From Necessity to Opportunity: Funding Access and Sustainability of Graduate-Led Enterprises in the Niger Delta, Nigeria

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Abstract
This study examines how graduate-led enterprises in the Niger Delta move from necessity-driven activity toward economic opportunity under conditions of constrained formal finance. The study adopts an economic-survival perspective, which treats enterprise activity as a means through which individuals secure income, maintain livelihoods and preserve economic continuity when formal employment and institutional support are limited. A cross-sectional survey design was used. The population comprised 5,000 graduates and emerging graduate entrepreneurs, from which 371 respondents were selected using Taro Yamane's finite-population formula at a 5% precision level. Frequencies, percentages and chi-square goodness-of-fit tests were used for analysis. The corrected results show that entrepreneurship was the largest single career preference (41.8%), while 32.3% expressed mixed feelings. Family and friends were the dominant expected source of start-up finance (60.1%), followed by personal savings (24.0%), while commercial banks accounted for 15.9%. The largest proportion of respondents expected start-up capital below ₦500,000 (54.0%). Discounting was the dominant reported sales-survival strategy (59.6%), followed by innovation (22.9%) and advertising (17.5%). The findings indicate that graduate enterprises are largely financed through informal networks and initially rely on low-capital, survival-oriented strategies. The study argues that informal finance should not be viewed simply as a substitute for formal credit; it is a survival mechanism that enables entry where formal institutions are difficult to access. However, sustained transition from survival to opportunity requires finance that is scalable and accompanied by business-development and innovation support.

Keywords: *Graduate Entrepreneurship; Economic Survival; Informal Finance; Enterprise Sustainability; Survival Strategies; Niger Delta.*

1. Introduction

Graduate entrepreneurship in Nigeria has to be understood against a labour market in which formal employment does not absorb all new entrants. In such an environment, entrepreneurship can function simultaneously as a career choice, a livelihood mechanism and a response to economic insecurity Na-Allah & Ahmad, 2022. The distinction between necessity and opportunity is therefore important: a graduate may begin a small venture because employment is unavailable but subsequently discover an opportunity for independent income generation and enterprise development. The movement between these states is not automatic and depends on resources, capabilities, markets and institutional conditions (Ajzen, 1991; Barney, 1991;).

The Niger Delta presents a particularly important setting for examining this transition. Research on the region has identified finance, infrastructure and institutional constraints as persistent obstacles to entrepreneurship. Evidence from indigenous SMEs in the Niger Delta shows that microfinance can contribute positively to enterprise development, while cumbersome procedures, poorly prepared business plans and perceived credit costs limit access to formal credit (Obokoh et al., 2016). More recent evidence also connects entrepreneurial risk management and innovation with enterprise survival among micro firms in the Niger Delta (Ovharhe et al., 2021).

The financing question is particularly important for graduates because new enterprises typically have limited collateral, short credit histories and uncertain cash flows. These characteristics can make formal lenders cautious and encourage entrepreneurs to mobilise family resources, friends, savings and social networks. Informal finance can therefore be interpreted as an economic-survival institution: it lowers entry barriers and provides rapid access to small amounts of capital when formal financing is unavailable or inaccessible. However, the same mechanism may constrain growth because social networks rarely provide capital at the scale required for expansion (Kumar et al., 2021; Obokoh et al., 2016). The present study therefore shifts the analytical emphasis from entrepreneurial intention alone to the conditions under which graduates sustain economic activity. It asks whether graduates are simply creating businesses to survive or whether their financing and market strategies permit movement towards opportunity-oriented enterprise development.

The study addresses four questions: (1) What financing sources are most accessible or expected by graduate entrepreneurs? (2) What level of start-up capital characterises their intended ventures? (3) What does the distribution of career and entrepreneurship responses indicate about the necessity–opportunity transition? And (4) what survival-oriented strategies are used to increase sales?

Conceptual and Theoretical Framework

Economic Survival Perspective

This study uses economic survival theory as an analytical perspective rather than claiming that it is a single universally standardised theory with one canonical formulation. The perspective starts from the proposition that economic actors adopt livelihood and enterprise strategies to secure income and reproduce their economic existence when formal employment, income or institutional protection is inadequate. In entrepreneurship research, this perspective is compatible with the distinction between necessity and opportunity entrepreneurship and with livelihood-strategy approaches in which households combine assets, networks and activities to reduce economic vulnerability (Chambers & Conway, 1992; Global Entrepreneurship Monitor, 2021).

Under this perspective, the first objective of a graduate enterprise may be survival rather than rapid growth. The entrepreneur seeks sufficient cash flow to meet personal and household obligations, maintain stock and continue operating. Once the business generates a reliable surplus and acquires

resources for reinvestment, it can potentially move towards opportunity orientation, innovation and growth. The critical analytical issue is therefore whether the financing and strategy environment permits this transition.

Informal Funding as a Survival Institution

Informal finance includes personal savings, family and friends, rotating savings arrangements, community networks and other non-bank financing relationships. These arrangements can reduce transaction costs and information problems because lenders often know the entrepreneur personally. For new ventures with limited collateral and little financial history, social proximity can substitute partly for formal credit information. Evidence from Nigeria indicates that informal and formal financing choices coexist, while access to finance remains a major challenge for small businesses (Kumar et al., 2021; Obokoh et al., 2016). The economic-survival interpretation is important because dependence on informal finance should not automatically be treated as an entrepreneurial weakness. For a graduate unable to obtain a bank loan, family or friends may be the only realistic source of start-up capital. The problem emerges when an enterprise remains permanently dependent on low-volume informal finance and therefore cannot finance productive assets, working capital, technology or expansion.

Survival-Oriented Business Strategies

Survival-oriented strategies are actions intended to preserve cash flow and customer demand under resource constraints. They may include discounting, maintaining low operating costs, relying on social networks, using personal labour, limiting inventories, targeting familiar markets and gradually reinvesting profits. Such strategies can protect a young firm during its fragile start-up period (Zhang, 2025). However, strategies that are effective for survival may not be optimal for long-term growth (Ndwandwe & Khoza, 2026). The distinction is particularly relevant to pricing. Discounting can generate immediate sales and liquidity but may reduce margins. Innovation, by contrast, may require additional resources initially but can create differentiated products, new markets and stronger competitive positions. Evidence from Nigerian SMEs links access to finance with innovation, suggesting that financing constraints can limit the ability of small firms to move beyond short-term survival behaviour (Adegboye & Iweriebor, 2018).

Literature Review

Graduate Entrepreneurship: Necessity and Opportunity

Entrepreneurship among graduates is shaped by both individual motivation and structural opportunity. The Theory of Planned Behaviour suggests that attitudes, subjective norms and perceived behavioural control influence entrepreneurial intentions (Ajzen, 1991). In resource-constrained environments, perceived behavioural control is partly shaped by whether the individual believes that finance, skills and networks are available. Nigerian evidence indicates that entrepreneurial orientation and self-efficacy are relevant to venture creation among graduates, while entrepreneurial support can strengthen or condition these processes (Na-Allah & Ahmad, 2022). The economic-survival perspective extends this argument. It recognises that graduates may enter entrepreneurship because formal employment is unavailable, but it does not assume that necessity permanently determines the nature of the enterprise. A necessity venture can become opportunity-oriented when the entrepreneur identifies a viable market, accumulates resources and begins to invest in productivity and innovation.

Financing Constraints and Enterprise Survival

Finance affects enterprise survival through working capital, investment and risk-bearing capacity. Small firms frequently face higher financing constraints because of information asymmetry, lack of collateral and short operating histories. Nigerian evidence indicates that access to finance is associated with firm innovation, while financing constraints can restrict business performance (Adegboye & Iweriebor, 2018; International Monetary Fund, 2020). In the Niger Delta, Obokoh et al. (2016) found that microfinance lending contributed positively to SME development, but cumbersome processes, poorly packaged business plans and perceived high credit costs constrained access. These findings are directly relevant to graduate enterprises because new entrepreneurs often possess exactly the characteristics that formal lenders perceive as risky.

Informal Finance and Social Networks

Informal finance is embedded in social relations and can be especially important where formal financial institutions impose conditions that new entrepreneurs cannot satisfy. Family and friends can provide small amounts of capital without the documentation and collateral requirements associated with formal loans. Such finance can therefore reduce the threshold for business entry and support economic survival (Suleiman, 2025). However, its limited scale can create a financing ceiling that prevents enterprises from moving towards growth. This dual role is important in interpreting the current findings. A high dependence on informal finance is not necessarily evidence of entrepreneurial failure. It may instead demonstrate the adaptability of graduates to institutional constraints. The policy challenge is to build a bridge from informal start-up finance to appropriate formal growth finance.

Survival-Oriented Strategies and Sustainability

Survival strategies enable firms to maintain demand and liquidity when financial resources are scarce. Discounting, customer retention, low-cost operations and incremental reinvestment may all protect the enterprise from immediate failure. Yet long-term sustainability requires more than short-term survival. It requires the capacity to maintain productive assets, respond to market change, generate surplus and reinvest. Evidence from Niger Delta micro firms shows that operational and strategic risk management are related to entrepreneurial survival, while innovation can contribute to resilience (Ovharhe et al., 2021). This supports a distinction between survival-oriented behaviour and survival itself: survival strategies may preserve the firm, but innovation and resource development determine whether the firm can move beyond subsistence.

Methodology

Research Design

A cross-sectional survey design was adopted to obtain comparable information on graduates' career preferences, entrepreneurship education, expected start-up capital, expected financing sources and sales strategies.

Population and Sample Size

The population was 5,000 graduates and emerging graduate entrepreneurs for four academic graduating years. The sample size was determined using Taro Yamane's formula (Yamane, 1967): $n = N/[1 + N(e^2)]$. At $N = 5{,}000$ and $e = 0.05$, $n = 370.37$, rounded to 371 respondents.

Data Correction and Analysis

The supplied dataset contained three frequency inconsistencies. To preserve the originally reported percentage distributions while enforcing the declared sample size, the affected frequencies were recalculated to n = 371. The corrected values are reported in the results tables below. Frequencies and percentages were used for descriptive analysis, while chi-square goodness-of-fit tests were used to assess whether observed distributions differed significantly from equal expected proportions. The chi-square results are descriptive inferential tests; they do not establish causality between funding and sustainability.

Results

Table 1. Demographic Characteristics

Variable	**Frequency**	**Percent (%)**
Male	179	48.2
Female	192	51.8
Below 20 years	50	13.5
21–25 years	88	23.7
26–30 years	102	27.5
>30 years	131	35.3
Parents: Self-employed/Business	89	24.0
Parents: Civil Servant	137	37.0
Parents: Artisan	104	28.0
Parents: Industry/Corporate	41	11.0

Source: Researcher, 2026.

The gender distribution was not significantly different from equal representation, $\chi^2(1) = 0.46$, $p = .500$. Age differed significantly across categories, $\chi^2(3) = 36.64$, $p < .001$. Parents' occupation also differed significantly, $\chi^2(3) = 51.50$, $p < .001$.

Table 2. Career Preference

Career preference	**Frequency**	**Percent (%)**
Government employment	96	25.9
Entrepreneurship	155	41.8
Mixed feelings	120	32.3
Total	**371**	**100.0**

Entrepreneurship was the largest single preference. The distribution was significant, $\chi^2(2) = 14.24$, $p < .001$, indicating that responses were not evenly distributed across the three alternatives.

Table 3. Benefits of Entrepreneurship Education

Perceived benefit	**Frequency**	**Percent (%)**
Skills and creativity	190	51.2
Self-reliance	160	43.1
Indifference	21	5.7
Total	**371**	**100.0**

Source: Researcher, 2026.

The distribution was significant, $\chi^2(2) = 131.49$, $p < .001$. Skills and creativity and self-reliance jointly accounted for 94.3% of responses.

Table 4. Entrepreneurship Skills Improvement

Response	Frequency	Percent (%)
I will	156	42.0
I will not	178	48.0
Not decided	37	10.0
Total	**371**	**100.0**

Source: Researcher, 2026.

The distribution was significant, $\chi^2(2) = 93.06$, $p < .001$. The largest category was 'I will not' at 48.0%, indicating that willingness to improve entrepreneurship skills was not uniformly high and may represent an important intervention point.

Table 5. Expected Start-up Capital

Expected start-up fund	Frequency	Percent (%)
₦1,000–₦500,000	200	54.0
₦501,000–₦1,000,000	110	29.6
Above ₦1,000,000	61	16.4
Total	**371**	**100.0**

Source: Researcher, 2026.

The distribution was significant, $\chi^2(2) = 80.38$, $p < .001$. More than half of respondents expected to start with not more than ₦500,000, consistent with low-capital entry and survival-oriented entrepreneurship.

Table 6. Expected Sources of Start-up Finance

Expected source	Corrected frequency	Percent (%)
Commercial banks	59	16.0
Family and friends	223	60.0
Personal savings	89	24.0
Total	**371**	**100.0**

Source: Researcher, 2026.

The distribution was highly significant, $\chi^2(2) = 123.32$, $p < .001$. Family and friends were the dominant source at 60.0%, followed by personal savings at 24.0%; commercial banks accounted for 16.0%. This is the clearest evidence of dependence on informal finance.

Table 7. Sales and Survival Strategy

Strategy	Frequency	Percent (%)
Advertisement	65	17.5
Discount	221	59.6
Innovation	85	22.9
Total	**371**	**100.0**

Source: Researcher, 2026.

The distribution was significant, $\chi^2(2) = 116.53$, $p < .001$. Discounting was the dominant survival-oriented sales strategy, while innovation was reported by less than one-quarter of respondents.

Discussion

The central finding is that graduate entrepreneurship in the Niger Delta is better interpreted as an economic-survival process than as a straightforward shift from unemployment to high-growth

opportunity entrepreneurship. Entrepreneurship was the largest single career preference, but one-third of respondents remained ambivalent. This suggests that entrepreneurial activity is attractive yet conditional upon the perceived ability to make it economically viable. Similarly, the findings on finance by Yan, Huang and Xiao (2022) reinforce above observation in their study in China, having a favorable correlation with entrepreneurial intentions. Family and friends constituted 60.0% of expected funding, compared with 24.0% for personal savings and 16.0% for commercial banks. Informal finance is therefore not peripheral; it is the principal financing mechanism through which respondents anticipate entering entrepreneurship. This aligns with evidence from the Niger Delta that formal credit is constrained by cumbersome procedures, business-plan deficiencies and credit costs (Obokoh et al., 2016). It also fits the broader literature on small-business financing, in which young and information-opaque enterprises tend to depend more heavily on internal and informal sources of funds (Kumar et al., 2021). From an economic-survival perspective, informal finance performs an essential stabilising function. Family and friends can provide capital quickly and on terms that may be more flexible than bank finance. The social relationship also reduces information asymmetry. For graduates without collateral or a long credit history, this makes informal finance rational, a similar reaction noted by Bashir et al. (2020). The problem is not that informal finance exists; rather, the problem is that the enterprise may become trapped at a low capital scale when informal resources are exhausted. The start-up capital result strengthens this argument. Fifty-four percent of respondents expected to require between ₦1,000 and ₦500,000. This indicates a predominantly low-capital entry structure. Such ventures can be established through family support and savings, but low capitalisation can also restrict inventories, equipment, marketing and the ability to withstand shocks. The transition from necessity to opportunity therefore requires a second-stage financing mechanism after initial entry. The sales-strategy findings show how resource constraints translate into business behaviour. Discounting was used by 59.6% of respondents, far above advertising (17.5%) and innovation (22.9%). Discounting is a rational survival strategy where immediate cash flow is prioritised. However, persistent price reductions can weaken margins and reduce the resources available for reinvestment. Innovation is more likely to support longer-term differentiation, but it can require finance and capabilities that resource-constrained graduates do not possess. This interpretation is consistent with evidence that access to finance can support innovation among Nigerian SMEs (Adegboye & Iweriebor, 2018). It is also consistent with research on Niger Delta micro firms showing that strategic and operational risk management are relevant to enterprise survival (Ovharhe et al., 2021). Thus, survival should not be equated with growth. A business may survive through discounting and informal finance while remaining economically fragile. The study therefore proposes a two-stage understanding of graduate enterprise development. Stage one is survival entry: the graduate uses informal finance and low-cost strategies to establish cash-generating activity. Stage two is opportunity consolidation: the enterprise gains access to scalable finance and begins investing in innovation, market development, productive assets and formal business systems. The policy challenge is to construct a bridge between these stages. Theoretically, the study positions informal finance as a survival institution rather than merely a financing deficiency. This reframing recognises the adaptive function of social networks in environments where formal institutions do not adequately serve young entrepreneurs. Practically, entrepreneurship programmes should distinguish between start-up finance and growth finance. A graduate may require only a modest amount to enter a market but a different financing product to acquire equipment, increase inventory, adopt digital technologies or expand. For lenders, the results suggest that the challenge is not simply to make credit available but to make it usable by new entrepreneurs. Simplified documentation, alternative

credit assessment, staged disbursement and business-development support could reduce the gap between informal start-up finance and formal enterprise growth.

Conclusion

The evidence indicates that graduate-led enterprises in the Niger Delta are strongly embedded in an economic-survival environment. Entrepreneurship is an important career option, but the dominant financing mechanism is informal and the dominant sales response is discounting. These patterns reveal a form of entrepreneurship that is capable of generating economic activity but remains vulnerable to financing and market constraints. The transition from necessity to opportunity should therefore not be understood simply as a change in entrepreneurial attitude. It is a resource transition: from social-network finance to scalable finance, from minimal capitalisation to productive investment, and from short-term sales preservation to innovation-led market development. Policies that support only entrepreneurial training without addressing this resource transition are unlikely to produce durable enterprise sustainability.

Recommendations and Future Research

1. Establish a graduate enterprise bridge-finance programme. Government and development-finance institutions should create a staged financing window that begins with small start-up funding and transitions successful enterprises into working-capital and asset-finance facilities. The scheme should use simplified documentation and alternative credit assessment rather than relying exclusively on conventional collateral.
2. Link finance to survival-to-growth capability building. Every supported graduate enterprise should receive structured assistance in cash-flow management, bookkeeping, pricing, customer retention, digital marketing and innovation. The objective should be to help enterprises move from discount-driven survival towards innovation, productivity and sustainable market differentiation.

The study is limited by the aggregate nature of dataset and future research should collect respondent-level measures of financing amount, financing source, business age, revenue growth, profitability, employment creation and survival status.

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