a sample of 60 recent articles and concluded that the most important factors for the success of a startup are idea, the decision of the CEO, business model, marketing, team, funding, timing, evaluation culture, culture and value.

Practical implications: The findings are valuable to young entrepreneurs, researchers and policymakers in understanding startup challenges and highlighting the significant support that startup entrepreneurs need. It also offers useful inputs to policymakers in improving the existing entrepreneurial ecosystem in Nigeria.

8. Conclusion

The population for this study was well distributed across the socio-demographics and among the startup businesses within 1-3 years of business operations. The study showed that lack of startup capital, lack of access to an accelerator and access to bank loans were strongly major factors of startup problems for businesses in Nigeria.

The important factors for a successful business startup were shown include the idea, training, marketing, business model, teamwork, and timing were other factors for the success of businesses in Nigeria.

Further research can be done for the solutions for startup business access to funding access, training, and marketing business models, among others, to sustain business growth in Nigeria.

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