

Evaluation of the Nigerian Startup Act 2022 in redefining SME growth in Nigeria: The Pros and Cons

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Abstract

This study evaluated the influence of the Nigerian Startup Act 2022 (NSA) in redefining SME growth in Nigeria. The study used a quantitative research method which involves a cross-sectional research design and a structured survey that was used in to elicit information from one hundred and twenty (120) respondents. The study made use of a multi-stage sampling technique. Meanwhile, descriptive statistics (mean and standard deviation) were used to proffer answers to the research questions, correlation analysis helped in determining the relationship existing between the variables, while multiple regressions used in testing the hypotheses. The study found that implementation of the objectives of the Nigerian Startup Act will not redefine SME growth in Nigeria. Conversely, the perceived benefit of NSA will positively influence SMEs growth and the unintended consequences negatively influence the SME growth. The study recommends the need for the National Council for digital innovation to review the objectives of the NSA and ensure the right structures and machineries are put in place.

Keywords: Nigerian Startup Act 2022 (NSA), Resource Based View, SME growth

1. Introduction

There is a widespread agreement among administrators, researchers, supporters, policymakers, and other SMEs stakeholders that, SMEs are a tremendous force for industrial expansion, economic growth, and sustainable growth in all economies, including industrial and emerging nations with fast-growing economies (Obinaya, 2022). Similarly, SMEs are viewed as the backbone of economic expansion and sensible growth in developing nations which is evident in the way they help to reduce poverty and create jobs (Ameh, Alao & Amiya, 2020). However, in the Nigerian context, SMEs growth have been limited by several factors, this include: inadequate infrastructure and erratic power supply, poor internet connectivity, lack of capital, difficulty in recruiting and retaining skilled and talented tech expert, difficulty in obtaining license and permit, among many others (Oni & Daniyan, 2015)

Meanwhile, in a bid to alleviate the various challenges confronting SMEs growth in Nigeria, Alabi, David and Aderinto (2019) argued that the Nigerian government has taken several frantic effort to enhance the growth of SMEs in Nigeria by initiating series of policies which never live up to expectation. However, there was a change in the narrative at the advent of Covid- 19, which changed the global business climate and lead to the sudden surge in the demand for tech products and services especially from small business in Nigeria. This scenario gave rise to the emanation various tech businesses and inadvertently increases fraudulent activities of some unscrupulous tech firms and internet fraudsters in Nigeria (Omoleke, 2022). To this effect, the Federal government of Nigeria decided to create a solid regulatory and institutional framework to address various challenges confronting SMEs and bridge the gap between startups and regulators in Nigeria. This scenario lead to the creation of the Nigeria Startup Act, in October 19, 2022 and this brought Nigeria into the league of African countries (Senegal, Tunisia, Ethiopia and Kenya) who have established a unique Startup Act with a regulatory frame work to govern the activities of Startups in their respective countries (Omoleke, 2022).

Nigeria, like many developing economies, has long grappled with challenges hindering the growth and sustainability of Small and Medium Enterprises (SMEs). These enterprises, vital to economic development, faced barriers such as; limited access to funding, cumbersome regulatory processes, and inadequate support for innovation and technology-driven initiatives (Oni & Daniyan, 2015). However, the absence of a comprehensive regulatory framework exacerbated these challenges, constraining the potential of SMEs to contribute significantly to economic growth. To this effect, the federal government in year 2022, created an all-inclusive regulatory framework (Nigerian Startup Act, 2022) to bridge the gap.

Conversely, like many other pre-existing policies in Nigeria, most of the Nigerian public policies are often dead on arrival or failed mid-way to implementation. Similarly, many of the policies and programmes initiated by the Federal Government are not usually domesticated by the State and Local Government respectively, and most time they often fail to achieve their set objectives. Meanwhile, the aftermath of the policy failure and abandonment is usually borne by the Nigerian citizenry (Obamwonyi & Aibieyi, 2014). Supportively, Oke (2015) discovered that most of the Nigerian SMEs policies lack clarity and they do not usually achieve their set objectives due to poor implementation process and other administrative constraint. In view of this development, a major question needed to be asked at this juncture is that, will the Nigeria Startup Act, 2022, also join the bandwagon of existing failed policies?

Meanwhile, the NSA policy has been criticized for excluding non-technological startup businesses from its content. More so, the formulation of the policy constituted a bureaucratic drain to the Nigerian economy as a result of the fact that the Act's council is overloaded with many political office holders (Omoleke, 2023). Therefore, this study seeks to critically evaluate the Nigerian Startup Act of 2022, aiming to assess its effectiveness in addressing the longstanding issues plaguing SMEs and whether its provisions have indeed redefined the landscape for small and medium-sized businesses in Nigeria.

However, the Nigeria Startup Act 2022 which is pretty new and being the first of its kind in Nigeria that addresses the innovation, digital development and regulatory frame work of the Startup ecosystem in Nigeria. Therefore, there is a dearth in academic literatures addressing this issue which constitute a gap in the literature of which this study will fill by making significant contribution to knowledge. More so, the extent to which the recent Nigeria Startup Act has been used to improve SMEs growth in Nigeria remains untested. In view of this development, this study is unique in the sense that, there are few or no existing literatures that addresses the issue of evaluating the Nigerian Startup Act 2022 with the aim of redefining SME growth in Nigeria. This situation also constitutes a gap in the literature of which this study will fill.

Based on the foregoing discussion and the identified gap in the literature, this study embarks on evaluating the Nigerian Startup Act 2022 in redefining SME growth in Nigeria, (The Pros and Cons) with special to SMEs located in Lagos State Nigeria.

2. Literature review

2.1 Overview of the Nigeria Startup Act, 2022

The Nigerian Startup Act was established based on collaboration between the office of the presidency and the Nigerian technological ecosystem. The essence of the establishment is to create a regulatory framework that will organize the activities of the Nigerian startup in such a way that it will be able to exploit the potential of the Nigerian digital economy for a maximum performance (Ogunnubi, 2022). Meanwhile, according to the Federal Government of Nigeria (FGN) (2022), the Nigerian Start up Act signed into law in October 19, 2022, consist of ten (10) distinct part and this include, the objectives of the act, creation of a national council, the structure of operation of the council, the startup labeling, the investment seed fund of startups, training, development and capacity building of Startups, tax

incentives, collaboration with regulators and creation of clusters, hub and technological zones (FGN, 2022).

However, the provision of a regulatory framework, implementation and the coordination operations of the Nigeria Startup Act 2022, is to be directed by the National Council for Digital Innovation and Entrepreneurship Development. The National Council which is composed of the President, Vice president, ministries, director general and other stakeholders in the Nigerian Startup ecosystem. On the other hand, the objectives of the NSA include: ¹ provision of a legal and institutional framework of Nigerian startups, ² provision of a viable environment for the creation, operation and growth of startups, ³ catering for technological related talents and ⁴strategic positioning of the Nigerian startup ecosystem as a major leading force in the African digital technological atmosphere. Meanwhile, the Nigeria Startup Act 2022 was at its implementation stage when this particular study was conducted, with only six States in Nigeria that have domesticated the Act (FGN, 2022),

2.2 The Concept of SMEs and Startups

Startup is a closely related term to SMEs. The concept startup suggest small businesses whose intention is to create a business model that can cause market disruption. In essence, startup identifies new market and explores the opportunities in the market via technology. Similarly, the Federal Government of Nigeria (2022), defines startup as a registered limited liability corporation whose existence is not more than 10 years and fully involved in the development and commercialization of novel digital product or services. Conversely, there is no concise definition for term “SMEs”. Many researchers, body and government define it based on the number of people that can be employed and the net worth of the firm or assets (Akingbola, 2011). Therefore, Olabisi, Olagbemi, and Atere (2011) posited that SMEs are independent firms with working capital of seven hundred and fifty thousand which employees do not exceed fifty. Similarly, Central Bank of Nigeria (1998) describes SMEs as enterprise with annual sales of about five hundred thousand Naira.

Based on the comparison of the definitions of SMEs and Startups, it can be infer that SMEs is profit focused while startups aimed at growing a market niche. Therefore, both firms are relatively small in size and they both require certain amount of investment in order to be able to grow and expand. To this effect, these concepts are used interchangeably in the course of this study.

2.3 The challenges of SMEs / Startup Growth in Nigeria

The term “SME growth” can be described as the perpetual existence and meaningful contribution of SMEs to the economic development of a nation (Obidile, Nwankwo & Okpara, 2022). In essence, one of the best ways to measure SME growth in a country is to examine their contribution to the nation's GDP. According to the PWC (2020), the Nigerian SMEs made a significant contribution of 48% contribution towards the nation's GDP, constitute 90% of the Nigerian manufacturing firms and provides at least 50% of the industrial job in Nigeria. Despite, the significant contribution of SMEs to the economic development of Nigeria, their growth is often constrained by several factors.

One major constraint to the growth of SMEs in Nigeria is the access to credit facilities which is as result of the fact that, most of the Nigerian financial institution regard SMEs as high credit risks firms (Adebisi, Alaneme, & Ofuani, 2013). Another major limitation to SMEs growth in Nigeria is the ceaseless and ineffective government policies. According to Onakoya, Fasanya and Abdulrahman, (2013), who posited that, various governmental policies that are targeted towards the growth of SMEs in Nigeria were poorly implemented and had never achieved their objectives. Furthermore, Adelaja, (2012), affirmed the fact that the Nigerian SMEs policies and regulatory measures had a negative effect on the establishment and growth of SMEs in Nigeria. This outcome is traceable to the fact that, SMEs owners are often discouraged because of the several stages and official procedures they have to pass through before they can establish their businesses (Adelaja, 2012). Other limitations to SMEs growth in Nigeria include: lack of appropriate technical skills, raw materials inadequacy, inaccurate database, poor power supply, restricted market access, insecurity, poor infrastructure, transportation, just to mention a few, (Adelaja, 2012; Alabi, David & Aderinto, 2019).

2.4. The Pros and Cons of the Nigeria Startup Act, 2022

The Nigeria Startup Act is cocooned with numerous benefits which cut across the Startup firm, employees of the Startup firm, investors and service providers. To the startup firms: the Act made provision for investment seed fund that will fund startup entrepreneurs. It also provides unlimited access to loans, grants and other resources needed for excellent performance of Small businesses. For instance, the Act stipulate that, startup firms are expected to enjoy income tax holiday for 3years after acquiring startup label coupled with income tax relief on up to 5% of the profit made. Furthermore, the act qualifies SMEs to have access to export facilities i.e. startup involved in exportation will be given access to export incentives and at the

same, labeled startups are exempted from making any contribution towards industrial training fund. The rationale for this provision is to reduce financial burden of the startups. In the same vein, the Act also made provision for the protection of intellectual property of startups which could help startups attract investors and gain competitive edge above its counterpart (FGN, 2022).

By extension, the Act is also responsible for creating technological zones in the six geopolitical zones of Nigeria with the aim of developing the startups and there investors. In this way, the growth of startup will be enhanced and more investors will be attracted. Finally, the Act also made provision for training and development of talents amongst Startups by establishing technological development centers in six geopolitical zone of Nigeria (FGN, 2022)

Meanwhile, these centers are expected to facilitate the trainings so as to enable startup entrepreneurs possess the appropriate skills required for innovations and global competitiveness. More so, the NSA also extends his hands of goodwill to the employees, investors and service providers by given various tax exemption: employees are entitled to individual income tax relief of 35% of their income for two years, investors are eligible to a tax credit of up to 30%. While external service providers might be given 5% withholding tax only (FGN, 2022)

On the other hand, *Eze and Ndunagu, (2023)* posited that even though the Nigeria Startup Act is laudable by the Nigerian populace, the Act had some demerits, one of which is the absence of compliance mechanism. Till this present moment, there is no visible startup portal where registration can be made by the Nigeria Startups and there no mechanism to check this inadequacy. Similarly, the membership composition of the National Council is largely going to create a bureaucratic bottle neck and make the NSA ineffective. This is due to the fact that, the council is composed of highly burned political public office holders like the President and Vice president, multiple agencies and regulators. However, this scenario calls for a readjustment of the National Council so as not to create another bureaucratic drain on the Nigerian economy (Omoleke, 2022: *Eze & Ndunagu, 2023*).

By extension, another limitation or demerit of the NSA is the narrowness of the policy in terms of the confining startups with the Startup label. By the way the policy define startups, it will exclude non-technological businesses that are still in the bid of identifying a gainful business model from accessing the numerous incentives provided by the NSA (Omoleke, 2022). Similarly, there is a

contradictory position on the legality of the startup label. For instance, Section 13 subsection (2)(a) of the NSA (which stipulate that, for a firm to obtain the startup label, it must have been in existence for not more than 10 years, and must be duly registered as limited liability corporation under CAMA), contradict section 15 subsection (3), (which specify that the validity of the Startup label expires in not more than ten years from the day of issuance) (FGN, 2022).

This implies that, if a firm has already operated for 5 years before acquiring the certificate of incorporation under NSA, the startup label will be withdrawn from the firm 5 years after the incorporation. Conversely, this outcome contradicts section 15(3) of the Act, which states that a startup under the umbrella of NSA must enjoy the startup label for 10 years (Eze & Ndunagu, 2023). In addition to the already mentioned limitations, there is a low rate of domestication of the NSA by various states in Nigeria. As at the time of this write up, only six states out 36 states in Nigeria showed intention to domesticate the NSA (Adepetun & Chibueze, 2022). To this effect, this scenario calls for other State authorities in Nigeria to create a business model that is peculiar to their states which will allow the NSA to thrive well when it is domesticated. Finally, the time lag between policy creation and implementation of NSA is being elongated and this is gradually killing the interest of Nigerians on the Act. It is has been 2 years since the NSA bill was passed at the Nigerian Senate Assembly and there are no possible hope that the NSA will be fully implemented and domesticated by all states in Nigeria (Eze & Ndunagu, 2023).

2.5.Theoretical Framework

The three main theories that support this study are: resource based view, innovation diffusion and process theory respectively.

2.5.1 Resource Based View (RBV)

Barney's (1991) posited that, an organization's ability to outperform its rivals in a given industry largely depend on the useful resources and talents at his disposal. However, Barney went on to say that resources must have specific qualities in order for a firm to benefit from them. These qualities include: inimitable, non-substitutable, rare and valuable (VRIN) (Barney, 1991). In contrast, it is thought that intangible resources foster greater competitive advantage (Hitt, Ireland & Hoskisson, 2014). Therefore, it can be infer from the RBV theory that, resources are the main catalyst for growth in any successful organization. More so, this further suggests that if the investigated SMEs can annex the entrenched opportunities in the Nigeria Startup Act, SMEs growth will be enhanced in Nigeria.

2.5.2 Innovation Diffusion Theory

Rogers (1962) proposed the innovation diffusion idea. The theory explains how an innovation can spread rapidly through a social setting or system. By extension, a person or an organization would decide to adopt a particular innovation when they perceive the usefulness or the applicability of such innovation. By so doing, innovation spreads sporadically. However, the theory is limited in the sense that, it did not stipulate the extent of diffusion and how a social system affects the extent of diffusion (Lundblad & Jennifer, 2003). Relating this theory to this current study, the NSA is a pretty new innovative Act in the Nigeria business environment and it requires a high sense of acceptability for it to thrive. Therefore, the rate of adoption or domestication of the NSA needs to be fast track by government through creation of more awareness about the novelty and usefulness of the Act in propelling Digital innovation in Nigeria.

2.5.3 Process theory

According to this view, the process by which public policy is formed should be researched rather than the content of the policies themselves (Iglupas, 2015). Although, public policy goes through various processes such as; agenda setting, creation, development, implementation of policies, etc., this process is important because it will determine the result and the content that would be obtained from such policy. To this effect, in context of the current study, there is need for the National Council in charge of formulation and implementing the NSA, to crosscheck the NSA policy with the view of ensuring the adequacy of the policy. Consequently, altering the way NSA policy is being made can alter the direction of public policy's content which will make the policy more fruitful in terms redefining SMEs growth in Nigeria.

2.6 Empirical Literature

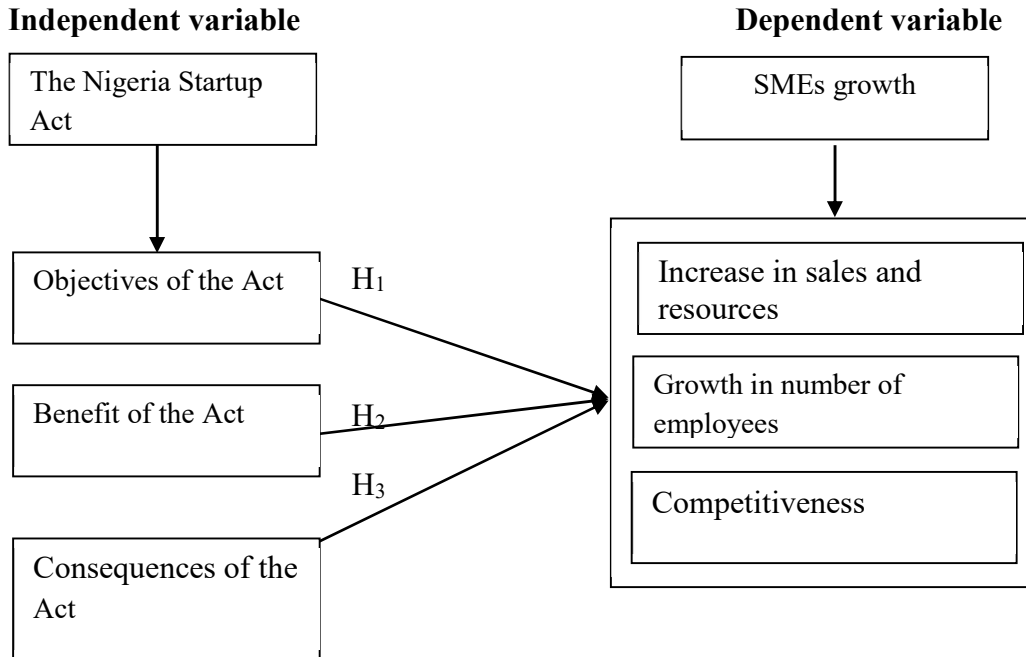
Onwukwe and Ifeanacho (2011) investigated the effect of government policies on SMEs growth in Imo state. Using a cross sectional survey, the study employed a stratified random sampling approach for sample selection. A total of 250 respondents were selected from three senatorial zones in the State, while a survey was used to obtain information from the targeted audience. Findings from the study shows that, most of the government interventions investigated did not improve SMEs growth as a result of the fact that, they were poorly implemented and SMEs do not have access to them.

Conversely, Alabi, David and Aderinto (2019) explore government policies and business growth of SMEs in Nigeria with special reference to the western Nigeria.

The research design used was ex-post facto while a structured survey was used to solicit information from the selected 760 respondents. Meanwhile, the study concluded that, government policy positively enhanced SMEs growth in Southwest Nigeria. Similarly, Yahaya, Dutse and Bello (2021), examined the effect of government policies on the growth of SMEs that are situated in Bauchi State Nigeria. The research design used was cross-sectional design while the study used mixed method of data collection. Meanwhile, the study's population is the 754 registered SMEs situated in Bauchi State out of which 175 respondents were interrogated. Findings from the study revealed that, amidst several SMEs challenges confronting SMEs in Bauchi State, government policies still improved SMEs performance and growth in the State.

Finally, Onyedikachi, Clement, and Funmilayo (2022) examined how government policies and SMEs development impact the Nigerian Economy. The study adopted a survey-based exploratory study with a qualitative approach of data collection and analysis. To this effect, 250 respondents were selected from various parts of Nigeria. Meanwhile, the result of the study shows that, the performance of SMEs is contingent on effective government policy while entrepreneurial advancement is dependent on how individual entrepreneur strategically map out plans on how to develop his/her potentials. The summary of the empirical literature is that, there is a divergent view on the exact effect of government policy on SME growth in Nigeria.

2.7 Research Conceptual Framework



Source: Author's computation

3. Methodology

The data source for this study was garnered from both primary and secondary sources. A field survey was carried out to obtain primary data while the secondary data was obtained from academic journal articles, gazette, bulletin, etc. Meanwhile, the structured questionnaire used in this study was self-developed by the researcher. This study adopts a cross-sectional research design which allows a researcher to make observation and collect data about a particular phenomenon at a specific spot in a particular time (Saunders, Lewis & Thornhill, 2009). The reason for choosing this form of design is that, it allows for the usage of questionnaire for eliciting information from the respondents and all the respondents interrogated are situated in Lagos State. This study adopts a multistage sampling technique. First, a simple random sampling technique was used to select the targeted startup firms which gives every of the firm an opportunity to be selected. Secondly, a purposive sampling technique was also used to select the respondents which are majorly Startup owners, managers, supervisors and startup investors. The reason for this is

that, these set of respondents are capable responding to the questions raised in the questionnaire. Meanwhile, the composition of the targeted firms include: IT, digital marketing, online shopping stores, and financial technological Startup firms respectively.

According to Umeh (2022) Lagos State recorded the highest number of registered startups in Nigeria which is about 400 startups and this is the population for this study. Therefore, using the Yamene (1967) formula for determining population size, the sample size for this study is 200 respondents.

$$n = \frac{N}{1 + N(e)^2} = \frac{400}{1 + 400(0.05)^2} = \mathbf{200}$$

Where; N = Population Size = 400, e = Significant level of error (0.05) and n = Sample Size

However, only one hundred and twenty (120) questionnaires were appropriately filled and returned accounting for 60% response rate. Therefore, the data analysis was carried out based on the one hundred and twenty usable responses.

The questionnaire items were subjected to Cronbach alpha test of reliability and each of the item produced Cronbach alpha coefficient values: Objective = 0.745, Benefit= 0.701 and Unintended consequences= 0.912. In view of this outcome, the research instrument is said to be reliable since all the coefficient values are greater 0.7 as stipulated by Cronbach alpha. On the other hand, the researcher confirms the validity of the instrument by allowing professional in the field to inspect the instrument.

The study adopts both descriptive and inferential statistical tools for data analysis. Frequency distribution table was used to present respondents demographic features, while mean and standard deviation were used for determining respondent's response to the research questions. On a final note, correlation analysis was used to establish the relationship between the Nigeria Startup Act and SMEs growth while a multiple regression analysis was used to test the hypotheses started earlier in the course of the study. Meanwhile, all data analysis was processed using IBM Statistics SPSS (25.0).

The data generated were analyzed using regression model specified below:

$$Y_i = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n + e_i \dots \dots \dots (1)$$

In this regard, the multiple regression models for this study is written as;

$$\text{SMEs growth} = b_0 + b_1 (\text{Objectives}) + b_2(\text{Benefits})_i + b_3(\text{Consequences})_I + e_i$$

4. Result and Discussions

Table 4.1: Descriptive Statistics and Pearson Correlation Coefficient Analysis

Variable	Mean	SD	1	2	3	4
OB	2.53	1.823	1			
BE	4.23	0.834	0.425**	1		
CO	3.94	0.783	0.043	0.112	1	
SMEG	4.51	0.625	-0.302	0.523**	-0.430*	1

** . Correlation is significant at the 0.01 level (2-tailed).* . Correlation is significant at the 0.05 level (2-tailed) Objectives (OB), Benefit (BE), Consequences (CO), SME growth (SMEG).

The table 4.1 presents descriptive statistics and the Pearson correlation coefficient analysis for four variables: implementation of the Objectives of NSA (OB), Benefits of NSA (BE), Consequences of NSA(CO), and SME growth (SMEG).

In terms of descriptive statistics, the mean values indicate the central tendencies of the variables, while the standard deviations provide a measure of the dispersion of values around the mean. To this effect, Objectives of NSA (OB), mean value (2.53) with standard deviation of 1.823, shows a relatively wide variability in responses related to this variable. This further implies that most the respondents did not agree to the fact that, the implementation of the objectives will result in SME growth. To further corroborate this outcome, the correlation analysis shows a positive and statistically significant correlation of 0.425** is observed between implementation of the Objectives of NSA (OB) and the Benefits of NSA (BE), and at the 0.01 significance level. This indicates that, implementation of the Objectives of NSA is expected to bring about numerous benefits to Startup firms in Lagos. However, this might not result to the growth of the SMEs as a weak negative and non-significant

correlation of -0.302 is observed with the implementation of the Objectives of NSA (OB) and SME Growth (SMEG). This implies a limited and statistically insignificant relationship exist between the two variables.

Conversely, the accrued benefits of NSA mean value (4.23) and standard deviation of 0.83, shows a relatively narrow variability in responses related to this variable and this is an indication that most of respondents affirm the fact that, accrued benefits of NSA can result to SME growth. Furthermore, the correlation between implementation of the Objectives of NSA (OB) and Consequences of NSA (CO) is weak and not statistically significant ($r = 0.043$). This suggests a limited association between the two variables. Meanwhile, the accrue benefit of the Nigerian Startup Act (BE) will redefines SMEs growth in Nigeria based on the correlation output ($r = 0.523$) at 0.05 level of significance. This outcome further suggests that if the Startup firms have full access to the embedded benefits in the NSA, it will result to the growth of startup firms. In conclusion, the consequences of the implementation NSA exhibits a moderate and statistically significant negative correlation ($r = -0.430^*$) with SME Growth (SMEG) at the 0.05 significance level. This indicates that as the unintended consequences of NSA increases, SME growth tends to decrease to some extent. This outcome is a clarion call to the government to ensure the unintended consequences of NSA is reduced to barest minimum.

Multiple regression analysis

Table 4.2a Model Summary (NSA and SMEs Growth)

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.681 ^a	.462	.451		.15400	1.5233

a. Predictors: (Constant), OB, BE, CO

b. Dependent Variable: SMEG

Table 4.2a presents the model summary for the relationship between the Nigerian Startup Act (NSA) and Small and Medium Enterprises' (SMEs) Growth. The model summary provides key statistical indicators to assess the goodness of fit and reliability of the regression model.

Model Fit: R (Multiple Correlation Coefficient) value of 0.681 indicates the strength and direction of the linear relationship between the independent variable (NSA) and the dependent variable (SMEs Growth). An R value of 0.681 shows a

strong relationship exist between the investigated variables. Meanwhile, the R Square (Coefficient of Determination) value is 0.462, indicate that approximately 46.2% of the variance in SMEs Growth can be explained by the Nigerian Startup Act. This measure assesses the proportion of variability in the dependent variable accounted for by the independent variable. More so, the Adjusted R Square, at 0.451, takes into account the number of predictors in the model. It provides a more conservative estimate of the model's explanatory power, penalizing for the inclusion of irrelevant variables. On the other hand, the standard error of the estimate which represents the average distance between the actual values of the dependent variable and the values predicted by the model. Therefore, standard error of the estimate value of 0.15400 is low which is a better indication of precision of the model. Finally, the Durbin-Watson statistic is 1.5233. This value is used to detect the presence of autocorrelation in the residuals (errors) of the regression model. A value close to 2 suggests no significant autocorrelation, and in this case, the value indicates a relatively low likelihood of autocorrelation.

In summary, the regression model as indicated by the model fit statistics, demonstrates a moderately strong relationship between the Nigerian Startup Act and SMEs Growth. The model explains a substantial portion of the variance in SMEs Growth, and the precision of the model, as reflected in the standard error, is reasonably low. Additionally, the Durbin-Watson statistic suggests no significant autocorrelation in the residuals of the model, indicating that the assumption of independent errors is met.

Table4.2b Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1					
(Constant)	-.353	.318		-1.110	.025
OB	-.283	.112	-.302.	-2.50	.042
BE	.567	.043	.524	13.10	.000
CO	-.429	.104	-.430	-4.40	.001

Dependent variable: SME Growth (SMEG)

Table 4.2b shows the Unstandardized Coefficients beta coefficient values: (Constant= -3.53, OB= -.283, AD=0.182, BE=5.67 and CO = -0.429). To this effect, a multiple regression model can be fixed from this outcome:: $SMEG = -0.353 - (0.283) OB + (0.567) BE - (0.429) CO + e_i$

The implication of the model above is that, irrespective of the whether NSA policy is implemented or not, there is decline in the growth of SMEs by a factor of 0.353. Similarly, a unit change in the objectives and unintended consequences will result into a decline in SMEs growth by a factor of 0.283 and 0.429 respectively. Conversely, a unit change in the benefits that are related to NSA will result into 0.56 unit improvement in SMEs growth in Nigeria.

Hypotheses Testing

The extracted unstandardized beta, t and sig, values for the independent variables are as follows: (OB; b= -0.283, t= -2.5 p= 0.082 > 0.05). Since OB, p= 0.082 > 0.05, we accept hypothesis that the implementation of objectives of the Nigerian Startup Act will not affect SMEs growth. Conversely, (BE, b=.567, t =13.10, p= 0.000 < 0.05), we reject the null hypothesis two; that the accrued benefits of the Nigeria Startup Act will not redefine SMEs growth in Nigeria. Finally, (CO, b= -.429, t= -4.40, p= 0.001 < 0.05), we also reject null hypothesis that the unintended consequences of the Nigerian Startup Act will have no significant effect on SMEs growth in Nigeria. Hence, we conclude that, the implementation of Nigerian Startup Act objectives will not affect SMEs growth. On the other hand, the accrued benefit will positively affect SMEs growth while the unintended consequences of the Act will negatively influence SME growth in Nigeria.

Discussion of findings

This study produced some interesting findings worthy of discussion outcome, firstly a positive a positive and statistically significant correlation existed between implementation of the Objectives of NSA (OB) and the accrued Benefits of NSA (OB). This implies that the implementation of the Objectives of the Act is capable making available several benefits to the concerned startup firms. Conversely, the implementation of NSA objectives will not influence the growth of the investigated SMEs owing to the fact that, a weak negative, and non-significant correlation occurred between the implementation of the Objectives of NSA (OB) and SME Growth (SMEG). This outcome is traceable to the fact that, even though the implementation NSA objectives is trying to project the Nigeria's startup ecosystem as the leading digital technology centre in Africa, yet, the institutional framework

ingrained in the NSA may not be able to provide a viable environment that will promote the SMEs establishment and operations in Nigeria. Hence, the implementation of NSA will not fully improve the development and growth of technology-related talents among Nigerian startups. However, this finding is synonymous to the findings of Obamwonyi and Aibieyi (2014) who posited that despite the vast amount of material resources at the disposal of the Nigeria nation, most policies and programmes instituted by the federal government usually failed to achieve their objectives.

Conversely, this study established a strong positive relationship between the accrued benefits of the Nigeria Startup Act and SMEs growth. In order words, if the Nigerian Startups access the benefits (startup funding, protection of startup' intellectual property, tax exemption, trainings, capacity building and developmental programmes, creation technological zones, employment opportunities, etc), entrenched in the NSA, SMEs growth will be improved. Meanwhile, this finding is largely supported by the assertion of Adepetun and Chibueze (2022) who investigated the gains and pitfall of the Nigerian Startup Act, 2022. The duo opined that the implementation of the NSA would attract Startup foreign investors, improve entrepreneurship, link Nigerian startup ecosystem with regulators and boost job creation in Nigeria.

Finally, this study affirmed the fact that, the unintended consequences of the implementation of the Nigerian Startup Act will negatively influence SMEs growth. However, this outcome is derived from the significant but negative correlations between unintended consequences of the implementation of the Nigerian Startup and SMEs growth. Meanwhile, the implication of this outcome is that, the unintended consequences of the implementation of the NSA (absence of compliance mechanism, low rate of domestication of NSA by various states in Nigeria, exclusion of non-technological based Startups from the NSA policy, the congestion of the NSA' National council with political office holders and other "Nigerian factors) might negatively influence SMEs growth.

The regression model indicates that the Nigerian Startup Act (NSA) has a moderately strong relationship with SMEs Growth, explaining a substantial portion of the variance. By implication, the regression model used in the course of this study shows that, the predictors (independent) variables are capable of predicting the changes in SMEs growth. By extension, the model's precision, as reflected in the low standard error of the estimate, suggests that the predicted values are

relatively close to the actual values and the closer the predicted values to actual values the better the model in measures variation. In summary, the model used in the course of this study is fit to explain the variances in SME growth.

5. Conclusion and Recommendations

The Nigeria Startup Act is highly accepted by Nigerians because it has the ability to make Nigeria the leader and center of digital innovation in Africa. However, this study concluded that, the implementation process is not timely and efficient enough. Therefore, the implementation of the objectives of the Nigerian Startup Act will not redefine SME growth in Nigeria. Meanwhile, the perceived benefit of NSA will positively influence SMEs growth. On the other hand, the unintended consequences will negatively influence SME growth in Nigeria. This study concluded that, NSA is a good government initiative capable of promoting SMEs growth in Nigeria based on the numerous benefits embedded in its framework. However, the erratic implementation of its objectives and the unintended consequences of the implementation of the Act might mar the success of the Act in fostering SME growth in Nigeria.

Based on the outcome of this study, the following recommendations were made;

1. There is a need for the National Council for digital innovation to review the objectives of the NSA and ensure the right structures and machineries such as: modern innovation hubs, IT expert, more involvement of investors and investment promotion circuit, just to mention a few, are put in place prior to the implementation of policy objectives.
2. In order to improve on the adequacy of NSA policy, the National Council for digital innovation needs to revisit and trouble shoot each stage of the policy formation while ensuring an astute stakeholder's involvement and community engagement is being re-conducted.
3. There is also a need to review the Startup label because of its exclusion of non-technological businesses (who are still in the bid of identifying a gainful business model) from accessing the numerous incentives such as: tax exemption, enlistment in the Nigerian stock exchange, grants, training and capacity building, startup funding, etc, that are ingrained in the Nigeria Startup Act.
4. Due to the fact the National Council consist of multiple agencies and regulators, there is a need to stimulate and fast track inter- agency collaboration among the regulators because this will largely determine the success of the Nigeria Startup Act.

5. There is a need to minimize the unintended consequences of the implementation of the Nigeria Startup Act, 2022 by ensuring that: there is a high rate domestication of NSA by various States in Nigeria, the implementation process should be more practicable and honest void of “Nigeria factor” (nepotism, religion, corruption, etc), and there is a need to overhaul the National Council so that it would not constitute a bureaucratic drain to the already bankrupt Nigerian economy.

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