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**Topic: Challenges of Doing Business in Nigeria**

Nigeria is one of the world’s leading business locations on the African continent. But when it comes to doing business in Nigeria, there are several challenges confront a typical Nigerian business. In 2016, out of 189 countries, Nigeria was ranked 169th in the World Bank’s Ease of Doing Business Report.80% of new businesses and startups in Nigeria fail within the first 3 years. Doing business in Nigeria could be a wonderful experience when your business venture succeeds, however before success there could be great challenges and difficulties that a new business or startup must phase.

Starting up a business venture generally comes with its own business risk that may hamper the growth of such business, but some problems and challenges are very common to all businesses in Nigeria. In this article, we highlighted the top 5 challenges of doing business in Nigeria and how to overcome such challenges in other to make sure they don’t kill your business.

**5 Major Challenges of Doing Business In Nigeria**

1. Access to capital & credit. One of the most difficult tasks, for any entrepreneur that wants to start up their very own small business, is to raise capital for it. Simply put, capital is the amount of money the business has available to spend on various business activities. Except you’re one of the rich kids in the block, raising capital is never an easy task and often requires a lot of determination and patience.

Lack of financial capital is the single most significant challenge when it comes to doing business in Nigeria. Even with the conceptualization and implementation of financial programs meant to support businesses, the government has always been in a struggling position to ensure that financial capital is easily made accessible to entrepreneurs. In most cases, entrepreneurs must turn to personal savings, business loans, families and friends, or government grants to get financial capital for business.

2. Electricity / Power Supply. Getting access to constant electricity and a power supply is a major concern for business in Nigeria. As of June 2018, an average household in Nigeria can only have access to 6 hours uninterrupted power supply out of the 24 hours that exist in each day. Therefore, the use of generators as an alternative power source is so common in Nigeria. 9 of 10 houses in Lagos State alone has at least one power generator as an alternative source of power. Over the past decades, successive governments have unsuccessfully endeavored to tackle Nigeria’s energy deficit problem. The current Minister of Power, Works and Housing, Mr. Raji Fashola, has blamed inadequate electricity supply to consumers on lack of enough financial investments in the power sector.

3. Government regulations. The government plays a major role in the decision of how business gets done in Nigeria. No government or economic system leaves all decisions about doing business to the market. These regulations are meant to keep businesses in-check and ensure that follow a common rule. The law that guides doing business is known as Companies & Allied Matters Act (CAMA).

African countries rank low on the World Bank’s ‘Doing Business’ ratings. This is mostly due to the difficulty involved with setting up a business. In Nigeria, it can take between 2 weeks and 1 month to set-up a business which always involves jumping through several regulatory hoops. The government is becoming more supportive of local start-up ecosystems, but generally, the Nigerian government needs to do more to make doing business easier and more interesting.

4. Corruption & Bribery. While Nigeria is among the world’s leading investment destinations and is formally a well-functioning business environment, corruption and bribery are still serious obstacles. The federal structure of the political system means there is a wide range of regulatory agencies, which can lead to demands for bribes from public officials. In 2013, Nigeria was ranked 14 most corrupt country in the world according to Transparency International’s corruption perception index, and organized crime is a significant problem in some parts of the country. However, this is something the current administration of President M. Buhari is fighting hard against at all government levels.

5. Market developments. The main thing we are talking about here is disruption, such as digital or technological disruption. It is something that is affecting businesses of all industries in Nigeria. There is also market risk around the fact that there is global uncertainty around economic growth. When you are unsure of the direction that the entire economy is going to take, it makes business planning and strategy development a great deal more difficult and riskier.

In a bid to prepare for this risks, many corporate organizations (such as banks) are now supporting start-ups, so that they are part of the disruption, or are developing smaller, more agile and very independent parts of their own organization to look to the future and be aware of new trends in the market that can affect how business is done.