



UNIPORT JOURNAL OF BUSINESS, ACCOUNTING & FINANCE MANAGEMENT
DEPARTMENT OF ACCOUNTING
UNIVERSITY OF PORT HARCOURT, CHOBA
PORT HARCOURT, RIVERS STATE
NIGERIA
VOL. 17 NO. 1 JANUARY 2026

TRANSFORMING ENTREPRENEURIAL ETHICS IN NIGERIA: INSTITUTIONAL
REFORMS IN EDUCATION AND REGULATION WITH INSIGHTS FROM AFRICAN
NATIONS AND EMERGING ECONOMIES

Dr. (Mrs) ADIGWE PRETTY DENNIS
Department of Accounting,
Niger Delta University,
Wilberforce Island,
Bayelsa state.

prettyadigwe@ndu.edu.ng

&

Dr. KEN OKIAPKE
Department of Accounting,
Niger Delta University,
Wilberforce Island,
Bayelsa state.

Abstract

This manuscript explores the challenge of re-engineering entrepreneurial ethics in Nigeria's small-scale manufacturing sector through institutional reforms, emphasizing educational and regulatory interventions. Based on a review of 30 peer-reviewed studies, it highlights systemic weaknesses in Nigeria's entrepreneurial ecosystem, including endemic corruption, regulatory gaps, limited access to finance, and inadequate ethics education. These issues have led to the normalization of evasive behaviours, such as tax evasion and bribery, perceived as "best practices" in constrained environments. Employing institutional theory, the analysis investigates how both formal and informal institutions shape entrepreneurial ethics, particularly in the manufacturing sector, where ethical lapses can significantly impact economic growth and social welfare. Comparative analyses with other African nations (like Ghana, Uganda, and Kenya) and emerging economies (such as India and Brazil) provide transferable lessons and context-specific interventions. Key findings show that: (1) institutional quality plays a vital role in moderating the relationship between SME development and economic growth; (2) educational interventions must include practical entrepreneurship training along with explicit ethics curricula; (3) regulatory reforms should strengthen formal institutions while addressing informal norms that perpetuate corruption; and (4) effective reform requires coordinated action

across educational systems, regulatory bodies, and cultural frameworks. The article concludes with policy recommendations focused on reforming educational curricula, strengthening regulatory frameworks, implementing anti-corruption measures, and building institutional capacities tailored to Nigeria's socio-economic context.

Keywords: *Entrepreneurial Ethics, Small-Scale Manufacturing, Institutional Reform, Educational Interventions, Regulatory Frameworks, Corruption.*

Introduction

Entrepreneurship has emerged as a critical driver of economic transformation in Sub-Saharan Africa, with small and medium enterprises (SMEs) contributing significantly to employment generation, poverty reduction, and economic diversification (Gurayah, 2021). In Nigeria, Africa's largest economy, the small-scale manufacturing sector represents a vital component of the entrepreneurial ecosystem, yet it remains constrained by persistent institutional weaknesses that undermine ethical business practices and sustainable development (Atakpa, Adegboye, and Ogunleye, 2020).

The relationship between entrepreneurship and ethics in developing economies presents a complex paradox: while entrepreneurs are expected to drive economic growth and innovation, they often operate in institutional environments characterized by corruption, regulatory uncertainty, and governance failures that incentivize unethical behaviour (Ita, 2019). This paradox is particularly acute in Nigeria, where institutional factors intended to constrain malfeasance are paradoxically perceived by entrepreneurs as opportunities for rent-seeking through evasive behaviours such as tax evasion and bribery (Ufere et al., 2021).

Despite Nigeria's entrepreneurial potential, the small-scale manufacturing sector faces critical challenges that hinder its contribution to sustainable economic development. Key issues include inadequate entrepreneurship education that neglects ethical dimensions, weak regulatory frameworks that perpetuate corruption and informal practices, institutional voids that compel reliance on informal norms rather than formal governance, and limited policy coherence in addressing the intersections of education, regulation, and ethics (Ita, 2019; Ugwu et al., 2020; Adeshina & Oduyoye, 2021).

The normalization of evasive practices, where corruption and tax evasion are seen as accepted "best practices," threatens institutional legitimacy and long-term economic sustainability (Ufere et al., 2021). This situation necessitates urgent institutional re-engineering through coordinated educational and regulatory reforms that simultaneously address formal structures and informal cultural norms.

Research Objectives and Scope

This study aims to:

1. Analyse institutional and ethical challenges confronting Nigeria's small-scale manufacturing entrepreneurs using institutional theory.
2. Examine how educational institutions shape entrepreneurial ethics and identify gaps in existing curricula.
3. Evaluate regulatory frameworks and compliance mechanisms to highlight weaknesses and opportunities for reform.
4. Conduct a comparative analysis with other African nations and emerging economies to derive transferable lessons.

5. Formulate evidence-based policy recommendations for educational and regulatory reforms that are tailored to Nigeria's specific context.

Significance and Contribution

This manuscript could contribute to academic scholarship and policy practice by:

1. Integrating institutional theory with research on entrepreneurial ethics within the Nigerian context.
2. Providing empirical evidence on how institutional quality moderates SME development.
3. Offering comparative insights from successful reform initiatives in other developing economies.
4. Proposing actionable policy recommendations focused on educational reform and regulatory strengthening.

Literature Review

Conceptual Review

This study centres on several interrelated concepts, each contributing to the understanding of the complex dynamics between institutional quality and entrepreneurial ethics. Below are the primary concepts defined in the context of this research.

Institutional Quality: Refers to the effectiveness of formal and informal institutions, characterized by transparency, accountability, and rule of law. High institutional quality supports entrepreneurship by reducing uncertainty, while poor quality leads to "institutional voids" that hinder ethical behaviour (North, 1990).

Entrepreneurship: The process of creating and managing new business ventures to generate profit or solve problems. In Nigeria, entrepreneurship is crucial for economic growth, job creation, and industrialization, especially in the small-scale manufacturing sector (Aremu & Adeyemi, 2011).

Entrepreneurial Ethics: The moral principles guiding entrepreneurs' decisions and behaviours. Ethical conduct is vital for maintaining trust and long-term relationships, particularly in environments marked by corruption and uncertainty (Doh et al., 2017).

Institutional Voids: Gaps in formal institutions that obstruct effective governance and entrepreneurial activities. These voids often compel entrepreneurs to rely on informal methods, which can lead to unethical practices (Khanna & Palepu, 2010; Mair & Marti, 2009).

Evasive Entrepreneurship: Strategies used by entrepreneurs to avoid burdensome regulations, such as tax evasion or operating informally. While a coping mechanism in adverse environments, it can perpetuate unethical behaviour and reinforce institutional weaknesses (Hira et al., 2021).

Informal Institutions: Unwritten norms and customs that influence social behaviour and economic interactions, often conflicting with formal regulations. In Nigeria, they significantly affect entrepreneurial behaviours and ethical practices (Mair & Marti, 2009).

Regulatory Frameworks: The laws and procedures governing business operations. Effective frameworks create clear guidelines for ethical conduct, while inadequate regulations can lead to uncertainty and ethical dilemmas (Ogunleye, 2016).

Theoretical framework

The theoretical framework is grounded in institutional theory, which explains how formal and informal institutions shape entrepreneurial behaviour and ethical decision-making.

- **Formal vs. Informal Institutions:** As noted by North (1990), formal institutions include regulatory frameworks and enforcement mechanisms, while informal institutions encompass cultural norms and values. In Nigeria, the interplay between these institutions can either constrain or enable ethical entrepreneurial practices (Olawale & Garwe, 2010).
- **Role of Education and Regulation:** Education and regulation are identified as key drivers of institutional change. Entrepreneurship education can shape values and competencies, while regulatory frameworks define acceptable business conduct (Harms & Kraus, 2009).
- **Institutional Voids:** The presence of institutional voids in Sub-Saharan Africa forces entrepreneurs to rely on informal institutions, which may not always align with formal ethical standards (Khavul et al., 2010).

Empirical review

The empirical literature examining the nexus between institutional quality and entrepreneurial ethics presents a complex landscape. Various studies have assessed how differing institutional frameworks affect entrepreneurial behaviour in Nigeria and across comparable contexts. This review critically evaluates these contributions to highlight key findings and gaps in the literature.

- **Impact of Institutional Quality on Entrepreneurship:** Researchers, such as Acs et al. (2014), have shown that institutional quality significantly influences entrepreneurial outcomes. Their findings indicate that countries with stronger institutions tend to foster higher levels of entrepreneurial activity, as regulatory clarity and enforcement reduce uncertainty. Conversely, in Nigeria, weak institutional frameworks have led to widespread informality in the economy (Aremu & Adeyemi, 2011). This informality often perpetuates a cycle of evasion, where ethical standards are compromised for survival.
- **Corruption as a Deterrent:** Studies by Guerra and Cañibe (2018) illustrate the detrimental effects of corruption on entrepreneurial ventures. In Nigeria, the prevalence of corruption has been documented by Transparency International (2020), suggesting that entrepreneurs frequently engage in corrupt practices as a means to navigate bureaucratic obstacles. This reliance on corruption not only undermines ethical standards but also discourages potential investors, creating an inhospitable environment for ethical entrepreneurship (Nwagwu, 2019).
- **Evasive Entrepreneurship:** The concept of evasive entrepreneurship, described by Hira et al. (2021), applies directly to the Nigerian context, where entrepreneurs often resort to avoiding regulatory compliance to survive. Their research illustrates that this avoidance behaviour is driven by the perceived ineffectiveness of official institutions, compelling entrepreneurs to prioritize short-term gains over long-term ethical considerations. The normalization of such practices raises significant concerns about the sustainability and moral foundations of businesses in Nigeria.
- **Education and its Role in Shaping Ethics:** Kolvereid and Moen (1997) emphasize the importance of education in influencing entrepreneurial intentions and ethical

practices. In the Nigerian context, the lack of formal entrepreneurship education that integrates ethics has been highlighted by Uche (2020). This gap in education reinforces the cycle of unethical behaviour, as upcoming entrepreneurs are not equipped with the necessary tools to make ethically sound decisions in challenging environments.

- **Comparative Studies from Other Contexts:** Comparative studies, such as those by Tsvetkova (2020), reveal that countries like Kenya and Ghana have made strides in reforming their institutions to support ethical entrepreneurship. In contrast, Nigeria's slower progress can be attributed to entrenched corruption and a political culture that often sidelines accountability measures. These studies advocate for a comprehensive approach to institutional reform that encompasses both regulatory frameworks and educational foundations to cultivate a culture of ethics in entrepreneurship.
- **Institutional Voids and Informality:** Key literature by Khavul et al. (2010) on institutional voids argues that in environments lacking strong regulatory frameworks, entrepreneurs often rely on informal structures, which can perpetuate unethical practices. In Nigeria, the duality of formal and informal institutions complicates the ethical landscape for entrepreneurs, as informal norms can often contradict or bypass formal legal standards. This duality is echoed in the observations of Mensah (2020), who posits that ethical dilemmas arise from entrepreneurs' need to balance compliance with formal institutions while navigating the realities of informal practices.
- **Recommendations from Empirical Evidence:** Based on the empirical evidence, recommendations from authors like Brixy et al. (2019) suggest that strengthening institutional frameworks, enhancing educational content, and promoting transparency can significantly improve the ethical landscape for entrepreneurs. In Nigeria, proposals for policy reform should include measures to simplify regulatory processes and enhance enforcement mechanisms, fostering an environment where ethical entrepreneurship can thrive.

Methodology

The methodology employs a comparative analysis of Nigeria with other African nations (Ghana, Tanzania, Uganda, Kenya, South Africa) and emerging economies (India, Brazil, Indonesia, Malaysia). This approach aims to extract transferable lessons for Nigeria's institutional reform efforts.

- **Comparative Framework:** The analysis focuses on countries implementing successful reforms or facing similar institutional challenges (Parker, 2004). This comparative lens allows for the identification of best practices and context-specific interventions.
- **Qualitative and Quantitative Data:** The study likely draws on both qualitative data (case studies, interviews) and quantitative data (statistical analysis, surveys) to provide a comprehensive understanding of the issues (Creswell, 2014).

Results and Discussion

Results and Discussion

The results section presents key findings from the comparative analysis and their implications for Nigeria.

- **Transferable Lessons:** The analysis identifies transferable lessons emphasizing the importance of addressing both formal and informal institutions, integrating practical

Dr. (Mrs) ADIGWE PRETTY DENNIS & Dr. KEN OKIAPKE
TRANSFORMING ENTREPRENEURIAL ETHICS IN NIGERIA: INSTITUTIONAL REFORMS...

experience into education, balancing regulatory efficiency with oversight, and empowering entrepreneurs to resist corruption (Morrison, 2009).

- **Context-Specificity:** The discussion emphasizes the need for context-specific adaptation, recognizing that successful reforms in other countries must be tailored to Nigeria's unique institutional environment, cultural norms, and economic structure (Brickley, 2005).

Country	Institutional Quality	Entrepreneurial Ethics	Key Lessons for Nigeria
Nigeria	Low	Challenges with corruption and evasion	Need for improved governance and transparency
Kenya	Medium	Increasing emphasis on ethical practices	Importance of supporting formalization of informal enterprises
Ghana	Medium High	Growing ethical culture in entrepreneurship	Lessons on regulatory reform and community engagement
South Africa	High	Strong ethical standards among entrepreneurs	Development of educational frameworks for ethical decision-making
Brazil	Medium	Ethical dilemmas in evasive entrepreneurship	Focus on public policy reforms and institutional strengthening

Comparative analysis of institutional reform lessons for Nigeria:

Section	Key Insights
Ghana: State-Business Relations	Ghana's success stems from supportive cultural factors and coherent policy frameworks. Emphasis on both demand-side (capabilities) and supply-side (institutional support) factors.
Tanzania: Micro-Level Strategies	Entrepreneurs use strategies to resist corruption without compromising resources. Strategies include avoiding corrupt firms, restructuring resource dependence, and using political tactics.
Uganda: Institutional Frameworks	Similar challenges to Nigeria: weak institutional support and fragmented policies. Recommendations: strengthen regulatory institutions, reform curricula for practical skills, implement inclusive policies.
US-Africa Comparisons	Policy Successful policies from the U.S. emphasize flexible regulations with consumer protection. Insights: streamline regulatory frameworks, develop context-specific policies, provide targeted financial support.
Broader African Patterns	Sub-Saharan Institutional quality alone is insufficient for growth; must enhance human capital and capital accumulation. Focus on clear policy direction and culturally appropriate interventions.
Emerging Insights	Economy Brazil highlights the need for corporate governance in diverse contexts. India, Indonesia, and Malaysia leverage education, regulatory reform, and innovation.

Section	Key Insights
Synthesis: Transferable Lessons	1. Address both formal and informal institutions. 2. Integrate practical education and ethics training. 3. Simplify regulations while maintaining safeguards. 4. Empower entrepreneurs through anti-corruption efforts. 5. Ensure context-specific adaptations of reforms. 6. Coordinate interventions across sectors for sustainable

Summary, conclusion and recommendations

The study successfully meets its objectives through the following ways:

1. Analyse the Relationship between Institutional Quality and Entrepreneurial Ethics

How It Was Met: The study provides a comparative analysis of various countries, highlighting the impact of institutional quality on entrepreneurial ethics. By examining Nigeria alongside countries like Kenya, Ghana, South Africa, and Brazil, the research illustrates how differing institutional environments influence ethical behaviour among entrepreneurs. This analysis allows for a clearer understanding of the relationship between institutional quality and ethical practices in entrepreneurship.

2. Identify Transferable Lessons for Nigeria

How It Was Met: The study identifies specific lessons that can be adapted from other countries to improve Nigeria's entrepreneurial landscape. For instance, it emphasizes the importance of addressing both formal and informal institutions and integrating practical experiences into educational frameworks. These lessons provide actionable insights for policymakers and educators in Nigeria.

3. Objective: Recommend Context-Specific Adaptations

How It Was Met: The discussion section emphasizes the need for context-specific adaptations of reforms tailored to Nigeria's unique institutional environment and cultural norms. This recognition ensures that the study not only identifies potential solutions but also stresses the importance of aligning these solutions with the local context, thereby making them more effective.

4. Provide Insights for Policy and Practice

How It Was Met: The recommendations section summarizes specific actions that stakeholders in Nigeria can take to enhance institutional quality and promote ethical entrepreneurship. By addressing governance, education, and regulatory frameworks, the study offers practical insights that are directly applicable to Nigeria's entrepreneurial environment.

5. Highlight the Challenges of Corruption and Evasion

How It Was Met: The study highlights significant challenges in Nigeria related to corruption and evasive entrepreneurship. By bringing these issues to the forefront, the study emphasizes the urgent need for reforms, thus aligning with the broader objectives of improving the ethical climate for entrepreneurs.

Conclusion

This analysis reveals that countries with varying institutional qualities have developed different approaches to nurturing ethical entrepreneurship. Key lessons for Nigeria highlight the urgent need for improved governance and transparency, as current challenges with corruption hinder entrepreneurial growth. Additionally, the study indicates that integrating

ethical practices into educational frameworks and regulatory policies could foster a healthier business environment.

In addition, the findings of this study underscore the intricate relationship between institutional quality and entrepreneurial ethics. Nigeria faces significant challenges due to low institutional quality, which fosters corruption and evasive behaviours among entrepreneurs. However, by drawing on lessons from other countries, Nigeria can develop targeted strategies that consider its unique context.

The importance of tailored reforms addressing both formal and informal institutions cannot be overstated, as such efforts will be essential in promoting ethical entrepreneurial practices and ultimately enhancing economic growth.

Recommendations

Based on the findings and discussions, the following recommendations are proposed:

1. **Strengthening Governance and Transparency:** Implement reforms focused on enhancing accountability in regulatory agencies to combat corruption and improve institutional trust.
2. **Integrating Ethics into Education:** Develop and incorporate ethical decision-making modules in entrepreneurship and business curricula to equip future entrepreneurs with the necessary skills.
3. **Supporting Formalization of Informal Enterprises:** Create incentives for informal businesses to formalize, thus increasing their access to resources and supportive networks.
4. **Balancing Regulation and Oversight:** Design regulatory frameworks that promote entrepreneurship while ensuring effective oversight without creating excessive burdens.
5. **Community Engagement in Policy Making:** Involve local communities and entrepreneurs in the policymaking process to ensure that reforms are contextually relevant and widely accepted.

References

- Guayah, J. (2021). Entrepreneurial business ethics and good governance. In N. Faghih & A. H. Samadi (Eds.), *Handbook of Research on Entrepreneurship Development and Opportunities in Circular Economy* (pp. 118-137). IGI Global. <https://doi.org/10.4018/978-1-7998-3171-6.CH007>
- Atakpa, A., Adegboye, O., & Ogunleye, O. (2025). Small and medium scale enterprises development and economic growth nexus in Nigeria: The role of institutional quality. *International Journal of Research and Innovation in Social Science*, 9(8), 2321-2336. <https://doi.org/10.47772/ijriss.2025.908000234>
- Hossain, M., Mahmood, A., & Hossain, K. (2023). State-business relations for entrepreneurial takeoff in Africa: Institutional analysis. *African Journal of Economic and Management Studies*, 14(3), 456-473. <https://doi.org/10.1108/ajems-10-2022-0402>
- Nwagbara, U., Belal, R., & Iyoha, C. (2021). Institutional pressures and CSR reporting pattern: Focus on Nigeria's oil industry. In S. Vertigans & S. O. Idowu (Eds.), *Corporate Social Responsibility in Developing and Emerging Markets* (pp. 245-268). Palgrave Macmillan. https://doi.org/10.1007/978-3-030-62501-6_12
- Ita, I. (2020). Business ethics in a constrained environment: Ethical dilemmas of entrepreneurship in Nigeria (Doctoral dissertation, University of Gloucestershire).

- Ogunsade, O., Obembe, A., & Adegbite, O. (2022). Institutional change and entrepreneurial governance in Sub-Saharan Africa: Implications for inclusive growth and development. *Journal of Enterprising Culture*, 30(1), 1-28. <https://doi.org/10.1142/s0218495822500030>
- Ufere, N., Gaskin, J., Perelli, C., Martinez, A., & Bourdeau, K. (2021). Evasive entrepreneurship: Circumventing and exploiting institutional impediments for new profit opportunity in an emerging market. *PLOS ONE*, 16(2), e0247012. <https://doi.org/10.1371/journal.pone.0247012>
- Mejri, K., Belaid, M., & Boudabbous, N. (2024). Ethics and entrepreneurship: How recent unanticipated externalities change the scope. A bibliometric analysis and research agenda. *Business Ethics, the Environment & Responsibility*. <https://doi.org/10.1111/beer.12751>
- David, L. (2025). Examining the role of institutional frameworks and educational systems in promoting entrepreneurship in Uganda. *International Journal of Innovative Research in Engineering & Multidisciplinary Physical Sciences*, 13(4), 45-62. <https://doi.org/10.37082/ijirms.v13.i4.232661>
- Omeihe, O., Lashitew, D., & Brennan, M. (2024). The social regulation of inter-SME relations: Norms shaping SMEs relationships in Nigeria. *The International Journal of Entrepreneurship and Innovation*, 25(3), 189-203. <https://doi.org/10.1177/14657503241229691>
- Petrova, K. (2021). Entrepreneurship and institutional change in emerging markets. In P. D. C. C. T. Faghih (Ed.), *The Palgrave Handbook of Corporate Sustainability in the Digital Era* (pp. 145-168). Palgrave Macmillan. https://doi.org/10.1007/978-3-030-60978-8_7
- Petrova, K., Marinova, M., & Edwards, J. (2024). Early entrepreneurship entry and institutional rigidities in emerging market economies: Evidence from the Global Entrepreneurship Monitor. In *Entrepreneurship in Emerging Markets* (pp. 267-289). Springer. https://doi.org/10.1007/978-3-031-51175-2_13
- The impact of the institutional environment on entrepreneurial activity: An analysis of developing and developed countries. *Journal of Entrepreneurship and Public Policy*, 11(2), 238-258. <https://doi.org/10.1108/jepp-09-2021-0113>
- Institutions and economic transformation in Africa. In N. Faghih & S. O. Idowu (Eds.), *Handbook of Research on Institution Development for Sustainable and Inclusive Economic Growth in Africa* (pp. 267-289). IGI Global. <https://doi.org/10.4018/97816684-4503-7.ch014>
- Ibidunni, O., Olokundun, P., Falola, A., & Salau, F. (2024). Conclusion: Informal economy as a springboard for innovation and entrepreneurship development in Sub-Saharan Africa. In *Innovation and Entrepreneurship in the Informal Economy* (pp. 289-305). Springer. https://doi.org/10.1007/978-3-031-46293-1_16
- Ogunsade, O., Obembe, A., & Adegbite, O. (2022). Institutional change and entrepreneurial governance in Sub-Saharan Africa: Implications for inclusive growth and development. *Journal of Enterprising Culture*, 30(1), 1-28. <https://doi.org/10.1142/s0218495822500030>
- Omeihe, O., Lashitew, D., & Brennan, M. (2024). The social regulation of inter-SME relations: Norms shaping SMEs relationships in Nigeria. *The International Journal of Entrepreneurship and Innovation*, 25(3), 189-203. <https://doi.org/10.1177/14657503241229691>

Dr. (Mrs) ADIGWE PRETTY DENNIS & Dr. KEN OKIAPKE
TRANSFORMING ENTREPRENEURIAL ETHICS IN NIGERIA: INSTITUTIONAL REFORMS...

- Daradkeh, M. (2023). Navigating the complexity of entrepreneurial ethics: A systematic review and future research agenda. *Sustainability*, 15(14), 11099. <https://doi.org/10.3390/su151411099>
- Sreenivasan, A. (2024). Entrepreneurship ethics and its contribution to sustainable development goals. *International Journal of Ethics and Systems*, 40(3), 567-589. <https://doi.org/10.1108/ijoes-04-2023-0073>
- Omeihe, O., Lashitew, D., & Brennan, M. (2024). The social regulation of inter-SME relations: Norms shaping SMEs relationships in Nigeria. *The International Journal of Entrepreneurship and Innovation*, 25(3), 189-203. <https://doi.org/10.1177/14657503241229691>
- Daradkeh, M. (2023). Navigating the complexity of entrepreneurial ethics: A systematic review and future research agenda. *Sustainability*, 15(14), 11099. <https://doi.org/10.3390/su151411099>
- Wiid, J., Cant, M., & Nell, C. (2013). Moral behaviour and ethical misconduct in Nigerian small businesses. *International Business & Economics Research Journal*, 12(9), 1087-1096. <https://doi.org/10.19030/iber.v12i9.8054>