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THE EFFECTS OF CULTURE, LEGAL ORIGIN AND RELIGION ON FOUR MEASURES OF THE EASE OF STARTING A NEW BUSINESS

INTRODUCTION

Entrepreneurship is widely acknowledged as a key driver of innovation, employment, and economic diversification. The ease with which individuals can start and operate businesses significantly affects the level and quality of entrepreneurial activity. Globally, indicators such as the number of procedures, the number of days required to register a business, startup costs, and the availability of credit are used to assess the conduciveness of a country's regulatory environment to new business formation[1] [Shaba and Idris 2024]. According to the 2024 *Ease of Doing Business* rankings, Nigeria ranked below regional averages on several key startup metrics, including registration time and access to credit.[2] Despite efforts by Nigerian authorities to streamline procedures – such as the establishment of the Corporate Affairs Commission (CAC) online portal – many micro and small enterprises continue to face barriers related to informal fees, bureaucratic delays, and

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[1] Doing Business Indicators Reimagined: Business Enabling Environment 2023. World Bank Publications; Doing Business Indicators: Methodology and revisions, https://www.worldbank.org/business-indicators [accessed: 31.07.2025].

[2] *Ease of Doing Business in Nigeria: Policy Insights and Reform Benchmarks*, World Bank Country Report 2024.

inconsistent enforcement of regulations [Nwalusi, Okeke, Anierobi, et al. 2022; Balogun and Olatoro 2024].

While regulatory inefficiencies are often attributed to poor governance or administrative capacity, recent scholarship emphasizes the need to consider deeper institutional and societal factors. Cultural values, legal traditions, and religious norms shape not only formal institutions but also the attitudes and behaviors that govern economic activity [Acemoglu and Johnson 2023; Acemoglu and Robinson 2010; Licht, Goldschmidt, and Schwartz 2007]. Oguejiofor et al. observe a culture of informalism, strong social hierarchies, and a collectivist orientation influence how individuals interact with the state and perceive entrepreneurial risk in Nigeria [Oguejiofor, Omotosho, Abioye, et al. 2023]. These cultural features may contribute to a reliance on informal networks over formal institutions, thus undermining the effectiveness of regulatory reforms. Corruption and rent-seeking practices embedded in bureaucratic processes reflect broader cultural norms that influence how rules are interpreted and applied [Okoye, Okafor, and Ojimba 2024; Adamaagashi, Erezi, Onoh, et al. 2023; Onyekachi and Muogbo 2023].

Legal origin also plays a foundational role in shaping the quality and orientation of business regulation. Nigeria's legal system is rooted in British common law, a legacy of colonial rule that, in principle, promotes adaptability, individual rights, and judicial discretion [Egere, Maas, and Jones 2022; Daodu, Nakpodia, and Adegbite 2020; Jacob, Amiara, Omeje, et al. 2024]. In many countries, common law systems are associated with investor-friendly business environments and a higher degree of protection for private enterprise. However, in Nigeria, these legal traditions have evolved in tandem with administrative practices that often undermine their potential benefits. For example, weak enforcement mechanisms, judicial inefficiency, and regulatory overlap between federal and state agencies create confusion and discourage formal business entry [Yagboyaju and Adeoye 2019]. Consequently, while Nigeria may formally adopt pro-business regulations consistent with its legal heritage, the lived experience of entrepreneurs reflects a more burdensome and opaque system, especially for those lacking political or social capital.

Despite the growing literature on institutional determinants of entrepreneurship, few studies provide a composite analysis of how culture, legal origin, and religion simultaneously influence specific regulatory indicators of business entry in Nigeria. This paper investigates the effects of culture, legal origin, and religion on four measures of the ease of starting a business: the number of procedures required, the number of days required, the ease of accessing credit, and the cost to start a business. Nigeria serves as a focal case in a broader cross-national comparative analysis, offering unique insights into how institutional legacies and social structures intersect.

By emphasizing the influence of cultural norms, legal history, and religious diversity in Nigeria, this research highlights the limitations of technocratic approaches that treat regulatory efficiency as a purely administrative issue. The results suggest that institutional reforms must be context-sensitive, considering the informal rules and belief systems that shape regulatory compliance and enforcement [Ige 2015; Gcumeni 2024]. This implies the need for hybrid strategies that blend formal reforms with local interventions, such as engaging religious leaders in financial literacy programs or tailoring regulatory outreach to align with local cultural practices.

1. LITERATURE REVIEW

The ease of starting a business is commonly used as a proxy for institutional quality and the broader business environment. Indicators such as the number of procedures, the time it takes to register a business, the cost of registration, and access to credit reflect how institutions function at the point of firm entry.[3] While procedural reforms have led to measurable improvements in some countries, outcomes vary widely across regions, especially in Sub-Saharan Africa where informal institutions, state capacity, and socio-cultural norms remain influential [Okike, Adegbite, Nakpodia, et al. 2015; Adegbite, Igbinedion, and Amaeshi 2020]. In Nigeria, multiple waves of regulatory reforms – including the Companies and Allied Matters Act (CAMA) 2020, the streamlining of CAC registration procedures, and financial inclusion policies – were introduced to lower barriers to business entry. However, the effects of these reforms have been uneven due to implementation challenges, corruption, and entrenched informal practices. Entrepreneurs frequently navigate parallel regulatory systems where unofficial

[3] Doing Business Indicators: Methodology and revisions.

payments, delayed approvals, and inconsistent interpretation of rules are commonplace [Olayinka 2017].

Culture plays a pivotal role in shaping entrepreneurial aspirations, behavior, and perceptions of regulatory institutions. According to Hofstede's cultural framework, societies with high uncertainty avoidance may demand greater regulatory oversight, while those with strong collectivist orientations might rely more on informal norms and networks than on state institutions [Licht, Goldschmidt, and Schwartz 2007]. In the Nigerian context, cultural traits such as respect for authority, communal orientation, and the centrality of kinship groups affect how individuals interact with formal legal systems [Oguejiofor, Omotosho, Abioye, et al. 2023; Chukwuemeka and Iloanya 2023].

These cultural dynamics influence business formation in several ways. First, high power distance may deter small entrepreneurs from challenging bureaucratic inefficiencies, reinforcing the status quo [Alesina and Giuliano 2015; Tabellini 2010]. Second, in collectivist societies like Nigeria, informal business associations, ethnic networks, and familial ties often substitute for formal legal protections, especially in areas where the rule of law is weak [Okafor, Musa, and Bello 2023].

Legal origin theory, developed by La Porta et al., suggests that the legal systems inherited from colonial powers affect the structure and flexibility of business regulation [La Porta, Lopez-de-Silanes, Shleifer, et al. 1998]. Common law systems, which emphasize judicial discretion and adaptability, are said to encourage market-supporting institutions more than civil law systems that emphasize codified rules. Nigeria, as a former British colony, inherited a common law system, which theoretically should foster regulatory efficiency and support entrepreneurship [Lewis 2023]. Jacob et al. argue that the persistence of customary and religious legal practices undermines the coherence of the formal legal system, leading to inconsistencies in application and interpretation [Jacob, Amiara, Omeje, et al. 2024]. This legal pluralism introduces uncertainty for entrepreneurs, particularly those unfamiliar with navigating formal processes. Furthermore, institutional dysfunction – manifested in bureaucratic corruption, judicial delays, and low public trust – undermines the potential benefits of common law flexibility [Yagboyaju and Adeoye 2019].

Religion shapes economic behavior by influencing individual ethics, community norms, and institutional structures. Barro and McCleary suggest that religiosity affects economic outcomes through mechanisms such as trust, thrift, and attitudes toward risk [Barro and McCleary 2003]. In Nigeria, where Christianity, Islam, and traditional religions coexist, religious doctrine often intersects with legal and economic practices. For instance, in Northern Nigeria [Alabi 2002; Salihu and James 2024], where Sharia law is integrated into state legal systems, certain types of business activities are prohibited or restricted [Yusuf, Raimi, and Shuaib 2024; Lewis 2023]. These religious norms directly affect access to credit and business formation. Islamic finance institutions offer Sharia-compliant financial products, which have grown in significance, but accessibility remains limited outside major urban centers.[4] Conversely, in the State, Pentecostal movements that emphasize prosperity theology often encourage entrepreneurship as a form of divine empowerment. However, this may lead to risk-prone ventures without adequate financial planning [Joseph 2024].

The interplay of culture, legal origin, and religion creates a complex institutional ecosystem in Nigeria. Rather than operating in isolation, these factors often reinforce or counteract each other. North, Wallis, and Weingast refer to such systems as “limited access orders” where informal coalitions and identity-based norms condition access to economic opportunities [North, Wallis, and Weingast 2009]. In Nigeria, institutional layering – where customary law, statutory law, and religious law coexist – results in fragmented authority and conflicting regulatory logics [Ige 2015; Gcumeni 2024]. For instance, while federal law mandates gender equality in economic participation, cultural and religious traditions in some regions still limit women’s ability to own land or access credit independently [Okafor and Salami 2023]. Similarly, while the CAMA 2020 reforms aimed to ease business registration, implementation has varied across regions due to differences in cultural acceptance and administrative competence. These inconsistencies exacerbate regional disparities in entrepreneurship rates and economic development.

[4] *Nigeria Economic Update: Resilience through reform*, https://www.worldbank.org/nigeria-economic-update [accessed: 31.07.2025].

2. HYPOTHESIS DEVELOPMENT

Based the literature reviewed, the following series of hypotheses explores the influence of culture, legal origin, and religion on the ease of starting a business in Nigeria. The first set of hypotheses relates to the cultural dimensions of Nigerian society. Given the high-power distance and collectivist nature prevalent in Nigerian culture, it is hypothesized that these cultural traits will lead to an increased number of procedures required to start a business. In collectivist societies, where networks of kinship and communal ties often influence entrepreneurial activities, businesses may rely more on informal channels, leading to regulatory complexity. Cultures with high uncertainty avoidance may increase the time required to start a business, as entrepreneurs may be more cautious about navigating unfamiliar or unclear regulatory procedures.

The second hypothesized that the common law system inherited from British colonial rule has contributed to both regulatory complexity and inefficiency in Nigeria's business environment. The flexibility of the common law system may encourage extensive bureaucratic procedures, leading to an increased number of steps required to establish a business. Furthermore, the weak enforcement of legal rules due to legal may lead to significant delays in the registration process, thus increasing the time required to start a business. The third set of hypotheses focuses on the influence of religion on entrepreneurial behavior and regulatory processes. It is hypothesized that religious affiliation impacts access to credit, with Muslim entrepreneurs facing more challenges due to the limited availability of Sharia-compliant financial products in non-urban areas.

The interaction of culture, legal origin, and religion is also an important focus in this study. It is hypothesized that in Lagos, the combination of high uncertainty avoidance, legal pluralism, and religious norms does not create significant procedural and time-related challenges for entrepreneurs. Finally, regional differences within Lagos are expected to play a crucial role in shaping the ease of starting a business. In the regions, where Christianity is the dominant religion and informal networks are stronger, it is hypothesized that entrepreneurs face fewer barriers in terms of procedures and costs due to the smoother implementation of reforms and greater access to informal networks.

3. METHODOLOGY

The study uses primary datasets to analyze the effects of culture, legal origin, and religion on the ease of starting a business in Lagos State, Nigeria. The population comprises of business owners, which cut across medium to large-scale organizations in Lagos, Nigeria. Given the diversity of the population, a stratified random sampling approach is used, targeting entrepreneurs from various part of the state [Okike, Adegbite, Nakpodia, et al. 2015]. The sample include firms within sectors such as agriculture, education, finance, healthcare, manufacturing, retail, services, and technology. The sample size was determined using Cochran's formula for infinite populations:

$$n_0 = Z^2pq/e^2 \tag{1}$$

Where: $Z = 1.96$ (for 95% confidence level), $p = 0.5$ (maximum variability), $q = 1 - p = 0.5$, $e = 0.05$ (desired margin of error). Cochran's formula recommends a minimum of 194 participants for generalizable outcome at a 95% confidence level (i.e., a 5% error margin). The sample was slightly increased up to 200 respondents to account for possible non-responses.

Data collection was carried out using a structured questionnaire consisting of six sections, focused on various indicators such as demographic information, cultural influence, legal environment, religious influence, business registration indicators, and final thoughts. Items in the questionnaire were measured using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The data collection process was conducted both electronically (Google Forms) and manually – using printed questionnaires distributed. To ensure its validity, the instrument was reviewed by a panel of academic and industry experts to evaluate content clarity, item relevance, and alignment with research objectives. Construct validity was confirmed through Exploratory Factor Analysis. To assess reliability, Cronbach's Alpha coefficients were computed for each section of the instrument and the values exceed acceptable threshold of 0.70.

A multiple regression analysis will be conducted to determine the relative contribution of culture, legal origin, and religion to the variations in business entry outcomes, while controlling for demographic variables such as region and business type. This will allow the study to identify the key predictors of business entry barriers in Nigeria [La Porta, Lopez-de-Silanes, Shleifer, et al. 1998]. For the multiple regression, *four dependent variables* measured the difficulty of business startup across: Number of procedures required to start a business (PROC), number of days required to complete registration (DAYS), perceived ease of accessing startup credit (CRDT), estimated startup costs as a percentage of GNI per capita (COST). The *three independent variables* include: Cultural influences (CULT) e.g., traditions, ethnic norms, collectivism, legal environment (LEGL), faith-based financial support, religious restrictions. The study added some demographic variables to control for heterogeneity.

Then the model equations are:

$$\mathrm{PROC} = \alpha_1 \mathrm{CULT} + \alpha_2 \mathrm{LEGL} + \alpha_3 \mathrm{RELG} + \epsilon_1 \quad (2)$$

$$\mathrm{DAYS} = \beta_1 \mathrm{CULT} + \beta_2 \mathrm{LEGL} + \beta_3 \mathrm{RELG} + \epsilon_2 \quad (3)$$

$$\mathrm{CRDT} = \gamma_1 \mathrm{CULT} + \gamma_2 \mathrm{LEGL} + \gamma_3 \mathrm{RELG} + \epsilon_3 \quad (4)$$

$$\mathrm{COST} = \delta_1 \mathrm{CULT} + \delta_2 \mathrm{LEGL} + \delta_3 \mathrm{RELG} + \epsilon_4 \quad (5)$$

4. RESULTS AND IMPLICATIONS

The results, presented in Table 1, indicate a strong preference for collectivism, with 75% of respondents agreeing or strongly agreeing that business networks are often built through family and community connections. This suggests that in Lagos Nigeria, social capital plays a crucial role in the success of entrepreneurial ventures. Most respondents (70%) exhibit a high degree of uncertainty avoidance, indicating that many entrepreneurs prefer safer, more predictable business environments. This might result in a reluctance to engage in more innovative or high-risk entrepreneurial activities, limiting the entrepreneurial landscape to less dynamic and more conventional sectors. The complexity of legal procedures emerged as a major barrier, with 70% of respondents indicating that the legal registration process is bureaucratic and time-consuming. Moreover, 65% of respondents reported delays in the registration process, underlining the challenges entrepreneurs face when dealing with government institutions [Adeola 2016; Egere, Maas, and Jones 2022].

Religion also plays a notable role in shaping entrepreneurial decisions. A significant portion of respondents (65%) agreed that religious beliefs influence business decisions, while 55% mentioned that they had access to religious-based financial products like microfinance. This reflects the important role religious institutions play in providing informal financial services, particularly in areas where formal financial systems are lacking [Ogunleye, Funke, and Chike 2024]. However, a notable percentage (50%) of respondents felt that religious laws had little to no impact on business operations, suggesting that religious factors might not significantly shape business practices beyond financial products and community support.

The registration process remains a significant challenge, with 65% of respondents indicating that the process involved multiple procedures (4-6) and took over 10 days to complete. Moreover, 55% reported that the cost of starting a business was between ₦50,000 and ₦100,000, which may act as a financial barrier for many potential entrepreneurs. The difficulty in accessing credit was also evident, as 55% of respondents reported facing challenges in securing financial support, often citing high interest rates and stringent collateral requirements as major obstacles.

Table 2 presents the results of the regression estimation. The results of the regression analysis provide strong empirical support for the study's hypotheses regarding the influence of culture, legal origin, and religion on various dimensions of the ease of starting a business in Lagos. Hypothesis 1, which posits that cultural factors significantly affect business startup outcomes, is validated by the statistically significant coefficients of culture (CULT) across all four dependent variables. CULT has a substantial positive effect on the number of procedures (0.310), number of days 0.272), credit access (0.1897), and cost (0.221). These results suggest that cultural norms may inadvertently increase administrative delays, raise transaction costs, and influence credit acquisition [Okoye and Amah 2023; Ayodeji and Kazeem 2025].

Table 1: Descriptive Statistics for the Questionnaire

Cultural Influence Factor	Response	Percentage
Power Distance (Influence of hierarchical authority on decisions)	Strongly Agree	25%
	Agree	40%
	Neutral	20%
	Disagree	10%
	Strongly Disagree	5%
Collectivism (Business networks through family/community)	Strongly Agree	30%
	Agree	45%
	Neutral	15%
	Disagree	5%
	Strongly Disagree	5%
Uncertainty Avoidance (Tolerance for risk and uncertainty)	Strongly Agree	20%
	Agree	50%
	Neutral	20%
	Disagree	5%
	Strongly Disagree	5%
Entrepreneurial Encouragement (Attitudes toward entrepreneurship)	Strongly Agree	35%
	Agree	40%
	Neutral	15%
	Disagree	5%
	Strongly Disagree	5%
Legal Environment Factor		
Complexity of Legal Procedures (Bureaucratic and complex)	Strongly Agree	30%
	Agree	40%
	Neutral	15%
	Disagree	10%
	Strongly Disagree	5%
Delays in Registration (Registration took longer than expected)	Strongly Agree	25%
	Agree	40%
	Neutral	20%
	Disagree	10%
	Strongly Disagree	5%
Contract Enforcement & Legal Protections (Weak enforcement)	Strongly Agree	35%
	Agree	40%
	Neutral	15%
	Disagree	5%
	Strongly Disagree	5%
Access to Legal Support (Difficulty in accessing support)	Strongly Agree	25%
	Agree	35%
	Neutral	25%
	Disagree	10%
	Strongly Disagree	5%

Sources: Author (2025)

Hypothesis 2, which states that legal origin significantly predicts barriers to business startup, receives the strongest support. Legal origin demonstrates consistently high and statistically significant coefficients across all models: procedures (0.428), days (0.494), credit access (0.372), and cost (0.465). These findings reinforce the argument that colonial legal legacies and the rigidity of existing regulatory frameworks create structural inefficiencies that hinder new business formation [Jacob, Amiara, Omeje, et al. 2024; Wu 2024]. The high coefficient for DAYS implies that outdated or bureaucratic legal procedures significantly prolong the registration process, while the large effect on COST points to compliance burdens that disproportionately affect micro-entrepreneurs.

Table 1 (Continues…)

Religious Influence Factor	Response	Percentage
Impact of Religious Beliefs (Religious beliefs influencing business decisions)	Strongly Agree	25%
	Agree	40%
	Neutral	20%
	Disagree	10%
	Strongly Disagree	5%
Access to Religious Financial Products (Microfinance products)	Strongly Agree	20%
	Agree	35%
	Neutral	25%
	Disagree	15%
	Strongly Disagree	5%
Religious Laws Impact on Business Operations (Religious laws)	Strongly Agree	10%
	Agree	15%
	Neutral	50%
	Disagree	15%
	Strongly Disagree	10%
Influence of Religious Leaders (Influence on business decisions)	Strongly Agree	15%
	Agree	30%
	Neutral	40%
	Disagree	10%
	Strongly Disagree	5%
Business Registration Factor		
Number of Procedures (Procedures to register a business)	1-3 Procedures	25%
	4-6 Procedures	40%
	7-9 Procedures	20%
	10 or more Procedures	15%
Number of Days (Days to complete the registration process)	1-10 days	35%
	11-20 days	40%
	21-30 days	15%
	More than 30 days	10%
Total Costs Involved (Cost to start a business)	Less than ₦50,000	20%
	₦50,000 - ₦100,000	45%
	₦100,000 - ₦200,000	25%
	More than ₦200,000	10%
Ease of Accessing Credit (Ease of accessing credit)	Very Easy	10%
	Somewhat Easy	25%
	Neutral	35%
	Somewhat Difficult	20%
	Very Difficult	10%

Source: Author (2025)

Hypothesis 3, which asserts that religion influences startup conditions, is also supported, though its effects are generally smaller. Religion has significant positive effects on procedures (0.142), credit access (0.215), and cost

(0.118), while its effect on days (0.105) is marginally significant. These results indicate that religious norms and affiliations can influence entrepreneurs' interaction with formal institutions, either by shaping trust, risk-taking, and financing options through religious networks or by imposing specific compliance expectations [Luka and Gofwan 2025]. The findings confirm that institutional and social structures deeply shape the startup landscape. While legal frameworks remain the dominant driver of administrative and cost-related constraints, culture and religion exert significant influence, particularly in informal or socially embedded aspects of entrepreneurship [Olawale and Garwe 2010].

Table 3 presents the summary of the model's fit statistics. The regression model results demonstrate a strong and statistically significant relationship between the institutional variables (culture, legal origin, and religion) and each of the four dependent variables representing the ease of starting a business. The R^2 values, which indicate the proportion of variance in the dependent variables explained by the model, range from 0.486 to 0.562, suggesting that the models explain 48.6% to 56.2% of the variation in the outcomes.

The DAYS model shows the highest explanatory power, with an R^2 of 0.562 and an adjusted R^2 of 0.553. This implies that the model explains 56.2% of the variation in the number of days required to start a business, even after adjusting for the number of predictors, making it the most robust model in the study. The PROC model follows closely with an R^2 of 0.538, indicating that cultural, legal, and religious factors explain 53.8% of the variance in the number of procedures required to start a business. The COST model shows substantial explanatory power, with an R^2 of 0.518, suggesting that over half of the variability in startup cost can be attributed to the independent variables. The CRDT model has the lowest R^2 (0.486), yet it still explains a meaningful portion (nearly 49%) of the variance in access to credit, indicating the institutional variables remain relevant. All models show significant F-statistics, confirming that the models are significant. This means that the combined effects of culture, legal origin, and religion have a meaningful impact on the dependent variables and are unlikely to be due to random chance.

Table 2: Summary Statistics

Variable		Coefficient (β)	p-Value
Dependent	**Independent**		
PROC	CULT	0.310	0.000
	LEGL	0.428	0.000
	RELG	0.142	0.026
DAYS	CULT	0.272	0.001
	LEGL	0.494	0.000
	RELG	0.105	0.072
CRDT	CULT	0.189	0.007
	LEGL	0.372	0.000
	RELG	0.215	0.001
COST	CULT	0.221	0.002
	LEGL	0.465	0.000
	RELG	0.118	0.047

Note: *** $p < 0.01$ (Highly significant); ** $p < 0.05$ (Significant); $p < 0.10$ (Marginally significant)
Sources: Author (2025)

Table 3: Model Fit Statistics (Summary)

Model	Adjusted R^2	F-Statistic	p-Value
PROC Model	0.529	59.21	0.000
DAYS Model	0.553	64.77	0.000
CRDT Model	0.476	49.31	0.000
COST Model	0.509	55.48	0.000

Sources: Author (2025)

The empirical findings have several practical implications for entrepreneurs, regulators, and financial institutions: First, entrepreneurs should leverage the power of family and community networks to facilitate the growth of their businesses. Policy interventions could focus on strengthening these networks by fostering community-based entrepreneurship programs that help entrepreneurs build relationships with local business leaders, mentors, and potential investors [Ogunleye, Funke, and Chike 2024]. This could reduce the reliance on formal financial systems, which are often inaccessible to small-scale entrepreneurs.

Second, the cumbersome business registration process is a major hindrance to entrepreneurship. Business owners and aspiring entrepreneurs need a simplified registration process that can be completed more efficiently. Regulatory bodies could consider digitalizing registration processes and reducing the number of steps required to establish a business [Adeola 2016].

Third, a more efficient legal framework is necessary to ensure entrepreneurs can easily navigate the legal system and protect their intellectual and financial investments. Government agencies should work toward creating a more transparent and efficient legal environment, particularly by enhancing contract enforcement and access to legal services. Simplifying business laws and providing entrepreneurs with affordable legal support would also reduce the risk associated with starting a business [Ogunleye, Funke, and Chike 2024].

CONCLUSION

Based on the empirical findings, the following policy recommendations could improve the entrepreneurial ecosystem in Lagos Nigeria: First, we suggest establishment of a policy initiative aimed at digitalizing business registration processes would streamline the procedure, reduce bureaucratic inefficiencies, and lower the barriers to entry for new businesses. This could involve creating an online platform for business registration that simplifies document submission and reduces waiting times. Second, policymakers should prioritize strengthening legal protections for businesses by ensuring the efficient enforcement of contracts. Establishing specialized business courts that handle disputes more quickly could help businesses resolve conflicts and reduce the risks involved in starting a business. Third, Given the high reliance on religious institutions for financing, there should be a push to formalize and regulate these financial services to ensure transparency and fairness. Creating regulatory frameworks that allow religious organizations to offer microfinance products would foster financial inclusion and give entrepreneurs better access to capital. Fourth, the government could offer tax incentives or subsidies for businesses that go through the formal registration process, especially for startups in critical sectors like agriculture, manufacturing, and technology. These incentives would reduce the cost burden on new businesses and encourage greater formalization of the informal economy. Lastly, To address the challenges of uncertainty avoidance and risk-taking, policy efforts should focus on enhancing entrepreneurial education. Establishing training programs that teach risk management, innovative business practices, and access to finance could help shift cultural attitudes toward entrepreneurship and foster a more dynamic entrepreneurial culture in Lagos Nigeria.

Despite the valuable insights offered by this study, several limitations must be acknowledged. First, the study focused only on three institutional determinants – culture, legal origin, and religion – which, although significant, do not exhaust the array of possible influences on ease of business startup. Second, the study employed a cross-sectional design, meaning that all data were collected at a single point in time. This limits the ability to establish causal relationships or examine how institutional factors evolve and interact over time. Third, the analysis is geographically limited to Lagos, Nigeria an urban center. While this provides important regional insight, Nigeria is itself socio-culturally heterogeneous.

Future studies should consider conducting large-scale empirical surveys using stratified random sampling across multiple geopolitical zones in Nigeria to validate and expand on the findings. Additionally, incorporating qualitative methods. Finally, the integration of digital entrepreneurship indicators – such as access to online registration platforms, fintech lending, and digital literacy – would be timely, given Nigeria's shift toward a digital economy.

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The Effects of Culture, Legal Origin and Religion on Four Measures of the Ease of Starting a New Business

Abstract

This study investigates the influence of cultural values, legal frameworks, and religious factors on the ease of starting a business in Lagos, Nigeria, using four key indicators: the number of procedures (PROC), the number of days (DAYS), access to credit (CRDT), and startup cost (COST). Drawing on institutional and socio-cultural theory, a structured survey dataset of 200 respondents was analyzed using multiple linear regression. Results reveal that legal origin (LEGL) exerts the most substantial effect across all startup dimensions, significantly predicting procedural burden, time delays, credit access, and cost. Cultural influences (CULT) also play a significant role, particularly in affecting procedural complexity, days required, and cost. Religion (RELG), while slightly less impactful, shows significant relationships with all four indicators, especially in shaping perceptions of credit access and procedural engagement. The findings highlight the multidimensional nature of startup barriers in the region and underscore the need for integrative policy approaches that account for socio-legal realities.

Keywords: cultural values; legal frameworks; religious factors; new business; faith.

Wpływ kultury, tradycji prawnej i religii na cztery wskaźniki zakładania nowej firmy

Abstrakt

W opracowaniu przeanalizowano wpływ wartości kulturowych, tradycji prawnej oraz czynników religijnych na łatwość zakładania działalności gospodarczej w Lagos w Nigerii, wykorzystując cztery kluczowe wskaźniki: liczbę procedur, liczbę dni, dostęp do kredytu oraz koszt rozpoczęcia działalności. W oparciu o teorię instytucjonalną i socjologiczno-kulturową przeanalizowano uporządkowany zestaw danych ankietowych obejmujący 200 respondentów, stosując wieloraką regresję liniową. Wyniki wskazują, że pochodzenie systemu prawnego wywiera najsilniejszy wpływ na wszystkie wymiary zakładania firmy, istotnie przewidując obciążenie proceduralne, opóźnienia czasowe, dostęp do kredytu oraz koszty. Wpływy kulturowe również odgrywają znaczącą rolę, szczególnie w kształtowaniu złożoności procedur, liczby wymaganych dni i kosztów. Religia, choć nieco mniej oddziałująca, wykazuje istotne związki ze wszystkimi czterema wskaźnikami, zwłaszcza w kształtowaniu postrzegania dostępu do kredytu oraz zaangażowania w procedury. Wyniki implikują wielowymiarowy charakter barier związanych z zakładaniem działalności w regionie oraz wskazują na potrzebę zintegrowanej polityki, uwzględniającej realia społeczno-prawne.

Słowa kluczowe: wartości kulturowe; ramy prawne; czynniki religijne; nowy biznes; wiara.

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