

Digital Business Registration and Entrepreneurship in Nigeria: Has E-Government Made Enterprise Formalization Easier?

Original Research Article | Volume 1 | Issue 4 | 2026 | Article Number: 078

Accepted: 05 September 2026 | Published: 10 September 2026 | ISSN: 2979-8582 (Online)



Crossref : <https://doi.org/10.67693/BJCR-YLH26Z7K>



Bello A¹, Abdulkarim A B², Abdulrasaq D A²

¹Centre for Vocational, Skill Acquisition & Entrepreneurship, Kwara State Polytechnic, PMB 1375, Ilorin, Nigeria,

²Public Administration Department, Institute of Skill Acquisition, Kwara State Polytechnic, PMB 1375, Ilorin, Nigeria,

Correspondence: Bello A, alhassan4chem@gmail.com

Abstract

The use of digital public administration has grown in importance as a tool for enhancing government service delivery and lowering administrative hurdles faced by entrepreneurs. The digitalization of business registration in Nigeria is anticipated to ease the formalization of businesses, but infrastructure, access and service quality issues persist. The aim of the study was to investigate the impact of digital business registration on the formalization of entrepreneurs in Kwara North Senatorial District, Nigeria. The design of the study was quantitative cross sectional that involved four Local Government Areas (LGA) of the study area comprising Baruten, Edu, Kaiama, Moro and Patigi. A total of 362 (94.3%) valid questionnaires were analyzed from a total of 384 questionnaires sent. Descriptive statistics and correlation and regression analysis were used to analyze the data. The results indicated that in general, the experiences of the entrepreneurs in registering businesses online had a positive rating with a grand mean of 3.98, while the experiences of the entrepreneurs in reducing administrative burden had a grand mean of 4.04. But, 74.9% of respondents said poor internet connectivity was a big problem followed by registration portal downtime at 65.2%. The service quality of digital government services was found to have a significant positive correlation with the willingness of entrepreneurs to formalize their businesses ($r = .642$, $p < .001$) and regression analysis explained 41.2% of the variance in entrepreneurs' willingness to formalize ($R^2 = .412$). The study found that, in spite of the challenges of technology and administration, digital business registration has contributed to enterprise formalization in Kwara North. It suggests the creation of better digital infrastructure, more reliable platforms for registration, streamlined procedures, better technical support and expanded digital literacy programmes for entrepreneurs.

Keywords: Digital Public Administration (DPA), E-government, Entrepreneurship, Business Registration, Administrative Burden, Enterprise Formalization

1. INTRODUCTION

Entrepreneurship is a key contributor to economic development by providing employment opportunities, innovation and income generation; especially in developing economies where micro, small and medium-sized enterprises are a significant proportion of business activity. But the development and institutionalization of these businesses is partly dependent on the administrative setting established by governmental bodies. Registration requirements, complex and time-consuming processes, and regulatory uncertainty and delays can deter entrepreneurs from joining the formal sector. Thus, more efficient public administration is becoming more crucial to establish an enabling environment for entrepreneurship.

One way to overcome these administrative hurdles is through digital public administration. Digital public administration is one way to mitigate these administrative hurdles. The governments can deliver services electronically and enhance the accessibility and efficiency of government to business and other public institutions through e-government platforms. According to the United Nations (2024), digital government development is improving globally, with more investment in the provision of online public services and digital infrastructure. While the availability of online platforms is key to the effectiveness of digitalization, so is the ability to access and complete government procedures conveniently by users.

The Corporate Affairs Commission (CAC) has introduced digital business registration in Nigeria. The CAC presently has an online Company Registration Portal which enables entrepreneurs to search for company names, reserve business names, pre-register company digitally and electronically submit supporting documents (Corporate Affairs Commission [CAC], 2026). These changes can help to minimize the need for in-person visits, processing time, and certain business registration costs.

However, administrative hurdles have not been eliminated with the advent of digital registration. Even with the internet connection, digital literacy, system reliability, payment process, documentation and access to accurate information, entrepreneurs may still face challenges. This is crucial as digital public administration should be judged based on user experience, not just the presence of a digital platform. The World Bank (2025) also acknowledges that digital systems can help the formalization and expansion of smaller enterprises as they facilitate service provision and ease the way for economic participation.

In this light, this study investigates the link between digital business registration and entrepreneurship in Nigeria specifically to determine if e-government has facilitated enterprise formalization in Nigeria. The study aims to find out if digital registration has contributed to the reduction of time, costs and the burden of the formalization process for entrepreneurs and to identify the remaining administrative and technical obstacles in the formalization process.

Problem Statement

The Corporate Affairs Commission (CAC) is increasingly digitizing the process of enterprise registration in Nigeria, with the aim of making the process easier, faster and less cumbersome, and to ensure that entrepreneurs have a better interaction with public institutions. However, even with these reforms, there is no guarantee that the administrative hurdles of enterprise formalization have been removed through the use of a digital platform. There are still potential issues of procedure, untrustworthy digital infrastructure, payment problems, lack of information, and navigating online government services.

This is an important disconnect between digitalization of public administration and the experience of entrepreneurs. Despite the spread of digital government around the world, the quality and accessibility of online public services remain unevenly distributed, with digital infrastructure, digital skills and service quality differences influencing the accessibility and effectiveness of digital public services, especially in developing contexts (United Nations, 2024). Likewise, the World Bank (2025) notes that regulatory and

institutional constraints remain important factors affecting the capacity of smaller businesses to become formalized and to operate in the formal sector.

Secondly, the existing literature on e-government from Nigeria has mostly been directed toward the efficiency, transparency and overall service delivery in the public sector, rather than towards the entrepreneur as a direct user of e-government digital administrative systems. Therefore, there is a lack of empirical knowledge of the impact of Nigeria's digital business registration system on the time, cost and procedural burden of entrepreneurs. To fill this gap, this study will investigate the experience of entrepreneurs in registering a business in Nigeria using e-government and also find out if e-government has made the process of formalizing businesses easier in Nigeria.

Objective of the Study

The objective of the study is to explore the level at which the registration of business in digital mode has eased the administrative hurdles to formalization of entrepreneurs in Nigeria. Specific objectives include:

1. To analyze entrepreneurs' experience of the digital business registration services in Nigeria.
2. To measure the impact of digital business registration on enterprise formalization time, cost and the formalization procedure.
3. To find out the administrative and technological hurdles that entrepreneurs face in registering their business online.
4. To identify how the quality of digital government services affects entrepreneurs' inclination to formalize their businesses.
5. To propose public administrative measures to enhance digital business registration and facilitate enterprise formalization in Nigeria.

2. LITERATURE REVIEW

2.1 Digital Public Administration and E-Government

Digital public administration is the use of digital technologies to enhance public administration processes and the delivery of public services. While efficient e-government can shorten processing time, reduce physical visits and administrative expenses, accessibility and institutional capacity, digital skills and infrastructure are crucial to the success of e-government (Ciancarini et al., 2023).

2.2 Entrepreneurship and Enterprise Formalization

Government's regulatory and administrative measures are a determinant of entrepreneurial development. Formalization can help entrepreneurs access formal markets and financial services and legally recognize their businesses, but complex formalization processes can deter entrepreneurs from formally registering their businesses. Campos et al. (2023) argued that the formalization would be greater if the registration process was simplified, but formalization does not necessarily lead to better business performance.

2.3 Digital Business Registration and Administrative Burden

Digital business registration is designed to make the registration process easier for the entrepreneur by enabling the submission of documents, payment and registration via an electronic process. But the digitalization process can't eliminate administrative burden if entrepreneurs continue to experience system failures, burdensome requirements, weak internet connectivity or insufficient information. Administrative burden is thus a useful measure of the actual time, cost and effort savings of online registration in formalization.

2.4 E-Government Service Quality

Service quality, especially ease of use, reliability, accessibility, responsiveness and information quality, is also important to the usefulness of digital registration. Inefficient design can introduce online issues of bureaucracy; efficient design can enhance the interaction of entrepreneurs and government institutions (Ciancarini et al., 2023).

2.5 Theoretical Framework

The study is grounded in Administrative Burden Theory, which provides an explanation of the learning, compliance and psychological burden that people undergo when engaging in government interactions. This study uses the theory to evaluate the impact of digital business registration on the effort, cost, time and frustration of formalizing an enterprise.

2.6 Empirical Review and Research Gap

Previous research reveals that formalization is a possible outcome of simplified registration, but impacts differ between contexts and businesses (Campos et al., 2023; Barron et al., 2026). Nigerian research has also highlighted the infrastructure, implementation and digital access issues that impact electronic public services. But there is limited research that has explored entrepreneurs particularly as users of the digital business registration system in Nigeria. This study fills this gap by examining if e-government has really lowered administrative obstacles to enterprise formalization.

2.7 Conceptual Framework

The conceptual framework (Fig 1) shows the intended relationship between the digital business registration process and formalization of the enterprises in Nigeria. Digital business registration is the independent variable, which is assessed by online accessibility, system reliability, information quality, security and privacy, service responsiveness, ease of use and digital payments. These features are expected to minimize the administrative challenges the entrepreneurs face when registering their businesses. The dependent variable is reduced registration time and cost, simplified procedures, willingness to formalize, successful registration, and improved access to formal business opportunities, which are considered easier enterprise formalization. The framework also suggests that the ease and accessibility of digital business registration can help to formalize business activities in Nigeria.

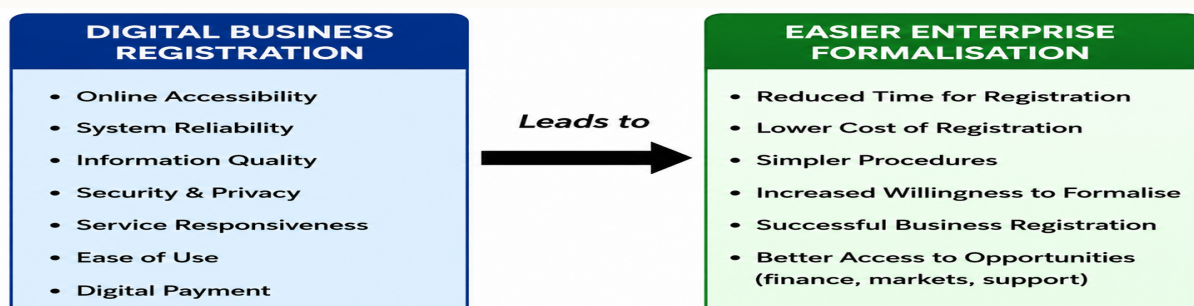


Figure 1: Conceptual Framework

3. METHODOLOGY

3.1 Research Design

The study will use a quantitative cross sectional survey design to look at the effect of digital business registration on formalization of entrepreneurs in Kwara North, Nigeria. The design is appropriate for the following reasons: (1) data can be gathered from a relatively large number of respondents at one time, (2) relationships between the study variables can be statistically examined.

3.2 Study Area

The study will be carried out in Kwara North Senatorial District which is made up of Baruten, Edu, Kaiama, Moro and Patigi Local Government Areas. A variety of micro, small and medium-sized enterprises are found in the area, which can be utilized for studying the experiences of entrepreneurs in the digital business registration process, including in trade, agriculture, services and other business activities.

3.3 Population and Sampling

The study will target entrepreneurs and owners/managers of micro, small and medium enterprises of the five Local Government Areas of Kwara North senatorial districts (Baruten, Edu, Kaiama, Moro and Patigi). Available official population figures reported by the Kwara State Government show that the total population of Kwara North is about 751,730.

A comprehensive register of the actual number of entrepreneurs in each LGA is not available at present, so the LGA population figures will be used as the basis for allocating entrepreneurs geographically, and respondents will be screened to make sure only those entrepreneurs who meet the study criteria are included. A minimum sample size of 384 respondents will be adopted using Cochran's formula of a large population, 95% confidence level and 5% margin of error. The sample will be allocated to the 5 LGAs as shown in Table 1:

Table 1: Kwara North LG Population

Local Government Area	Population	Proportionate Sample
Baruten	206,679	106
Edu	201,469	103
Kaiama	124,015	63
Moro	108,715	55
Patigi	110,852	57
Total	751,730	384

3.4 Data Collection Instrument

A structured questionnaire will be used to gather primary data on respondents' demographic and business attributes, digital business registration experience, administrative burden and enterprise formalization results, divided into sections. Responses will mainly be measured using a five-point Likert scale ranging from strongly disagree to strongly agree.

3.5 Validity and Reliability

The questionnaire will be pretested for content and face validity. A pilot test will also be carried out with the entrepreneurs outside the final sample. Cronbach's alpha will be used to test internal consistency, and will be accepted if coefficient is greater than or equal to 0.70.

3.6 Data Analysis

Descriptive and inferential statistics will be used to analyze data. The characteristics and experiences of the respondents will be summarized by frequencies, percentages, means and standard deviations, and the relationship between these factors will be analyzed using correlation and multiple regression analysis.

3.7 Ethical Considerations

Participants will be urged to join the study, will be told what the study is about and informed consent will

be sought. Confidentiality and anonymity will be preserved and data collected will be only for research purposes.

4.0 RESULT AND DISCUSSION

4.1 Response Rate

A total of 384 questionnaires were sent out and 362 were returned (Fig 2). The high response rate, which is an excellent level of participation from the sampled entrepreneurs, and the resulting sample size is sufficient to examine digital business registration and enterprise formalization in Kwara North. Just 5.7% (22 questionnaires) were not returned or completed, but this was not likely to significantly impact the analytical coverage for the study. In survey research, the high response rate is beneficial as it decreases the likelihood of non-response bias and increases confidence that the responses are representative of the population being sampled (Taherdoost, 2022). As for the descriptive and inferential results, the response rate is thus appropriate for interpretation.

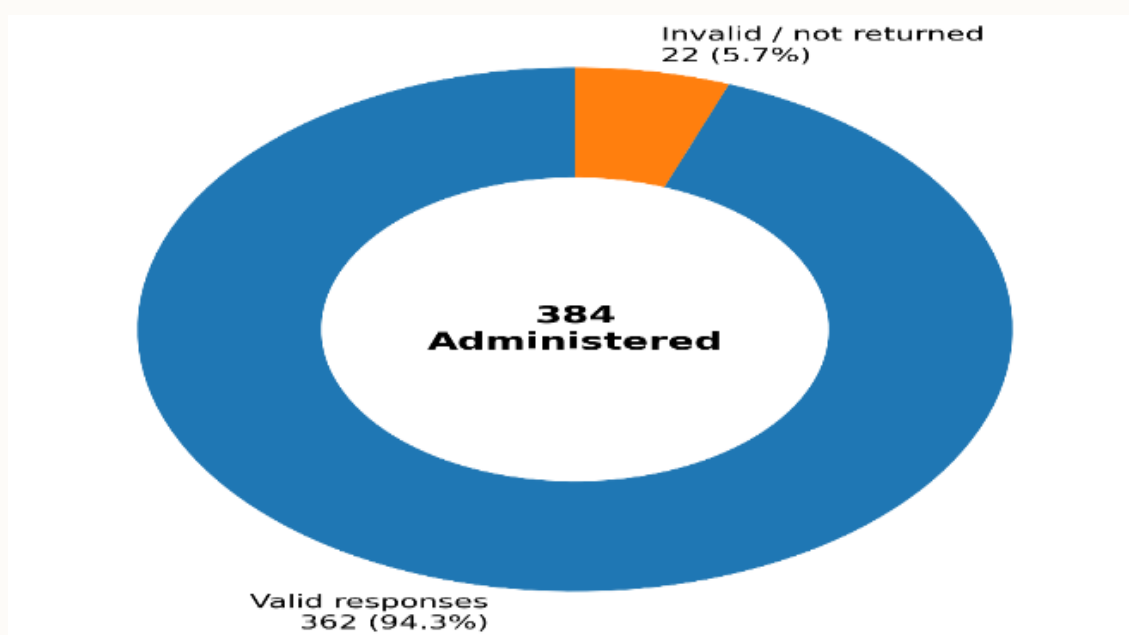


Figure 2: Response Rate

4.2 Stratification across Local Government Areas

The distribution of the 362 respondents in Fig 3 also shows good geographical coverage in the 5 Local Government Areas of Kwara North. Baruten accounted for 100 respondents (27.6%), Edu 97 (26.8%), Kaiama 59 (16.3%), Patigi 54 (14.9%), and Moro 52 (14.4%). The higher numbers for Baruten and Edu are not a sign of over-sampling but are a result of the proportionate sampling used. This geographical stratification enriches the study as experiences with digital government services can vary from one place to another because of the internet connection, infrastructure, digital literacy and distance from administrative or commercial centres. The United Nations (2024) notes that inequalities in access to digital infrastructure and services can lead to significant inequalities at subnational and local levels in the outcomes of the use of e-government services. Hence, the respondents from all the five LGAs allow the study to consider a wider spectrum of entrepreneurial experiences than to focus mainly on those of businesses located in one particular locality. The proportional representation also gives relevance of the findings to the wider Kwara North entrepreneurial environment in the next stage.

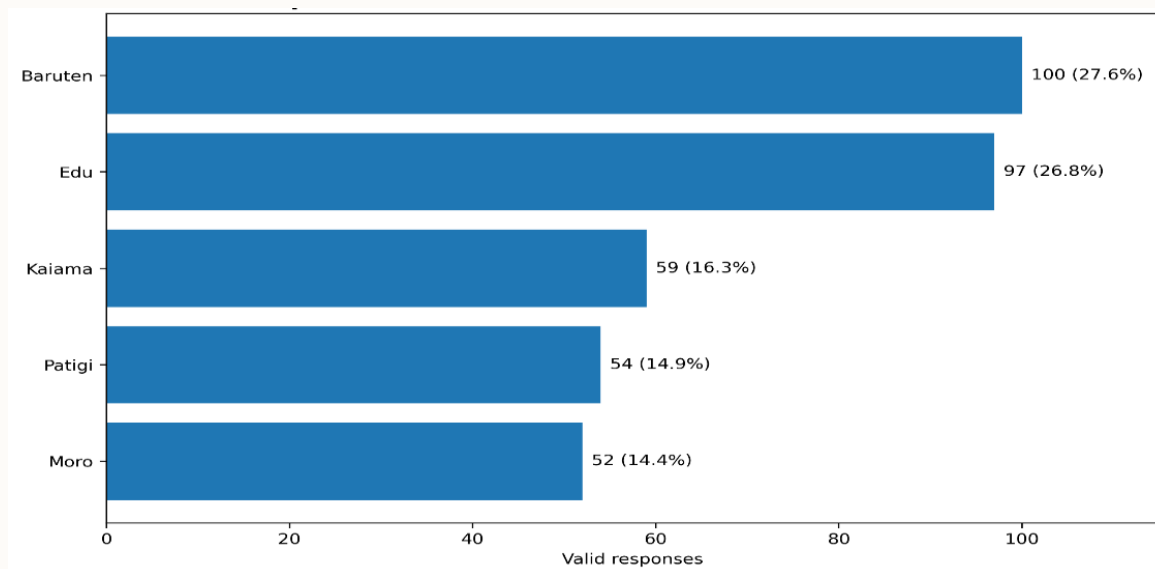


Figure 3: Stratification across LG

4.3 Entrepreneurs' Experience of Digital Business Registration

The first objective explored entrepreneurs' experiences of the digital business registration services (Fig 4). The overall experience was positive (grand mean of 3.98), and 83.1% of participants agreed that digital registration decreased the need for physical visits to Government offices. The online payment option was also welcomed by 79.3% of respondents. These results indicate that the digitalization of interaction between government and business has been made more convenient and accessible. This aligns with Mufutau et al. (2024), who determined that e-governance projects enhanced some of the public service delivery aspects, which decreased the reliance on the traditional physical administration. The result aligns with the United Nations (2024), which sees accessibility and user-centred service delivery as key results of good digital government. However, the positive evaluation does not suggest that the process of registration is entirely without any hassles, as respondents also mentioned technological and administrative challenges.

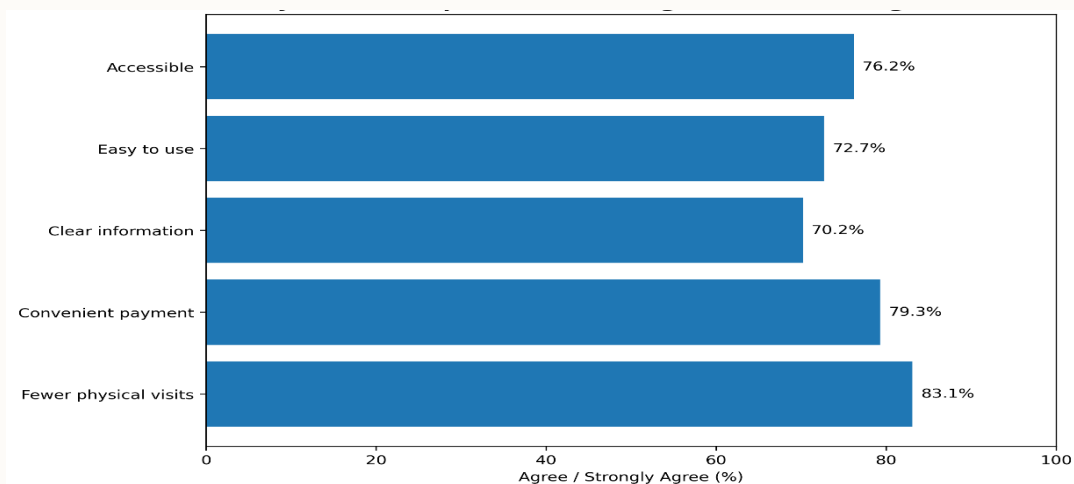


Figure 4: Experience with Digital Business Registration

4.4 Digital Registration and Reduction of Administrative Burden

Figure 5 revealed that digital registration significantly decreased the perceived administrative burden as the grand mean was 4.04. In particular, 80.7% of the respondents thought it shortened registration time, 78.5% said it reduced transportation and related costs, and 76.8% said it required fewer physical procedures. This finding reinforces the core tenet of Administrative Burden Theory as digital registration

seems to lower relevant costs of compliance between entrepreneurs and government. A similar study by Campos et al. (2023) also revealed that the ease of business registration significantly boosted the formalization of small businesses in Malawi. But their study also found that formal registration was not necessary to lead to better business performance. It is suggested that the importance of simplifying registration cannot be overstated, but that complementary benefits, like access to finance, markets and government support, may be required to achieve broader developmental benefits from formalization.

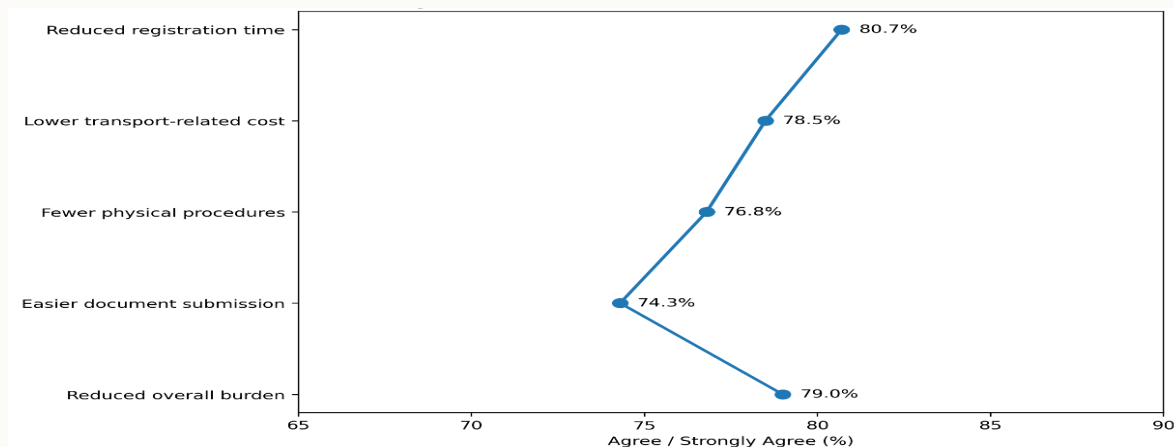


Figure 5: Reduction in Administrative Burden

4.5 Administrative and Technological Challenges

The third objective confirmed that, while digitalization has been beneficial, there are significant barriers to its success (Fig 6). The weak internet connection is highlighted by 74.9% of the respondents, portal downtime by 65.2%, lack of technical support by 61.9% and lack of understanding of some registration requirements by 60.2%. The overall mean of 3.61 indicates that these issues are still significant. Connectivity issues are of significant importance in the Kwara North context. Inadequate ICT infrastructure, unequal access to and problems with ICTs, and problems with implementation have been identified as factors affecting effective e-government service delivery in Nigeria in recent research (Inakefe et al., 2024). The results thus show that digitalization could alleviate some of the traditional burdens, but also introduce new ones. An entrepreneur could have a different explanation, but not get to a government office and still be delayed due to unreliable internet services, system downtime, or poor online support.

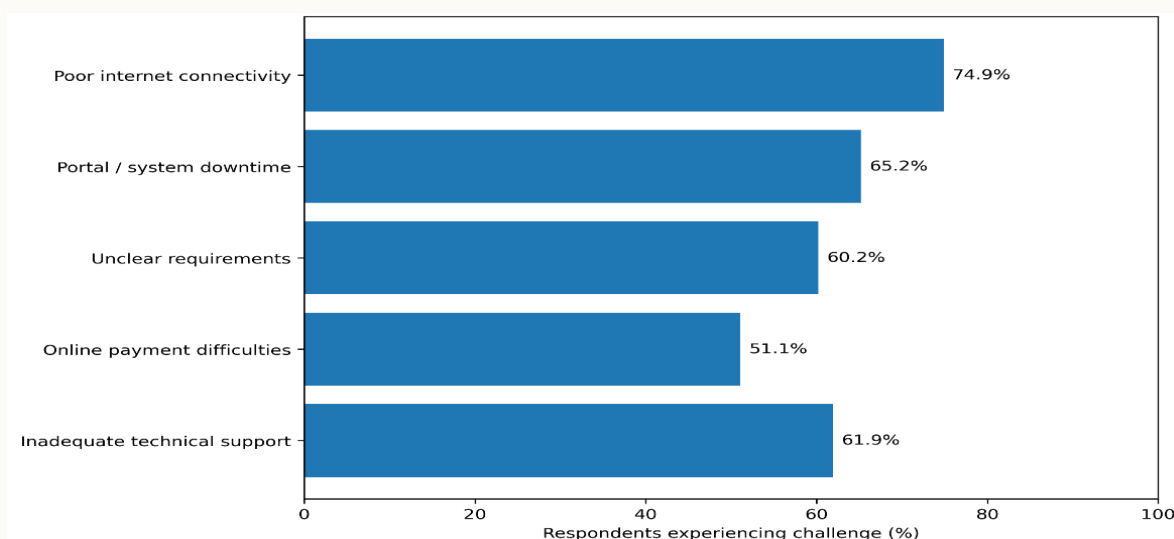


Figure 6: Administrative and Technological Challenges

4.6 Digital Service Quality and Willingness to Formalize

The fourth objective showed a strong positive correlation between digital government service quality and the entrepreneurs' intention to formalize $r = .642$, $p < .001$ (Fig 7). The regression analysis also revealed that digital service quality accounted for about 41.2% of the variance of willingness to formalize. This is a significant discovery as it indicates that entrepreneurs' formalization decision is influenced by the quality of entrepreneurs' relationship with the government to some extent. Digital platforms that are accessible, reliable and understandable make formalization more appealing and less difficult to perceive. Recent studies also highlighted that system quality, information quality, reliability and responsiveness are also significant factors in assessing e-government services to users (Younus et al., 2025). It also shows that online business registration is not enough; the quality of the digital service matter can have an impact on how entrepreneurs react.

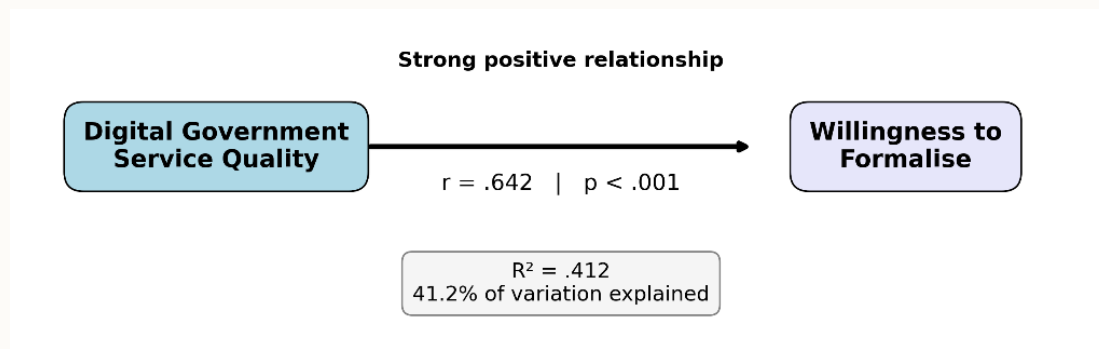


Figure 7: Service Quality and Willingness to Formalize

4.7 Measures to Improve Digital Business Registration

Figure 8 shows the recommendations. Increased Internet and digital infrastructure were the highest priority recommendation, with 83.4% of respondents agreeing. This was followed by increased digital literacy programmes (71.3%), technical support (75.7%) and simplified procedures (79.3%) as well as improved reliability of registration platforms (81.5%). These recommendations are similar to those identified under Objective Three, and consistent with the findings. Similarly, Infrastructure development and increased digital capacity are highlighted as key factors for effective e-government implementation in Nigeria by Inakefe et al (2024). The United Nations (2024) also emphasizes the need for digital inclusion, infrastructure and user-centred design in the design of digital government reforms to generate tangible results in terms of service delivery.

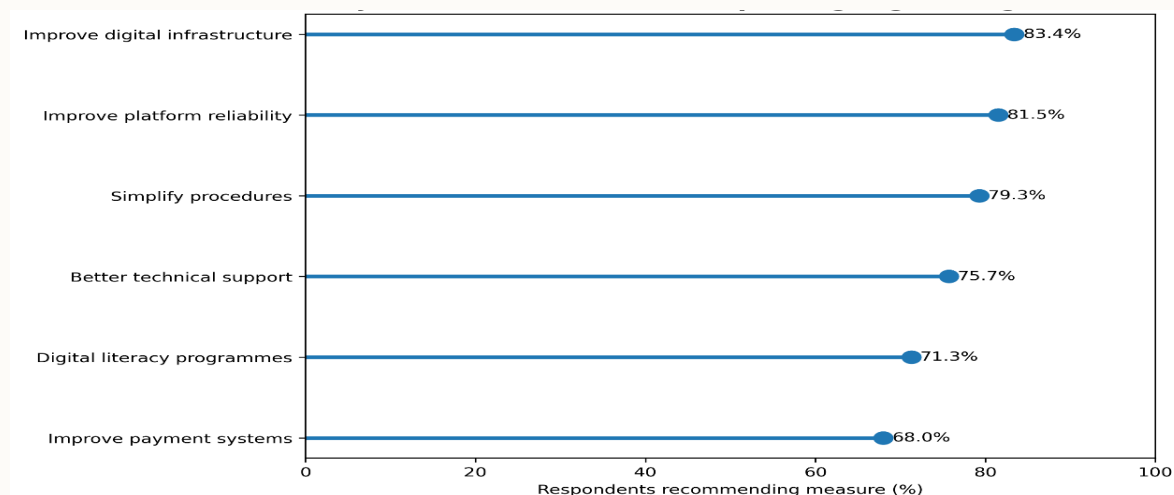


Figure 8: Measures for Improving Digital Registration

Overall, the results show that the digital business registration can help businesses get formalized, with less time, financial and paperwork involved, but this advantage is limited by infrastructural and administrative gaps. The findings also shows that the geographical distribution of the five Kwara North LGAs adds to the fact that these findings were not necessarily from one business location but from various parts of the senatorial district. Enhancing the quality of digital services should, therefore, be seen as a public administration reform and entrepreneurship-development strategy.

5. CONCLUSION

The study reviewed the effect of the digital business registration on the formalisation of the entrepreneurs in Kwara North of Nigeria. The results suggest that, in general, the use of digital registration has positively affected the experiences of entrepreneurs, as it has cut their number of physical visits, registration duration and transportation costs, as well as the number of procedures they go through when registering. For instance, the respondents also revealed a positive and significant relationship between the level of quality of digital government services and the desire to formalise, indicating that the quality of the e-government service may have an impact on entrepreneurial decisions.

There are still significant challenges to overcome. Limited internet connectivity, system downtime, lack of technical support and challenges with understanding registration requirements still restrict the effectiveness of digital business registration. It, therefore, concludes that formalisation of enterprises is now easier with the advent of digitalisation, however, the benefits of digitalisation have yet to be fully felt in Kwara North. Digital public administration is not just about online platforms; it's also about the infrastructure, procedures, and support systems. Building up these areas can help achieve better formalisation results and bolster the overall impact of public administration on entrepreneurship development.

5.2 Recommendations

The following recommendations are made based on the results:

1. Government and relevant agencies should enhance the digital and internet infrastructure in Kwara North, especially in the areas with poor connectivity.
2. The Corporate Affairs Commission must enhance the reliability and stability of its on-line registration platform to minimize system downtime and interrupted transactions.
3. Administrative steps and paperwork needs in business registration should be streamlined even more, to minimize administrative burden.
4. The technical support channels should be responsive enough to support entrepreneurs facing problems while on the online registration process.
5. Entrepreneurs, in particular those operating micro and small enterprises and have limited experience in using online government services, should be targeted in digital literacy and awareness programmes.
6. Online payment systems should be enhanced to make it easy and secure to complete payment associated with registration.
7. Public administrators should routinely assess digital registration based on entrepreneurs' feedback to make sure technological changes result in real administrative savings.

References

Barron, E., López, A., et al. (2026). Unpacking the relationship between digitalization and formalization among micro-entrepreneurs in an emerging market. *Technology in Society*, 86, 103250.

- Campos, F., Goldstein, M., & McKenzie, D. (2023). How should the government bring small firms into the formal system? Experimental evidence from Malawi. *Journal of Development Economics*, 161, 103045.
- Ciancarini, P., Giancarlo, R., & Grimaudo, G. (2023). Digital transformation in the public administrations: A guided tour for computer scientists. *IEEE Access*, 11, 110540-110565.
- Corporate Affairs Commission. (2026). *Company registration*. Corporate Affairs Commission.
- Inakefe, G. I., et al. (2024). Evaluation of the policy and institutional implications of ICT tools for e-governance implementation and service delivery in Nigeria. *SAGE Open*.
- Mufutau, Y. O., et al. (2024). E-governance and public sector performance in Lagos State, Nigeria. *Journal of Public Administration, Finance and Law*, 33, 385-399.
- Taherdoost, H. (2022). What are different research approaches? Comprehensive review of qualitative, quantitative, and mixed method research, their applications, types, and limitations. *Journal of Management Science & Engineering Research*, 5(1), 53-63.
- United Nations. (2024). *United Nations e-government survey 2024: Accelerating digital transformation for sustainable development*. United Nations Department of Economic and Social Affairs.
- World Bank. (2025). *Financial inclusion*. World Bank.
- World Bank. (2025). Promoting inclusive finance for micro, small and medium enterprises in Nigeria (MSMEs) (FINCLUDE). World Bank.
- Younus, M., et al. (2025). Analyzing the trend of government support for cloud services and e-government service quality. *Journal of Cloud Computing*.



© 2026 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>)