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Scaling Up SMEs in Nigeria: A Thematic Analysis of Strategic Drivers, Growth Barriers, and Entrepreneurial Insights

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Abstract
This study examines the strategic drivers, barriers, and sector-specific insights that influence the scale-up of Small and Medium Enterprises (SMEs) in Nigeria. Through in-depth, semi-structured interviews with founders and senior managers from diverse sectors including ICT, garments, renewable energy, and pharmaceuticals this research identifies key factors that enable and constrain business growth. The findings reveal that internal business strategies such as visionary leadership, innovation, service quality, and operational adaptability are crucial to scaling in Nigeria's volatile environment. However, external barriers, particularly limited access to capital, macroeconomic instability, and regulatory challenges, significantly impede scale-up efforts. While some respondents acknowledged the benefits of certain policies like tax exemptions, inconsistent implementation and regulatory delays remain pressing issues. The study also highlights the broader economic contribution of SMEs, including job creation, tax compliance, and support for smaller businesses. The research concludes with practical recommendations for improving financial access, streamlining regulatory processes, and fostering innovation within the SME sector. The findings offer valuable insights for entrepreneurs, policymakers, and future researchers aiming to enhance SME growth and economic development in Nigeria.
Keywords: SME Scale-Up, Strategic Drivers, Barriers to Growth, Nigeria, Entrepreneurial Insights
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1. Introduction

Small and Medium Enterprises (SMEs) are at the centre of economic growth in emerging as well as advanced economies. It is a well-known fact that they are drivers of job creation, innovation, and inclusive development (Adeosun &Shittu, 2022). In Nigeria, with its structural unemployment and high informality rates, SMEs constitute more than 80 percent of the total number of businesses and are the major contributors to national production and employment (Cahyadin et al., 2024). However, it is a minor fraction of these businesses that manage to grow to the magnitude of high-growth companies that can deliver prolonged economic transition (Audretsch, Belitski, &Theodoraki, 2024). The empirical and policy challenge is to understand the mechanisms which facilitate or inhibit this process of scale-up.

Scaling, in this context, refers not merely to business survival or incremental growth, but to a deliberate transition toward larger operational footprints, broader market reach, diversified offerings, and formalized internal structures (Monteiro, 2019). High-growth SMEs, often referred to as "scale-ups," exhibit a different trajectory from conventional firms by achieving rapid and sustained expansion in sales, employment, or assets. The capacity to scale is particularly salient in the Nigerian context, where macroeconomic volatility, infrastructure deficits, and institutional bottlenecks compound entrepreneurial uncertainty (Aluko et al., 2024). Scholars have therefore emphasized the need to interrogate both firm-internal and external conditions that influence scale-up performance in such environments (Slávik et al., 2024).

It is indicated in the literature that scaling is not automatic or linear. Although access to capital, innovation capacity, and managerial competence are commonly mentioned as the key enablers (Faloye et al., 2021; Belitski et al., 2023), some researchers also refer to the role of contextual dynamics, such as sectoral regulation, labor market flexibility, and digital readiness (Wongyai et al., 2025; Lange et al., 2023). Nigeria is one of the countries where an intervention like the Nigeria Start-up Act 2022 has been proposed to jumpstart tech-enabled entrepreneurship and scale-up ecosystems (Adelodun&Daibu, 2023). Still, a gap between policy intention and entrepreneurial performance continues to exist, in particular with regard to non-digital or non-capital-intensive firms.

Despite an expanding body of research on SMEs in Nigeria, there is limited empirical exploration of the lived experiences of scale-up entrepreneurs across diverse industries. Existing studies often rely on quantitative surveys or macroeconomic proxies, which may obscure the complex, path-dependent, and sometimes nonlinear nature of business scaling in fragile ecosystems (Jegede, 2020; Edobor& Sambo-Magaji, 2025). Moreover, there is inadequate attention paid to the qualitative nuances of entrepreneurial strategy, internal capability development, and adaptation to environmental shocks. These gaps limit our understanding of how Nigerian SMEs scale under dynamic and often hostile conditions — and what specific institutional, managerial, or structural factors facilitate or hinder that process.

To address this gap, the present study adopts a qualitative, interview-based methodology to explore the scale-up experiences of Nigerian SMEs across sectors such as ICT, garments, renewable energy, pharmaceuticals, and financial services. Through thematic analysis, the study investigates the internal drivers (e.g., leadership, innovation, service quality), external constraints (e.g., macroeconomic instability, policy unpredictability), and strategic outlooks of successful scaling firms. It pays particular attention to how entrepreneurial resilience, organizational learning, and sector-specific strategies intersect with broader institutional realities.

Furthermore, the study situates SME scale-up within Nigeria's broader development context. Beyond firm-level outcomes, scaling SMEs can serve as strategic levers for national economic diversification, employment generation, and industrial deepening (Effiong&Urom, 2024). By identifying actionable insights from scale-up entrepreneurs, this research contributes not only to scholarly understanding but also to policy and ecosystem design aimed at unlocking the latent growth potential of Nigerian SMEs.

The aim of this paper is to critically examine the strategic drivers, growth barriers, and entrepreneurial perspectives that shape the scale-up trajectories of Nigerian SMEs. By employing thematic analysis on rich qualitative data, the study provides context-specific insights into the capabilities, constraints, and pathways that define SME transformation in a volatile emerging economy.

1.1 Research Questions

To guide the inquiry, the study addresses the following research questions:

1. What internal strategic drivers enable Nigerian SMEs to successfully scale up their operations across diverse sectors?
2. What are the major external barriers that constrain the growth and expansion of SMEs in Nigeria?
3. How do entrepreneurs perceive the role of government regulations in either facilitating or impeding SME scale-up?

2. Literature Review

2.1 Conceptual Review

2.1.1. Understanding SME Scale-Up

The concept of scale-up within the context of small and medium enterprises (SMEs) has evolved beyond simplistic notions of incremental growth. While SME growth broadly refers to positive changes in firm size, productivity, or market presence, "scale-up" denotes a more accelerated, strategic, and transformational expansion process (Monteiro, 2019; Belitski et al., 2023). This distinction is critical, particularly in emerging economies like Nigeria, where high firm mortality and informal sector dominance obscure the pathways through which SMEs transition into sustainable, high-growth enterprises.Scale-ups are often characterized by rapid increases in revenue, staff size, or market footprint over a relatively short period. However, such metrics are insufficient without considering qualitative transformations within the firm, such as professionalization of management, diversification of offerings, and strategic repositioning (Audretsch, Belitski, &Theodoraki, 2024). In Nigeria, where structural challenges abound, scale-up should be conceptualized as a firm's ability to navigate and transcend environmental turbulence through adaptive capabilities, rather than merely achieving numeric benchmarks.

Moreover, the pathways to scale-up are heterogeneous. Sectoral dynamics, founder experience, market access, and technological adoption all mediate how and when scaling occurs (Slávik et al., 2024). For example, in digital sectors, scale may be achieved through platform-based scalability and lean operations, while in traditional manufacturing or services, it may require substantial investment in supply chains, workforce training, and regional expansion (Wongyai et al., 2025). This reinforces the need for context-sensitive approaches to scale-up research, particularly in economies with institutional voids and infrastructural gaps.In Nigeria, scale-up has often occurred informally, with businesses expanding through personal networks, reinvested profits, and incremental capacity-building (Jegede, 2020). While such growth models reflect resilience, they also expose firms to higher operational fragility in the absence of formal support systems, such as financing, intellectual property protection, or consistent regulatory enforcement. Therefore, understanding scale-up in Nigeria necessitates integrating both endogenous firm capabilities and exogenous environmental constraints.

2.1.2 Strategic Drivers of SME Growth

Strategic drivers of SME growth refer to the firm-internal capabilities, processes, and decisions that catalyze expansion and long-term competitiveness. In the Nigerian context, where external constraints are pervasive, internal strategy assumes even greater salience in determining whether a firm merely survives or successfully scales. A substantial body of literature identifies visionary leadership, innovation, service differentiation, and operational adaptability as pivotal enablers of SME growth (Faloye, Owoeye, &Jayeola, 2021; Slávik et al., 2024).

Leadership is especially critical. Entrepreneurs who articulate a clear mission, engage in proactive opportunity recognition, and cultivate a resilient organizational culture are more likely to steer their firms through economic shocks and policy uncertainty (Audretsch et al., 2024). In environments characterized by weak institutions and regulatory unpredictability, leadership substitutes for external stability, providing coherence and direction internally.

Innovation particularly in product design, service delivery, or business model configuration is another key driver. Unlike in high-income economies where innovation is often technology-driven, SMEs in Nigeria frequently engage in frugal or adaptive innovation aimed at solving context-specific problems with limited resources (Edobor& Sambo-Magaji, 2025). This localized innovation improves market responsiveness and enhances customer retention.

Operational adaptability, including the ability to reconfigure processes, respond to shifting consumer preferences, and maintain quality under pressure, is equally vital. Firms that embed learning mechanisms and develop modular, responsive structures tend to outperform rigid competitors (Belitski et al., 2023). Furthermore, quality service delivery and relational capital—trust, customer loyalty, and social networks often substitute for formal institutional support.

2.1.3 Barriers to Scaling SMEs

While internal strategic intent is vital for firm growth, the trajectory of SME scale-up in Nigeria is often disrupted by a range of persistent external and structural barriers. These barriers not only limit the pace of expansion but frequently constrain firms from transitioning beyond survivalist operations. Chief among these are limited access to finance, shortages in skilled human capital, and macroeconomic instability all of which exert disproportionate pressure on resource-constrained enterprises (Adeosun &Shittu, 2022; Aluko et al., 2024).

Access to capital remains a foundational constraint. Despite the proliferation of SME-focused financial products, most entrepreneurs face high collateral demands, elevated interest rates, and weak institutional trust in the informal business segment (Faloye et al., 2021). As a result, growth-stage SMEs often rely on retained earnings or informal lending circles, which are insufficient for scaling into capital-intensive or multisite operations.

Human resource limitations also hinder scaling efforts. Many SMEs operate in sectors where formal training is limited, and poaching by larger firms further exacerbates talent shortages (Edobor& Sambo-Magaji, 2025). The absence of consistent investment in workforce development leads to operational inefficiencies, stunted innovation capacity, and managerial bottlenecks.

Macroeconomic volatility further compounds these challenges. Currency devaluation, inflation, and unpredictable shifts in trade or fiscal policy introduce pricing uncertainty and planning difficulty. This is particularly acute in sectors dependent on imported inputs or foreign exchange access. Additionally, the tax burden and policy inconsistency even where regulatory frameworks are supportive in principle deter firms from long-term planning and investment (Adelodun&Daibu, 2023).

2.1.4 Government Policy and Regulatory Environment

Regulatory frameworks and government policy have a two-sided role in influencing the future of SME scale-up in Nigeria. On the one side, specific measures, including tax preferences, SME promotion agencies, and digital economy can build an enabling environment to stimulate enterprise development. In the other, a lack of consistency in the application of policies, bureaucracy, and unpredictability of regulations tend to reduce the efficacy of these interventions, resulting in a situation of uncertainty and mistrust (Adelodun&Daibu, 2023; Aluko et al., 2024).

Indeed, empirical literature indicates that, although current policies, including the National Enterprise Development Programme (NEDEP) and the Nigeria Start-up Act 2022, acknowledge the contribution of SMEs to economic development to a greater extent, the effectiveness of such frameworks is often undermined by the poor institutional implementation and a fractured delivery system (Edobor& Sambo-Magaji, 2025). Entrepreneurs usually face license delays, conflicting requirements in different regulatory organizations, and unclear compliance processes that interrupt business flow.

Moreover, the area of taxation is a serious bone of contention. Although, in theory, SMEs can receive a range of tax reliefs, such as exemptions, lower corporate rates, and so on, in practice, many companies note that they have to pay a variety of informal taxes and non-transparent assessments both at local and national governments (Adeosun &Shittu, 2022). This lack of consistency introduces discouragements to formalization and distorts competition.

Ironically, there are regulation interventions aimed to facilitate SME resilience which may impose new burdens. As an example, digital registration requirements and automated reporting systems, although useful in traceability, may overwhelm companies with low digital literacy or low digital infrastructure (Faloye et al., 2021).

Therefore, the regulatory environment in Nigeria can be seen as a driver and constraint of SME development based on the coherence, transparency, and predictability of the policy realization. Such a subtle appreciation of this duality is critical to the interpretation of how firms navigate the institutional terrain in their scale-up processes.

2.2 Theoretical Review

2.2.1 Resource-Based View (RBV)

Resource-Based View (RBV) is a helpful theoretical perspective to explain the contribution of firm-specific resources to the sustained competitive advantage. RBV is based on strategic management theory and argues that firms can grow and differentiate themselves through the successful exploitation of internal resources that are valuable, rare, inimitable and non-substitutable (Barney, 1991). RBV is useful in the Nigerian SME environment where external institutional support is usually limited to understand how internal resources like entrepreneurial leadership, innovation capability, and organizational culture can become the major scale-up enablers (Audretsch, Belitski, &Theodoraki, 2024).

SMEs which develop adaptive capabilities, technical skills and customer confidence usually perform better than their counterparts even when they are subjected to the same external limitations. These internal strengths help companies to capitalize on the arising opportunities and deal with market fluctuation. Nevertheless, the critics observe that RBV pays insufficient attention to the institutional and environmental factors, which are significantly applicable in the developing economies. In such a way, although RBV is effective in revealing the strategic importance of firm-level capabilities in the scale-up process, it should be used in combination with other frameworks that consider the destabilizing nature of the Nigerian regulatory and financial frameworks. Still, RBV provides a useful starting point to discuss the process of mobilizing internal resources of Nigerian SMEs to constrain structural constraints and attain growth.

2.2.2 Institutional Theory

Institutional Theory is a macro-perspective view of the effects of external structures (legal systems, norms, and regulatory frameworks) on organizational behavior and performance. Institutional settings in emerging markets such as Nigeria can be described as fragmented; that is, they have poor enforcement, inconsistency in policies, and inefficiencies in the bureaucracy. The existence of these institutional gaps determines the way SMEs gain access to resources, deal with compliance, and scale-up activities (Jegede, 2020). The theory stresses that organizations are not merely economic agents but exist within wider social and regulatory frameworks which restrict or provide freedom of strategic decision.

In the case of the Nigerian SMEs, the institutional environment can either be an enabler and inhibitor of growth. Indicatively, the existence of supportive policies, like tax incentives, may be insufficient due to their sporadic application and narrow scope to cause a loss of confidence and discourage formalization (Adelodun&Daibu, 2023). Unpredictable regulatory environment, often-duplicative taxes, and slow licenses hamper the scalability, especially when it comes to companies with no political or social capital. Institutional Theory can thereby complement firm-focused perspectives such as the Resource-Based View by shedding light on the role of external legitimacy demands and systemic impediments on scale-up paths. These institutional dynamics are critical to understand in the development of context-sensitive strategies and policies aimed at supporting SME transformation in settings characterized by institutional fragility.

2.2.3 Dynamic Capabilities Theory

Dynamic Capabilities Theory is an expansion of the Resource-Based View that stresses the capacity of a firm to adapt, integrate, and reconfigure both internal and external competencies as the environment changes (Teece, Pisano, &Shuen, 1997). In contrast to the static resources, the dynamic capabilities allow the organizations to feel the market changes, grab the opportunities which appear, and alter the operational processes in accordance. Such an outlook is especially applicable to SMEs operating in unstable economies, such as Nigeria, where flexibility and adaptability are essential to overcome economic uncertainty, currency fluctuations, and policy uncertainty (Belitski et al., 2023).

In the case of Nigerian SMEs, dynamic capabilities take the form of constant innovation, strategic adaptability, and utilizing prior disruption as a learning experience. Successful scaling firms are also characterized by the capability to reorient their value propositions, product pivot, and cost structure in real time. These innovative characteristics enable them to flourish in the presence of infrastructural shortages and institutional gaps. Notably, dynamic capabilities are not only responsive, but they are also influenced by entrepreneurial vision and active orchestration of resources (Lange et al., 2023). Therefore, the theory provides a useful framework that can be used to examine the process of scale-up firm in Nigeria that develops as a result of a concerted effort of learning, experimentation, and reinvention typically without the reliable external support.

2.2.4 Empirical Review

Jegede(2020)outlined how the microenterprises overcome numerous challenges common to start-up through ‘open development’ characterized by collective sharing of knowledge, tools, equipment and workforce amongst competing microenterprises, and belonging to trade/professional associations that ensure that knowledge becomes a public good that can be accessed by everyone who needs it. The study found that majority of the microenterprises studied experienced scaling-up from between a few months to around three years from inception, while only a few scaled-up after three years. This paper shows strong positive relationships between variables capturing open development activities (internal training programmes within enterprise, knowledge acquisition from competitors within the cluster, intra-family learning and training, open innovations) and incidence of scale-up. Incidence of scale-up was captured using significant increase in the size of the enterprise, capital base, business activity or turnover or gross sales relative to start up. The study concluded that clustering of small businesses in Africa facilitates open development and is a potential avenue to overcoming the financial constraints commonly associated with small firms and can thus be an enabler of industry growth.

Mulibana and Rena (2023) established an understanding of the process that is followed by informal micro-enterprises to execute innovation activity in each innovation phase. The study adopted a mixed-methods research design to sequentially collect and analyze quantitative and qualitative data from informal micro-enterprises that are based in the townships of the Gauteng province. The study revealed that credible customer assemblies are used to acquire knowledge and information necessary to execute innovation activity and to test innovations before they are launched in the market. Moreover, while informal micro-enterprises mostly use internal resources to transform innovative ideas into innovations, coopetition relationships aid to foster open innovation and limit the strain on internal resources. The findings suggest that informal micro-enterprises innovate differently from formal small businesses and there is a need for researchers and the government to introduce policies and initiatives to enhance open innovation in the informal sector.

Akan, Sinebe and Bereprebofa (2023) examined Small and Medium Enterprises (SMEs) funding issues, particularly in emerging nations using Nigeria as a case study. It analyses institutional barriers to funding small startup businesses, such as the high cost of capital, inadequate collateral and weak legal structures. It emphasizes the deficiencies they face regarding high maintenance costs, poor managerial experience, high competition from foreign firms, Government's inability in financing small and medium firms for them to attain their full capacity, weak Policies, changes in unstable tax tariff, and finally suggesting ways that can improve finance access for small and medium firms

Alao, Onivefu, Onivefu-Bello and Raji (2025) examines the roles of small-scale business (SSBs) in employment generation and financial growth, with a focus on businesses within the Ikorodu Local Government Area. The study employs a systematic methodology to address the research objectives, including hypotheses testing, population and sample selection, data collection, and analysis. A sample of fifty (50) respondents, drawn using simple random and stratified sampling techniques, provides a fair representation of the study population. Primary data were collected through questionnaires, ensuring cost-effective, time-efficient, and accurate data acquisition. The collected data were analyzed using frequency distribution tables and the chi-square test to assess whether observed proportions align with expected values. The findings reveal insights into the demographic and business characteristics of the sample, including gender distribution, age range, business duration, and educational qualifications of the respondents. The chi-square analysis tested two hypotheses: the significant role of SSBs in employment generation and financial growth. Results indicate that small-scale business significantly contribute to employment generation and the financial growth of the economy.

Omowole et al (2024) provides a conceptual analysis of the barriers and drivers of digital transformation in small and mediumsized enterprises (SMEs). Digital transformation has become a critical factor for business growth and competitiveness, yet SMEs face unique challenges in adopting new technologies. The objectives of this paper are to explore the key factors that hinder or facilitate digital transformation within SMEs, analyze the underlying conceptual frameworks, and highlight opportunities for overcoming these barriers. Key barriers identified include limited financial resources, insufficient digital skills, resistance to change, and concerns over data security. On the other hand, drivers such as improved operational efficiency, customer satisfaction, competitive pressure, and government support are crucial motivators for digital adoption. The paper integrates several conceptual frameworks, including technology acceptance models and resource-based theories, to analyze these dynamics. It concludes by proposing strategies that can help SMEs navigate the digital transformation process, such as fostering a digital culture, upskilling employees, and leveraging external funding. The analysis contributes to a deeper understanding of how SMEs can overcome the constraints of digital transformation and harness the potential benefits for long-term sustainability and competitiveness.

Garcia-Tapial et al (2023) examined whether public resources should continue to be devoted to the generation of new companies or if these should be oriented toward the promotion of high growth companies that are defined as scale-ups. To accomplish this task, we developed a multisector model based on Social Accounting Matrices (SAM) to measure this impact of start-ups and scale-ups and applied it to a regional economy (Andalusia). The results obtained suggest that while scale-ups have a greater impact on gross domestic product, productive output, and job creation compared to traditional entrepreneurial activity, this is not large enough to replace the latter.

Despite a growing body of scholarship on SMEs in Nigeria, substantial gaps remain in our understanding of how firms achieve scale in practice. Much of the existing literature emphasizes statistical trends, macroeconomic conditions, and policy frameworks, relying heavily on survey data or secondary sources. While these studies provide useful aggregate insights, they often fail to capture the nuanced, context-specific realities that entrepreneurs face in their efforts to grow beyond micro and small-scale operations.Moreover, few studies have examined SME scale-up through an in-depth, qualitative lens that foregrounds the voices and lived experiences of business founders. Sectoral comparisons remain limited, and most research tends to treat SMEs as a homogeneous category, overlooking variations in growth pathways, motivations, and barriers across different industries. There is also a limited understanding of how internal business strategies such as innovation, leadership, and adaptability interact with Nigeria's volatile economic and regulatory environment to shape scale-up outcomes.This study addresses these gaps by adopting a qualitative, thematic approach to explore how Nigerian SMEs navigate the complex process of scaling

3.1 Material and Methods

This study adopted a qualitative research methodology to explore the strategic drivers, barriers, and sector-specific insights into the scale-up process of Small and Medium Enterprises (SMEs) in Nigeria. Qualitative research was chosen for its ability to capture the lived experiences and contextual nuances of entrepreneurs, which quantitative methods may overlook. The data collection process was guided by the research objectives, ensuring that the focus remained on understanding the internal and external factors influencing firm growth. Semi-structured interviews were utilized as the primary data collection tool to allow participants the freedom to discuss their experiences while providing the interviewer with the flexibility to probe deeper into specific themes.

The sample of the study consisted of owners and top managers of SMEs across various segments such as garments, ICT, renewable energy, pharmaceuticals, and project management. These industries were specifically chosen to give a wide sampling of the Nigerian SME environment. The sampling method was purposive, whereby those sampled had direct experience in business expansion and strategic decision making; those that had been in operation at least five years and had registered growth were considered. The interview guide was prepared in such major areas as business background, leadership and innovation strategies, market expansion, regulatory challenges, and barriers to growth. Face-to-face and virtual interviews were completed based on the availability of the respondents.

Thematic analysis was used to analyse the data and determine the common patterns, themes and insights in the interview data. This procedure was based on the six-step model of Braun and Clarke (2006) initial coding, theme development, and interpretation of the findings. The NVivo software helped to manage and organize the data and provide consistency and rigor during the analysis. The research followed ethical guidelines, as the respondents gave an informed consent and were guaranteed confidentiality, making the research reliable and open in its procedure.

4. 1 Findings and Thematic Analysis

4..1.2 Business Background and Founders' Profile

The study participants represent a range of sectors, including garments, ICT, renewable energy, pharmaceuticals, finance, and project management. The majority of respondents indicated that their businesses had been established for over a decade, with some operating for more than 20 years. Educational qualifications among the founders varied, but most had at least a master's degree or professional certification.

"We are a major player in fabrics and garments... established in 2003 and I am an MSc holder."

"Our ICT company was established in 2016… I have an MBA and have worked across tech firms before starting."

These responses indicate a trend of relatively educated entrepreneurs venturing into structured business environments.

4.1.3 Turnover Growth and Business Expansion

All participants reported significant growth in turnover since inception. While some businesses started with turnovers as low as ₦3 million, others reached figures above ₦14 billion within a few years. A majority of respondents indicated that their firms had also expanded in product offerings and geographical presence.

"We started with around 14 million per annum and now do more than 1 billion annually."

"In 2016, we had just one product. Now we offer twelve and operate from Lagos, Abuja, and Port Harcourt."

These developments reflect not only financial growth but also organizational expansion across sectors.

Factors Driving Business Scale-Up

A common theme across responses was the pivotal role of internal business strategies. The majority of respondents cited factors such as visionary leadership, quality service delivery, technological innovation, strong internal structure, and adaptability as primary drivers of growth.

"Our visionary leadership, even in economic downturns, kept the company focused."

"The expansion of our services helped us meet emerging opportunities."

These findings support the notion that entrepreneurial foresight and strategic planning are integral to business scale-up in volatile environments like Nigeria.

4.1.4 Barriers to Scaling Up

Most respondents noted that limited access to capital and human resources constituted the primary hindrance to further growth. Several participants also emphasized macroeconomic instability, especially fluctuations in the value of the Naira and inconsistent policy implementation, as major obstacles.

"Currency devaluation, increased cost of living, and multiple taxation are choking businesses like ours."

"Lack of funds remains a major hindrance."

These findings suggest that while internal capabilities promote scale-up, external factors—especially financial and policy-related constraints—can significantly limit growth.

Role of Government Regulation

The responses regarding government regulation were mixed. While a few participants acknowledged the benefits of certain policies—such as tax exemptions for SMEs—the majority expressed concerns over inconsistent implementation, regulatory delays, and excessive taxation.

"Regulatory service delivery sometimes delays approval, leading to client complaints."

"Tax exemption for small and medium-scale businesses helps… but policy inconsistency is a big problem."

This highlights a dual reality: regulatory frameworks can serve as both facilitators and inhibitors depending on execution and sector specificity.

4.1.5 Contribution to the Nigerian Economy

Most business owners emphasized their contribution to the Nigerian economy through job creation, tax compliance, service provision, and support for smaller businesses. Several respondents highlighted that their businesses play critical roles in reducing unemployment and enabling regulatory compliance for other firms.

"We currently employ over 200 staff and train many youths."

"Our firm supports entrepreneurs by helping them meet regulatory requirements."

These findings reinforce the broader socioeconomic impact of entrepreneurial ventures beyond profitability.

4.1.6 Future Outlook and Success Metrics

The majority of participants projected a positive outlook for their businesses, with many expressing confidence in continued growth and regional expansion. When asked about how they measure growth, most mentioned turnover, profitability, staff numbers, liquidity ratios, and market presence as key indicators.

“The future is bright for us, given our mission and vision.”

“We measure scale-up in terms of turnover, EBITDA, PAT, and liquidity ratios.”

These responses suggest a sophisticated understanding of financial and operational metrics among the participants.

Advice to Aspiring Entrepreneurs

Almost all participants stressed the importance of adaptability, continuous learning, innovation, and building a solid organizational structure. There was a recurring theme of perseverance and cautious innovation for new businesses.

“Entrepreneurs should learn and learn... adaptability is key in business.”

“Start with incremental innovation until you stabilize, then go radical.”

This aligns with literature emphasizing the need for resilience and agility in emerging market contexts.

5 Conclusion

The paper has examined the issues affecting scale-up of SMEs in Nigeria by conducting a deep thematic analysis of experiences of owners of different businesses in various sectors. The results indicate that internal business strategies including visionary leadership, good internal organizational structure, innovation and service quality, dominate the scale-up process in Nigeria. Such internal capabilities are the key to long-term growth as they allow businesses to develop new product offerings and enter new geographical markets, even though they have to operate in the unstable economic environment.

Nevertheless, externalities, especially limited finances, macroeconomic volatility, and obstacles to policy, among others, are major hindrances to the scaling process. Poor access to capital, unstable Naira value, and unreliable regulations were pointed out as the main obstacles to development. Irrespective of these obstacles, the SMEs play an important role in the Nigerian economy, not merely in terms of creating employment opportunities and paying taxes, but also in promoting other smaller businesses.

Government regulation was viewed as a two sided sword although some measures like tax exemptions are a relief, uneven implementation of policies and delays in regulation remain to be a big challenge. All in all, scale-up of SMEs in Nigeria depends on the mix of robust internal strategic planning and more favourable and less fluctuating external environment.

5.1 Recommendations

Based on the findings, several recommendations can be made:

1. Government policy makers need to develop more lenient financing options to SMEs such as lowering the collateral demands and providing cheap loans. Financial institutions also need to work more closely with the SMEs in order to comprehend their specific needs.

2. More coherent application of policies aimed at assisting SMEs is required. A simplification of the regulatory approval process and decreasing bureaucratic inefficiency would create a more enabling environment to scale businesses.

3. SMEs ought to consider training and upskilling their employees to develop managerial capacity and innovation. The government initiatives in improving workforce development ought to be increased to cover the shortage in skills in the privately owned sector.

4. The private and government institutions should offer incentives to SMEs to embrace technology and become innovative. This will assist the businesses to remain competitive, increase their product ranges and enhance their operation efficiencies.

5. They should also encourage entrepreneurs to keep developing flexible and robust business models that will survive macroeconomic shocks. The entrepreneurship education and mentorship programs must be modeled in such a manner that they emphasize on constant learning, strategic foresight, and dexterity.

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