

CHALLENGES

A man with short dark hair and a slight smile is seated in a shop. He is wearing a black and yellow patterned shirt with a beige zipper. His hands are clasped in front of him. The shop is filled with various items: stacks of colorful fabrics, woven baskets, and a display of jewelry including a large horn and several bracelets. A small bowl with colorful paper crafts is visible in the bottom left corner. The background shows more shelves with folded clothes and a glimpse of the outdoors through an opening.

STARTING A BUSINESS
IN NIGERIA

Jesse Uchechukwu

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STARTING A BUSINESS IN NIGERIA: CHALLENGES-CORRUPTION-INFLATION

By: Jesse Uchechukwu

Starting a business in Nigeria is like planting a rose in concrete - beautiful in intent, but cracked and bruised by the weight of reality. You need more than passion; you need street smarts, backup generators, spiritual patience, and enough grit to choke a diamond. In a land bursting with potential and riddled with obstacles, only the truly daring dare to build, and even fewer survive, but why? And what does it take to make it?

Starting up a business requires a lot of planning and capital, which depends solely on the kind of business the entrepreneur wishes to start. Now, several factors can make or break a businessperson's ideas or even crumble any opportunity one has to embark on the journey of becoming a businessperson.



Accessing capital for one's project has proven to be one of the most challenging stages in the entrepreneurial journey. Most aspiring business owners find it difficult to raise the capital needed for their project. The other option is applying for a business loan from the bank and other financial agencies. But here is the thing: the process of applying for a business loan is strenuous and exhausting.

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In most cases, entrepreneurs face strict collateral requirements and exorbitant interest rates more than 70% of the time. These kinds of rates and strict collateral requirements discourage entrepreneurs, and in most cases, they give up and don't even start at all. The strong-hearted ones among them who may carry on with the requests and high rates may end up in debt or find themselves struggling to meet the interest payments.



Due to funding issues and poor cash flow, 80% of Nigerian SMEs (Small and Medium Enterprises) collapse within five years, with no hope of resurrection unless a miracle happens.

When one says the country is corrupt, it's not just about politics and government. Still, corruption affects the whole administrative sector of the country, not just that, but also affects the way of life and how the people of the nation go about their day-to-day business.

Registering a business is outrageously expensive and slow, demanding multiple forms, permits, and brown envelopes. Most times, even after providing all necessary documents, the organisation deliberately slows down your registration process just because they have not been 'sorted'. Such an entitled demand.

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Under the case where one succeeds and begins the journey, do not think you have escaped unscathed, because the outrageous taxation may keep the business hanging on a thin line while trying to survive. In most cases, the business owners resort to increasing the prices of their products or services just so they can meet up with taxation and other bills.

The country's infrastructural black holes consume the struggles of surviving businesses, from unreliable power supply to outrageous logistics costs. In all parts of the country, power supply is completely unreliable; as a result of this, business owners rely solely on generators or other means of generating power for their businesses.



This will result in a high cost of production, thereby affecting the consumer or end user. In most cases, when consumers cannot afford one product or service, they tend to find an alternative, leading to the failure of one's business.

Starting up a business in this country needs planning, wit, a hardcore mind, and a whole lot of money. The distribution of products has been made nearly impossible and extremely expensive. The condemned road, both major and access, is almost unusable that trying to reach consumers have become too expensive and slow, thereby leading to inflation of logistics costs and late delivery.

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Inflation and currency devaluation squeeze margins and weaken consumer spending; firms stumble when costs rise, but prices can't align. Economic volatility is a frequent, unpredictable change in key financial indicators like inflation, currency, interest rate, and government policies. In Nigeria, these changes are frequent and intense, and they create a ripple effect that can crush even well-planned businesses.

Inflation destroys purchasing power because prices of raw materials, transportation, and labour rise constantly without control; this, in turn, affects consumers; they end up not being able to afford or pay more than the usual price, so profits shrink.

Currency devaluation plays a vital role in destroying businesses. It is no doubt that Nigeria relies heavily on imported goods, especially machinery, tech tools, packaging, and even textile materials. When the naira weakens, it takes more naira to buy the same amount of goods in dollars, euros, or yuan. This raises costs dramatically for businesses that source materials abroad or use foreign tools.

Policy changes happen without warning, and government decisions can shake the entire industry. Let's take the 2023 fuel subsidy removal for example. In May 2023, when the fuel subsidy was removed, the price of petrol quadrupled, thereby increasing delivery costs, commuting expenses for staff, generator fuel bill, and let's not forget other petroleum products as well.

The economic volatility makes it nearly impossible to plan long-term, which is crucial for business growth. The unpredictability forces businesses to keep raising prices and risk losing customers, cut costs, which often reduces the quality of goods and services, or shut down altogether.

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Launching a business in Nigeria is not for the faint-hearted. The road is littered with economic roadblocks, poor infrastructure, red tape, corruption, insecurity, and intense competition. But great stories of success from fintech unicorns to Nollywood's rise come from those who embrace bold strategies, smart planning, and agility.

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In "STARTING A BUSINESS IN NIGERIA," readers are thrust into the tumultuous landscape of entrepreneurship, where ambition battles against crippling obstacles like corruption, soaring interest rates, and infrastructural decay. With 80% of small businesses failing within five years, this guide reveals the harsh realities and urgent strategies needed for survival and success in a market fraught with unpredictability. Discover how resilience, innovative planning, and a fierce determination can unlock the potential hidden within Nigeria's vibrant economy.