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The Role of Entrepreneurial Ecosystems in Supporting Startups in Benin City, Edo State

OBEKI, Obeki Stephen (PhD)[1*] ADEBAYO, Motunrayo Esther[2]

1. Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Nigeria
2. Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City.

- Email of the corresponding author: obeki.obeki@uniben.edu

Abstract

This study investigates the role of entrepreneurial ecosystems in supporting startups to ensure their survival and growth. Using a sample of 150 startups across various business types in Benin City, purposively selected, and a structured questionnaire as the research instrument, the findings reveal that access to finance, supportive government policies, education, and business support services are key factors influencing entrepreneurship development. Additionally, challenges such as resource gaps, regulatory barriers, and cultural constraints hinder startup growth. The study employed standard multiple regression analysis to evaluate the predictive capabilities of the predictor variables concerning the criterion variable. The hypotheses were tested with a p-value derived from the regression results on SPSS version 23. According to the decision rule, null hypotheses (H_o) are not rejected if the p-value is greater than or equal to 0.05, while they are rejected if the p-value is less than 0.05. The four null hypotheses tested were rejected, indicating that the elements of the ecosystem significantly affect the growth and sustainability of startups in Benin City. The study recommends enhancing the existing ecosystem in the Benin City metropolis to provide more opportunities for startups to access needed facilities, collaborate, grow, and contribute to the region's overall economic development.

Keywords: entrepreneurial ecosystem, startups, government policy, finance, business support services

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1. INTRODUCTION

Generally, a startup is a newly established business, characterized by innovation, scalability, risk, and potential for profitability. Ehsan (2021) defined a startup as an organisation specifically created for producing and selling innovative goods and services. Some key characteristics of startups, according to Ehsan (2021) include innovation, scalability, risk and uncertainty, and agility or ability to adapt quickly to market changes. According to the World Bank (2023), startups contribute over 40% to global GDP and account for over 70% of employment opportunities worldwide. However, the success and sustainability of new startups have been a matter of concern in developed and developing countries, as they vary depending on factors such as industry and funding (Demandsage, 2025).

Demandsage (2025), reported that an average of 137,000 new businesses or startups are launched every day. However, most of them fail before reaching the maturity stage of their life cycle. Globally, only about 10% - 20% of startups achieve long-term success, while about 90% fail (CB Insights, 2020; Small Business Administration, 2020, Demandsage, 2025). In Nigeria, it has been reported that 80% of new businesses fail within the first three years (SMEDAN, 2022). A report by Weetracker (2020) gave an average of 64.4% failure rate among startups in 10 African countries within a ten-year period. With this high level of failure rates among startups, the need to ensure the survival and sustainability of entrepreneurial ventures becomes of high import. The causes of startup failure are located within the business environment in which they operate. This environment comprises critical components such as finance, government policies, education, and business support services, which collectively provide the resources, networks, and opportunities necessary for startups to thrive (Isenberg, 2011).

In recent years, there has been a growing interest in understanding how the environmental factors can be harnessed, coordinated and optimized to support new ventures, in what is now referred to as an entrepreneurial ecosystem, especially in regions where startups face significant challenges. These challenges include limited

access to funding, ineffective government policies, inadequate training programs, and a lack of business support services. The concept of the entrepreneurial ecosystem underscores the importance of interconnected components working in harmony to promote entrepreneurship. Isenberg (2011) identified key elements, including access to finance, education, government support, and business development services, as fundamental to the success of new ventures. More recent studies have expanded this framework, emphasizing the role of networks, culture, and infrastructure in creating conducive environments for startups (Stam & Spigel, 2022). In developed economies, well-established entrepreneurial ecosystems like Silicon Valley in the United States and Shenzhen in China show how a supportive environment can stimulate innovation and enhance the survival of startups. For instance, Silicon Valley, which is an entrepreneurial ecosystem created by Stanford University in Sans Francisco, USA, contributes over $275 billion annually to the U.S. economy, and it is driven by a robust network of venture capital firms and government support (CB Insights, 2023).

In contrast, entrepreneurial ecosystems in developing economies often face systemic challenges. For example, startups in sub-Saharan Africa frequently encounter barriers such as poor access to capital, limited policy support, and insufficient mentorship opportunities (Adegbite, Afolabi & Eze, 2022). This disparity highlights the need for targeted interventions to strengthen entrepreneurial ecosystems in these regions. To address these challenges, this study aims to ascertain the role of entrepreneurial ecosystem components such as finance, government policies, education, and business support services in fostering the growth and sustainability of new ventures in Benin City, Edo State.

1.1 Research Questions

This study seeks to examine the interplay between the components the ecosystem and new startups to propose strategies that can optimize the survival and growth of startups in Benin City, Edo State by providing answers to the following research questions:

1. Do startups in Benin City have access to finance or loans other than bootstrapping?
2. Do government policies support the growth and survival of startups in Benin City?
3. Does formal entrepreneurship education/training influence the success of startups in Benin City?
4. Do startups in Benin City depend on business support services for growth and survival?

2.0. LITERATURE REVIEW

2.1. Entrepreneurial Ecosystem

An entrepreneurial ecosystem refers to the interconnected and dynamic network of actors, institutions, policies, and resources that facilitate entrepreneurial activities within a particular geographic area (Agbonlahor, 2023). This system aims to foster entrepreneurship by providing entrepreneurs access to essential resources, support systems, and opportunities for innovation (Stam, 2015). The concept of the entrepreneurial ecosystem emphasizes that entrepreneurship does not occur in isolation, but rather is influenced by a combination of economic, social, and institutional factors that interact to create an enabling environment for entrepreneurial ventures (Roundy, 2019). Stam (2015) defines an entrepreneurial ecosystem as a “system of interacting institutions and organizations that aim to foster and sustain entrepreneurship,” highlighting the importance of synergy among the components of the ecosystem. Key components of a successful entrepreneurial ecosystem include access to capital, mentorship, networks, supportive government policies, infrastructure, and entrepreneurial culture (Isenberg, 2010). These elements provide entrepreneurs with the resources and support necessary to transform ideas into viable and scalable businesses. Research has shown that a functional entrepreneurial ecosystem has a direct impact on the entrepreneurial activities in a region and the entrepreneurial intentions of university students. Therefore, promoting and enhancing the components of an entrepreneurial ecosystem helps to build a vibrant entrepreneurial community (Guerrero et al., 2021).

2.2 Components of the Entrepreneurial Ecosystem

The entrepreneurial ecosystem is composed of various interdependent components that collectively create an environment conducive to entrepreneurial activity. Each of these components plays a vital role in shaping and enhancing entrepreneurial intentions, activities, and outcomes. These components are listed below:

2.2.1 Access to Capital

Capital is essential for funding business operations, product development, marketing, and hiring skilled personnel. Without adequate access to financial resources, even the most innovative business ideas may fail to

materialize (Adesola & Enofe, 2022). In developed economies, entrepreneurs typically have access to a variety of funding sources, such as venture capital, angel investors, government grants, and traditional bank loans. These diverse funding avenues provide entrepreneurs with the flexibility to secure the necessary capital to launch and grow their businesses (Liguori et al., 2021). However, in developing countries like Nigeria, access to capital remains a significant challenge for aspiring entrepreneurs (Adejumo, 2023).

2.2.2 Mentorship and Networking

A mentor can serve as both a role model and a source of knowledge, providing personalized advice based on real-world experiences. This personalized support is especially crucial for university students, who may lack the practical knowledge needed to convert theoretical business ideas into viable ventures (Harrison & Leitch, 2022). In addition, networking opportunities play a crucial role in entrepreneurial success by connecting entrepreneurs with key stakeholders, including investors, customers, suppliers, and fellow entrepreneurs. Business networks are essential for expanding access to resources and markets that might otherwise be inaccessible to new entrepreneurs.

2.2.3 Government Policies and Business Support Systems

Government policies and support systems are pivotal in shaping the entrepreneurial ecosystem, as they either foster or hinder the development of entrepreneurial ventures. Pro-entrepreneurial government policies can significantly reduce the barriers to starting and running a business by providing legal, financial, and infrastructural support (Williams & Thompson, 2020). In countries with thriving entrepreneurial ecosystems, such as the United States, the United Kingdom, and South Korea, governments have implemented tax incentives, simplified business registration processes, and funding programs that make entrepreneurship more accessible (Kim & Min, 2022).

2.2.4 Entrepreneurial Culture

Entrepreneurial culture refers to the shared values, attitudes, and norms that promote and support entrepreneurship within a society. A strong entrepreneurial culture encourages individuals to pursue innovative ideas, take calculated risks, and view entrepreneurship as a viable and rewarding career path. In countries with well-established entrepreneurial ecosystems, such as the United States and Singapore, entrepreneurship is celebrated, and success stories of high-profile entrepreneurs serve as role models for aspiring business owners (Isenberg, 2010). In these environments, there is a positive societal perception of entrepreneurship, which encourages individuals to engage in entrepreneurial activities and develop the confidence needed to succeed.

2.2.5. Entrepreneurship Education and Training

Entrepreneurship education and training play a pivotal role in fostering a vibrant entrepreneurial ecosystem (Oke & Adekunle, 2022). These programs equip aspiring entrepreneurs with the necessary skills, knowledge, and mindset to navigate the complexities of starting and growing a business. By providing a structured learning environment, entrepreneurship education and training help individuals develop critical thinking, problem-solving abilities, and innovative approaches to business challenges (Fayolle & Gailly, 2015).

2.4 Theoretical Framework

Several frameworks have been proposed to support the concept of entrepreneurial ecosystems such as the Babson College Entrepreneurship Ecosystem project (Babson College, 2021), the triple helix model, and the entrepreneurial ecosystem framework (Isenberg, 2010). The Babson College Entrepreneurship Ecosystem Project categorises entrepreneurial ecosystems into policy, finance, culture, support, human capital, and markets. It was created to help societies create an environment that fosters entrepreneurship. The triple helix model, developed by Etzkowitz and Leydesdorff (2000), emphasizes the interaction between three key stakeholders, which are universities or tertiary institutions, industries and governments. The model highlights the importance of collaboration and knowledge sharing among these stakeholders to drive innovation and entrepreneurship within a particular region.

However, this study adopts the entrepreneurial ecosystem framework (EEF), developed by Isenberg (2010). The framework identifies six elements that are critical to the development of a successful entrepreneurial ecosystem: (1). Supportive policies and regulations, (2) access to funding and capital, (3) a culture that supports entrepreneurship and risk-taking, (4) infrastructure and services that support entrepreneurs, (5) access to skilled a talented individual, and (6) access to markets and consumers. It emphasises the role of entrepreneurs in identifying opportunities and their ability to acquire resources, such as capital and networks, to exploit those

opportunities. The presence of a supportive entrepreneurial ecosystem enables entrepreneurs to create sustainable and profitable ventures (Shane & Venkataraman, 2000).

2.5 Empirical Review

The role of entrepreneurial ecosystems in supporting startups has been a focal point of academic research, underscoring the significance of ecosystems in fostering innovation and business growth. Various studies highlight the critical components of entrepreneurial ecosystems and their impact on startup performance.

Isenberg (2010) conducted a seminal study on "The Role of Entrepreneurial Ecosystems in Supporting Startups," which involved surveying 100 startups across the United States of America. In his research, Isenberg meticulously categorized startups and assessed the availability and effectiveness of ecosystem elements within their environments, such as access to finance, educational institutions, and professional networks. His findings emphasized the pivotal role entrepreneurial ecosystems play in enabling startups to thrive by offering essential resources, robust networks, and skilled talent.

Building upon this, Stam (2015) explored "Entrepreneurial Ecosystems and the Performance of Startups" by analyzing data from 500 startups distributed across Europe. Stam's research revealed that startups embedded within strong entrepreneurial ecosystems consistently outperformed their counterparts outside such ecosystems. These ecosystems provided a cohesive structure of support, enabling startups to navigate challenges and seize opportunities effectively.

Saxenian (1994) turned the spotlight on the Silicon Valley entrepreneurial ecosystem in her study titled "The Impact of Entrepreneurial Ecosystems on Startup Success." By examining 10 startups within Silicon Valley, Saxenian highlighted how the region's entrepreneurial ecosystem significantly bolstered startup success. Key elements such as access to venture capital funding, experienced mentorship, and expansive professional networks were identified as instrumental in enhancing the viability and growth of startups in this ecosystem.

Focusing on academic entrepreneurship ecosystems, Etzkowitz (2003) investigated the role of universities in supporting startups. Through a comprehensive survey of 50 universities of varying characteristics across the United States, Etzkowitz discovered that universities serve as critical hubs in entrepreneurial ecosystems. They provide startups with access to cutting-edge knowledge, diverse resources, talented individuals, and collaborative networks. This study underscored the symbiotic relationship between academia and entrepreneurship in driving innovation and business success.

In Nigeria, Counseal (2024) conducted a comprehensive nationwide study titled "Navigating the Nigerian Startup Ecosystem: Resources and Support," which offered valuable insights into the dynamics of entrepreneurship within the country. The study revealed that Nigeria is home to over 200 million startups and small-scale businesses, collectively raising approximately $1.3 billion in 2022. While initiatives from the Nigerian government and private organizations have been introduced to promote startup survival and growth, critical challenges persist. Startup entrepreneurs in Nigeria face hurdles such as inadequate and erratic power supply, limited funding opportunities, stringent regulatory frameworks, and pervasive marketing difficulties. Despite these obstacles, the study highlighted the resilient spirit of Nigerian entrepreneurs and the promising potential of Nigeria's startup ecosystem.

Despite the insights provided by the reviewed studies within and outside Nigeria, the seemingly high rate of failure of startups in Benin City, Edo State within its rich environment that should support a thriving entrepreneurial ecosystem and the lack of a specific research on the role of entrepreneurial ecosystem in supporting startups in Benin City, created a gap in the literature that needs to be filled by conducting this study.

2.6. Research Hypotheses

The following null hypotheses were formulated and tested to explain the research questions:

Hypothesis 1: There is no significant relationship between access to finance and the growth of new ventures.

Hypothesis 2: Supportive government policies do not significantly influence startups creation and growth.

Hypothesis 3: Education and training programmes have no significant impact on the success of startups.

Hypothesis 4: Startups in Benin City do not significantly depend on business support services for growth and survival.

3. 0. METHODOLOGY

3.1 Research Design

This study adopts a quantitative, survey research design, focusing on startups in the Benin City metropolis. The population of this study consists of startup entrepreneurs and business owners in the Benin City metropolis. The population is finite as it involved human beings that could be counted; however, due to lack of immediate record of all registered startups and businesses in Benin City, a purposive sampling technique was adopted to select 200 startup entrepreneurs in Benin City metropolis for the survey. This technique ensured that the right respondents who could answer the research questions were selected. The sampling units or the survey elements on which the research instrument was administered were the founders/owners/chief executive officers who have the record of the creation, challenges, and activities of the businesses.

3.2. Data Collection Method

The study utilised a structured questionnaire based on a 5-point Likert scale as the primary instrument for data collection. The questionnaire consists of demographic information and respondents' opinions on key variables of the entrepreneurial ecosystem, which were disaggregated into 4 or 5 questions and subjected to answers ranging from "Strongly Agree" to "Strongly Disagree."The research instrument was subjected to face and content validity through expert review and logical analysis. Small-scale pretesting and piloting were also carried out to increase validity, reliability, and enhance the overall quality and effectiveness of the study, which aims to examine the relationship between components of the entrepreneurial ecosystem (independent variables) and the growth and sustainability of new ventures or startups (dependent variable).

3.3. Research Setting

The setting for this research is Benin City, Edo State, Nigeria. Benin City, the capital of Edo State, Nigeria, is a historic and culturally rich metropolis with a land area of 1,204 square kilometres and a population of 2,045,000. Known for its ancient and iconic Benin Bronzes, the city blends traditional heritage with modernity. Benin City is a significant hub for commerce, education, and industry in southern Nigeria, featuring landmarks like the Oba's Palace, Benin Museum, and vibrant markets. The city is home to the University of Benin and other institutions, and its economy is driven by agriculture, oil, and commerce with abundant typical elements of an entrepreneurial ecosystem.

Table 3.0: Selected Startups and the administration of questionnaires

S/N	**Business Type**	**No of the questionnaires administered**	**No of the questionnaires retrieved**	**No of the questionnaires found usable**
1	Pastry shops	20	17	15
2	Bread Bakeries	20	18	14
3	Supermarkets	20	18	14
4	Restaurants	20	20	16
5	Potable water companies	20	18	14
6	Mobile Phones and Accessories Stores	20	20	18
7	Fashion Boutiques	20	16	12
8	Hairdressing/Barbing Salons	20	18	14
9	Graphic designers	20	20	18
10	Solar Electricity companies	20	15	15
	TOTAL	**200 (100%)**	**180 (90%)**	**150 (75%)**

Source: Authors' Fieldwork, 2025

Table 3.0 above shows that a total of 200 questionnaires were administered equally across 10 types of businesses in Benin City, which are small scale in nature. Out of these, 180 questionnaires were retrieved, representing a 90% retrieval rate. However, only 150 questionnaires were found usable, which translates to a 75% usability

rate. This indicates that while many of the questionnaires were retrieved, not all were usable for the study. The high retrieval rate suggests good participation from the selected startups, but the usability rate highlights respondents' biases and fear in competing the questionnaire. Some of the respondents had some palpable fear towards the survey as they thought the government could use it to locate them for tax or registration purposes. However, we dissuaded their fear in this regard with a strong assurance that it was for academic purposes only.

4.0. DATA ANALYSIS

The data collected were analysed with SPSS version 23 analytical tool, using multiple regression analysis to determine the relationship between the independent variables and the dependent variable The analysis helped to identify the role, strength and significance of each ecosystem component on the growth and survival of startups in Benin City.

Table 4.1: Analysis of Gender of the Respondents

Gender	Frequency	Percentages %
Male	**104**	**69%**
Female	**46**	**31%**
Total	**150**	**100%**

Source: Fieldwork Survey, 2025

Table 4.1 above shows that 69% of the total respondents are male, which translates to 104 individuals. This indicates that the majority of the respondents in the study are male. On the other hand, 31% of the total respondents are female, amounting to 46 individuals. This implies that there are fewer female respondents compared to male respondents in the study. The gender distribution in Table 4.1 suggests that the majority of the respondents in the study are male. This could have implications for the findings of the study, as the perspectives and experiences of male respondents may be more prominently represented.

Table 4.2: Analysis of Age Distribution of the Respondents

Age	Frequency	Percentages %
18-20 years	**9**	**6%**
21 – 25 years	**69**	**46%**
25 – 30 years	**69**	**46%**
31 years and above	**3**	**2%**
Total	**150**	**100%**

Source: Fieldwork Survey, 2025

The table 4.2 above shows that 8% of the respondents fall within the age range of 18-20 years, which translates to 12 individuals. This indicates that a small portion of the respondents are in their late teens. 17% of the respondents are between 21-25 years old, amounting to 25 individuals. This suggests that a moderate number of respondents are in their early twenties. A large group of respondents, 35%, are between 25-30 years old, which translates to 52 individuals. The majority of the respondents, 40%, are 31 years and above, amounting to 61 individuals. This suggests that a substantial portion of the respondents are in their early thirties or older. The overall implication of the age distribution in Table 4.2 was that most of the startups surveyed were run by mature youths and young adults, with the majority of respondents being 31 years and above.

Table 4.3: Does access to finance have an impact on the growth and sustainability of new ventures?

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Remark
1	I had access to sufficient funding for the growth of my venture.	78 (52%)	48 (32%)	18 (12%)	6 (4%)	0 (0%)	4.32	High
2	I found it challenging to secure conventional bank loans for their businesses.	60 (40%)	48 (32%)	36 (24%)	2 (1%)	4 (3%)	4.05	High
3	Microfinance institutions offer adequate support to startups in terms of flexible loan options.	83 (55%)	54 (36%)	6 (4%)	2 (1%)	5 (4%)	4.39	High
4	Lack of funding is a significant barrier to the sustainability of new ventures in Benin City.	78 (52%)	39 (26%)	30 (20%)	2 (2%)	1 (0%)	4.26	High
5	The availability of government grants or subsidies will improve the chances of success for startups.	60 (40%)	66 (44%)	24 (16%)	0 (0%)	0 (0%)	4.24	High
	Cluster Mean	**72 (48%)**	**51 (34%)**	**23 (15%)**	**2.4 (2%)**	**2 (1%)**	**4.25**	**High**

Source: *Authors' Fieldwork, 2025*

Mean Score Key & Interpretation of the Likert-type scale:
1.00 – 1.80 = Very low
1.81 – 2.60 = Low
2.61 – 3.40 = Moderate
3.41– 4.20 = High
4.21– 5.0 = Very high

The data presented in Table 4.3 highlights the significant role that access to finance/funding plays in the growth and sustainability of new ventures. Respondents overwhelmingly agreed with the statement that access to sufficient funding is crucial for the growth of new ventures, with 52% strongly agreeing and 32% agreeing. This is further reflected in the high mean score of 4.32, indicating a strong consensus on the importance of funding the success of new businesses.

Regarding the challenges entrepreneurs face in securing financial support, 40% of respondents strongly agreed, and 32% agreed that securing bank loans or venture capital is difficult in the region. The mean score of 4.05 confirms a high level of agreement that entrepreneurs encounter significant barriers in obtaining the necessary financial backing for their businesses.

When it comes to the support offered by financial institutions, a substantial majority of respondents (55%) strongly agreed, and 36% agreed that these institutions provide adequate support to startups, especially in the form of flexible loan options. With a mean score of 4.39, this statement also received a high level of agreement, signaling that financial institutions are seen as essential partners in the startup ecosystem.

Lack of funding was identified as a major barrier to the sustainability of new ventures, with 52% strongly agreeing and 26% agreeing. The mean score of 4.26 further emphasizes that insufficient funding significantly hinders the long-term success of many new businesses.

Additionally, the availability of grants or subsidies was seen as an important factor that improves the chances of success for startups. Forty percent of respondents strongly agreed, and 44% agreed with this statement, leading to a mean score of 4.24, suggesting that financial aid in the form of grants and subsidies is seen as a vital support mechanism for startups.

The overall cluster mean of 4.25 reflects strong agreement across all the statements, reinforcing the notion that access to finance and funding is a critical determinant for the growth and sustainability of new ventures. Respondents recognize that while financial support is essential, securing it remains a significant challenge for entrepreneurs. However, financial institutions and the availability of grants and subsidies are viewed as crucial in providing the necessary resources for startups to thrive.

Table 4.4: What role do supportive government policies play in fostering entrepreneurship?

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Remark
1	Supportive government policies on businesses in Benin City are designed to encourage entrepreneurship.	90 (60%)	48 (32%)	12 (8%)	0 (0%)	0 (0%)	4.52	High
2	Tax incentives provided by the supportive government will support the growth of new ventures.	54 (36%)	60 (40%)	24 (16%)	12 (8%)	0 (0%)	4.04	High
3	Entrepreneurship hubs and incubators created by the government help new businesses to grow	84 (56%)	60 (40%)	6 (4%)	0 (0%)	0 (0%)	4.52	High
4	Government regulations and policies supporting small and medium enterprises have positively influenced entrepreneurial activities in this Benin city.	96 (64%)	30 (20%)	18 (12%)	6 (4%)	0 (0%)	4.44	High
	Cluster Mean	**84 (56%)**	**46.8 (31%)**	**14.4 (10%)**	**4.8 (3%)**	**0 (0%)**	**4.40**	**High**

Source: *Authors' Fieldwork, 2025*

Table 4.4 reveals the significant role that supportive government policies play in fostering entrepreneurship in Benin City. A majority of 60% strongly agreed, and 32% agreed, leading to a high mean score of 4.52. This indicates that government policies are widely seen as supportive of entrepreneurial efforts.

Regarding tax incentives, 36% of respondents strongly agreed, and 40% agreed that tax incentives provided by the government are sufficient to support new ventures. This resulted in a mean score of 4.04, which still indicates a high level of agreement.

The statement that entrepreneurship hubs and incubators created by the government help new businesses to grow received strong agreement from respondents. A majority of 56% strongly agreed, and 40% agreed, leading to a high mean score of 4.52

The statement that government regulations and policies supporting small and medium enterprises have positively influenced entrepreneurial activities in Benin City was similarly well-supported. A majority of 64% strongly agreed, and 20% agreed, resulting in a mean score of 4.44

Overall, the responses indicate that supportive government policies play a significant role in fostering entrepreneurship in Benin City. The high mean scores across all statements reflect strong agreement among respondents that these policies are beneficial for entrepreneurial activities.

Table 4.5: How do education and training programs influence the success of new ventures?

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Remark
1	Entrepreneurs in Benin City have access to adequate training programs.	78 (52%)	54 (36%)	6 (4%)	12 (8%)	0 (0%)	4.16	High
2	Business education contributes significantly to the success of new ventures.	66 (44%)	60 (40%)	12 (8%)	6 (4%)	6 (4%)	4.08	High
3	Training programs offered to entrepreneurs in Benin City are relevant to their business needs.	72 (48%)	60 (40%)	12 (8%)	6 (4%)	0 (0%)	4.20	High
4	Lack of formal training opportunities can affect entrepreneurial venture negatively	78 (52%)	54 (36%)	6 (4%)	6 (4%)	6 (4%)	4.16	High
5	Skills development programs have a positive impact on the performance of startups.	78 (52%)	54 (36%)	6 (4%)	6 (4%)	6 (4%)	4.16	High
	Cluster Mean	74.4 (49.6%)	56.4 (37.6%)	8.4 (5.6%)	7.2 (4.8%)	3.6 (2.4%)	4.15	High

Source: *Authors' Fieldwork, 2025*

Table 4.5 highlights the impact of education and training programs on the success of new ventures/startups. The statement that entrepreneurs in Benin City have access to adequate training programs received strong agreement from respondents, with 52% strongly agreeing and 36% agreeing. This led to a high mean score of 4.16, indicating that a majority of respondents believe that adequate training programs are available for entrepreneurs in Benin City.

That business education contributes significantly to the success of new ventures also received strong support, with 44% strongly agreeing and 40% agreeing. The mean score of 4.08 reflects a consensus that business education plays a crucial role in the success of new ventures.

On the relevance of Training Programs offered to entrepreneurs in Benin City, the statement received positive responses, with 48% strongly agreeing and 40% agreeing, resulting in a mean score of 4.20. This suggests that respondents believe the training programs provided are closely aligned with the needs of entrepreneurs.

On the other hand, a majority of the respondents believe that the lack of formal training opportunities can affect entrepreneurial ventures negatively, with 52% strongly agreeing and 36% agreeing. The mean score of 4.16 indicates a strong belief that the absence of formal training can hinder the success of entrepreneurial ventures

On the role of skills development programs on the positive performance of startups, 52% strongly agreed and 36% agreed. The mean score of 4.16 reinforces the view that skills development plays a significant role in enhancing startup performance.

The overall cluster mean of 4.15 supports the conclusion that education and training programs are seen as highly beneficial for new ventures in an entrepreneurial ecosystem.

Table 4.7: What is the contribution of business support services to the development of new ventures?

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Remark
1	Incubators and accelerators in Benin City provide support to startups.	80 (53%)	40 (27%)	12 (8%)	6 (4%)	12 (8%)	3.84	Moderate
2	Mentorship opportunities are readily available for entrepreneurs in Benin city.	79 (52%)	51 (34%)	6 (4%)	12 (8%)	0 (0%)	4.08	High
3	Business support services such as advertising, digital marketing and computerisation of sales and payroll have helped startups overcome significant challenges.	70 (47%)	60 (37%)	12 (8%)	6 (4%)	6 (4%)	4.00	High
4	Entrepreneurs can easily access consulting services for their ventures in Benin City	72 (48%)	60 (40%)	12 (8%)	6 (4%)	0 (0%)	4.12	High
5	Lack of business support services can hinder the growth of new ventures.	78 (52%)	54 (36%)	6 (4%)	6 (4%)	6 (4%)	4.00	High
	Cluster Mean	74.4 (49.6%)	54 (36%)	9.6 (6.4%)	7.2 (4.8%)	4.8 (3.2%)	3.81	Moderate

Source: *Authors' Fieldwork, 2025*

Table 4.7 explores the contribution of business support services to the development of new ventures. The statement that incubators and accelerators in Benin City provide support to startups received a mixed response. While 53% strongly agreed and 27% agreed, the remaining respondents had a more neutral or negative response. The mean score of 3.84 indicates that, overall, incubators and accelerators provide a moderate level of support to startups.

The statement that mentorship opportunities are readily available for entrepreneurs in Benin City garnered a high level of agreement. 52% strongly agreed, and 34% agreed, resulting in a mean score of 4.08. This suggests that mentorship opportunities are seen as highly accessible and valuable for entrepreneurs in Benin City.

The statement that business support services such as advertising, digital marketing, and computerisation of sales and payroll have helped startups overcome significant challenges showed positive responses. 47% strongly agreed, and 37% agreed, leading to a mean score of 4.00. This indicates a strong belief that business support services play a significant role in helping startups address major challenges.

The statement that entrepreneurs can easily access consulting services for their ventures in Benin City received favorable responses. 47% strongly agreed, and 40% agreed, resulting in a mean score of 4.12. This implies that entrepreneurs feel they can easily access the necessary advisory services to guide their ventures effectively.

The statement that the lack of business support services can hinder the growth of new ventures reflected a high level of agreement. 52% strongly agreed, and 36% agreed, leading to a mean score of 4.00. This suggests that the absence of business support services is indeed seen as a barrier to the growth of new ventures.

The overall cluster mean of 3.81 reflects a moderate level of overall satisfaction with the availability and impact of business support services in the Benin City entrepreneurial ecosystem.

4.1. Regression Analysis

The study employed standard multiple regression analysis to evaluate the predictive capabilities of the predictor variables in relation to the criterion variable. The hypotheses were tested with a p-value derived from the regression results. According to the decision rule, null hypotheses (H_0) are not rejected if the p-value is greater than or equal to 0.05, while they are rejected if the p-value is less than 0.05.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.721	0.631	0.619	0.34209	1.890

The model summary presents the results of the regression analysis. The coefficient of determination (R-squared) is 0.631, indicating that approximately 63.1% of the variance in the development of new ventures can be explained by the predictors included in the model. This shows a moderately strong relationship between the predictors and new venture development. The adjusted R-squared value of 0.619 suggests that while adding more predictors could improve the model's explanatory power, it would not drastically increase the predictive capability. The standard error of the estimate (0.34209) shows the average difference between the observed and predicted values, with a lower value suggesting better model accuracy. The Durbin-Watson statistic of 1.890 indicates no significant autocorrelation in the residuals, which implies that the regression model's assumptions are not violated.

Table 4.7: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	32.712	4	17.271	23.523	0.000
Residual	22.062	145	0.301		
Total	54.774	149			

SPSS version 23 analysis

The ANOVA table assesses the significance of the regression model in predicting the development of new ventures. The F-statistics of 23.523 with a p-value of 0.000 indicates that the regression model significantly explains the variability in new venture development. The predictors collectively account for a substantial portion of the variance in the dependent variable, and the p-value less than 0.05 indicates that the null hypothesis (that the predictors do not explain the variance) should be rejected.

Table 4.8: Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	
(Constant)	1.301	0.211		6.161
Access to Finance	0.372	0.081	0.221	4.590
Government Policies	0.312	0.076	0.237	4.105
Education & Training	0.337	0.074	0.492	4.554
Business Support Services	0.393	0.094	0.492	4.181

SPSS version 23 analysis

4.2. Hypothesis Testing Results

Hypothesis 1: There is no significant relationship between accesses to finance the growth of new ventures.

The standardized coefficient (Beta) for access to finance is 0.221, with a p-value of 0.012. Since the p-value is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis. This indicates that access to finance has a significant impact on the growth of new ventures.

Hypothesis 2: Supportive government policies do not significantly influence entrepreneurship development.

The standardized coefficient (Beta) for government policies is 0.237, with a p-value of 0.012. As the p-value is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis. This suggests that supportive government policies play a significant role in entrepreneurship development.

Hypothesis 3: Education and training programs have no significant impact on the success of new ventures.

The standardized coefficient (Beta) for education and training programs is 0.492, with a p-value of 0.000. Given the p-value is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis. This shows that education and training programs significantly contribute to the success of new ventures.

Hypothesis 4: Business support services do not significantly contribute to the development of new ventures.

The standardized coefficient (Beta) for business support services is 0.492, with a p-value of 0.001. Since the p-value is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis. This indicates that business support services have a significant role in the development of new ventures.

4.3 Discussion of Findings

The findings from our study offer valuable insights into the factors influencing the growth and development of new ventures. By comparing our results with existing literature, we can highlight how our research aligns with and contributes to the current understanding of entrepreneurial success.

Our study underscores the widely recognized importance of financial access in entrepreneurship, echoing the work of Carter and Johnson (2022) who emphasize the role of finance in new venture development. However, our research goes further by examining the various financial mechanisms that can enhance access to capital. We found that access to finance significantly impacts new venture growth (Beta = 0.221, p = 0.012), suggesting that policies aimed at improving access to funding, such as venture capital or microfinance, could help entrepreneurs overcome common financial barriers. This finding reinforces the view that improving access to finance is crucial for fostering entrepreneurship, particularly in developing economies.

Consistent with the submission of Williams and Thompson (2020), our study highlights the critical role of supportive government policies in fostering entrepreneurship. With a standardized coefficient (Beta) of 0.237 and a p-value of 0.012, our research emphasizes the importance of favorable governmental actions, such as tax incentives and supportive regulatory frameworks, in enabling the success of new ventures. While previous studies have generally highlighted the need for government intervention, our study delves deeper into specific policy areas that can positively influence entrepreneurial outcomes. For instance, we explore the role of regulatory simplicity and financial incentives as key drivers of entrepreneurship, providing more detailed insights into the regulatory measures that can improve the entrepreneurial ecosystem.

In line with Isenberg (2011) work, our study finds a strong relationship between education/training programs and new venture success (Beta = 0.492, p = 0.000). This finding emphasises the necessity of equipping entrepreneurs with the skills to manage their businesses effectively. While earlier research stressed the importance of entrepreneurship education in theory, our study demonstrates its tangible effects on entrepreneurial outcomes. By highlighting the impact of targeted education and training, our study advocates for integrating such programs into national development strategies to enhance the success rate of new ventures, particularly in emerging markets.

Our findings also corroborate previous research on the significance of business support services. Building on the work of Counseal (2025), we found that business support services - such as mentoring, networking, and incubation programs - play a crucial role in new venture development (Beta = 0.492, p = 0.001). This finding underscores the value of external support systems in reducing the risks associated with entrepreneurship. Unlike earlier studies that broadly mentioned business support services, our research identifies specific services that are most impactful, such as personalized mentoring and access to entrepreneurial networks, which are key to navigating the challenges of starting a business.

Furthermore, our study contributes to the literature by addressing the lack of research on the interaction between multiple entrepreneurial factors. While previous studies often analyzed individual factors in isolation, our research takes a holistic approach by investigating how access to finance, supportive government policies, education and training, and business support services interact to influence venture success. This provides a more nuanced understanding of the entrepreneurial ecosystem, offering valuable insights for policymakers and entrepreneurs alike. In summary, our findings build upon and extend existing research by highlighting the multifaceted factors that contribute to new venture success. We provide detailed insights into the mechanisms through which financial access, supportive government policies, education and training, and business support services influence entrepreneurship. By offering a more comprehensive understanding of these determinants, we provide actionable recommendations for entrepreneurs and policymakers seeking to foster a thriving entrepreneurial ecosystem. However, further research, particularly in developing countries, is needed to establish the long-term effects of these factors and identify the best practices for supporting new startups.

5.0. SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Summary

The study revealed that access to finance is crucial for the success and growth of entrepreneurial ventures. Entrepreneurs who had better access to funding, whether through loans, grants, or venture capital, were more likely to successfully establish and scale their businesses. Financial constraints remain a significant barrier to entrepreneurship, particularly for startups and small businesses. Supportive government policies were identified as essential for fostering entrepreneurship development. The analysis showed that pro-business policies, such as tax incentives, subsidies, and streamlined regulatory frameworks, significantly impact the establishment and sustainability of entrepreneurial ventures. However, inconsistent implementation and a lack of access to information regarding these policies hinder their full effectiveness.

Furthermore, the study found that both formal and informal education directly impacts entrepreneurship development. Entrepreneurs with higher levels of education and relevant business training were better equipped with the skills necessary to run and grow their businesses. Additionally, the availability of entrepreneurial education programs was linked to increased rates of entrepreneurial activity.

Finally, business support services, including mentorship, networking opportunities, incubators, and advisory services, were found to positively influence entrepreneurship development. These services provide entrepreneurs with the necessary guidance and resources to navigate challenges, expand their networks, and grow their businesses.

5.2. Conclusion

The findings of this study provide empirical evidence that access to finance, supportive government policies, education, and business support services are key factors influencing entrepreneurship development. Access to finance emerged as the most critical factor, followed closely by supportive government policies, entrepreneurial education, and business support services. This study underscores the need for a multifaceted approach to entrepreneurship development. While financial support is crucial for entrepreneurs to start and scale their businesses, government policies that promote business-friendly environments, robust education systems, and effective business support services are equally important in fostering sustainable entrepreneurial ecosystems

5.3 Recommendations

Based on the findings of this study, the following recommendations are proposed to enhance entrepreneurship development and business startups in an entrepreneurial ecosystem:

Governments and financial institutions should introduce more inclusive financial products tailored to the needs of startups and small businesses. Additionally, financial literacy programs should be offered to entrepreneurs to improve their ability to access and manage funding effectively.

Policymakers should focus on creating and implementing more business-friendly policies, including tax incentives for startups, reducing bureaucratic red tape, and providing access to affordable infrastructure. Regular updates to these policies are essential to keep pace with the evolving entrepreneurial landscape.

Educational institutions should incorporate entrepreneurship courses and programs into their curricula at all levels of education. Collaboration between universities and the private sector should be encouraged to provide practical, hands-on entrepreneurial training. Furthermore, adult education and informal entrepreneurial training programs should be expanded to reach a wider demographic of potential entrepreneurs1. Governments, development agencies, and private sector entities should invest in expanding the availability and accessibility of business support services such as mentorship, incubation centers, and networking platforms. Special attention should be given to rural and underserved areas to ensure that entrepreneurs from all regions can access these critical services.

Entrepreneurs should be encouraged to engage in collaborative efforts by creating platforms for networking and knowledge-sharing. Events such as business forums, trade fairs, and conferences can provide opportunities for entrepreneurs to connect with investors, mentors, and peers, which can further support business development and growth.

Implementing these recommendations could significantly improve the entrepreneurial ecosystem, increase the number of successful startups, and contribute to the overall economic development of the region.

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