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Entrepreneurial Environment and Cross-Cultural Management: A Road Map for Sustaining Nigerian Development

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Abstract

This study was conducted to examine entrepreneurial environment and cross-cultural management: A road map for sustaining Nigerian development. Two specific objectives guided the study and it adopted an ex-post research design. Secondary data on human development index, cultural diversity index, ease of doing business and institutional quality, covering the period of 2005 to 2022, sourced from World Bank database were used for the study. The method of data analysis ranged from Argumented Dickey- Fuller unit root test, Johansen co-integration test and multiple regression method, among others. The findings revealed that ease of doing business (a proxy for entrepreneurial environment) has positive impact on sustainable development in Nigeria, among others. The study concluded that cross-cultural management and improved entrepreneurial environment can help unlock the full potential embedded in the country. This would lead to a more inclusive, stable and economically vibrant society that foster sustainable development. Based on the findings, the study recommended among others that Nigeria, being a country with diverse culture, needs to remain united and prioritize achieving common goal of sustainable development.

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Introduction

Entrepreneurship and cross-cultural management are essential drivers of sustainable development in Nigeria. Entrepreneurship is the process of creating and managing a business or venture, characterized by innovation, risk-taking, and resourcefulness (Hmielecki & Baron 2018) ^[5]. It entails designing, launching, and running a new business or venture, characterized by innovation, risk-taking, and resourcefulness. Idemobi and Onukwuli 2019 explained that entrepreneurial competencies alone do not lead to the success of entrepreneurs, because many external factors such as environment play a vital role in the entrepreneurial business as well. This means that entrepreneurial environment is an important factor in determining the success of any entrepreneurial venture. According to Supartha and Saraswaty (2019) ^[15], entrepreneurial environment is a set of factors that affect the development and practice of entrepreneurship, including cultural, social, economic and political conditions. It consists of the external context where entrepreneurs operate, including the availability of resources, support systems as well as institutional framework. Nigeria's entrepreneurial ecosystem faces significant challenges, including inadequate infrastructure, corruption (Maduako, 2017) ^[9], and limited access to funding (OECD, 2019) ^[11]. Despite these challenges, entrepreneurship remains a vital contributor to Nigeria's economic development, accounting for over 80% of employment and 50% of GDP (World Bank, 2024) ^[16]. Supartha and Saraswaty (2019) ^[15] and Kurutz (2021) ^[8] submitted that the entrepreneurial environment is made up of: socio-economic, technological, political and institutional environment, among others.

The entrepreneurial socio-economic environment plays a critical role in promoting economic growth, job creation, poverty reduction and sustainable development (Kurutz, 2021) [8]. Entrepreneurial socio-economic environment is the external context.

in which entrepreneurs operate, influenced by factors such as infrastructure, corruption, and access to funding (World Bank, 2020). It can contribute to sustainable development by: creation of decent jobs and economic growth (Kurutz, 2021) [8]; increased income and reduced poverty (Hansen, 2020; Nnabugwu & Ibekwe, 2023) [10]; improved social cohesion and reduced inequality (Oyewole & Adeyemi, 2020; (Maduako, 2017) [1]; enhanced human capital development through education and training (Nnabugwu & Ibekwe, 2023) [10]; increased access to healthcare and social services (Olutu & Oyewole, 2020) [13]; empowerment of marginalized groups, such as women and youth (Nnabugwu & Ibekwe, 2023) [10]; development of local economies and reduced dependence on external aid (Maduako, 2017; Oyewole & Adeyemi, 2020) [9]; increased social inclusion and reduced social exclusion (Hansen, 2020) [8]; improved governance and reduced corruption as well as enhanced community development and social welfare (Kurutz, 2021; Nnabugwu & Ibekwe, 2023) [8, 10]. Another vital entrepreneurial environment is the entrepreneurial technological environment.

Entrepreneurial technological environment is also crucial for sustainable development, as technology adoption and innovation are key drivers of entrepreneurial growth. They are the external context influencing entrepreneurial activities, including factors like technology adoption, innovation, and digital infrastructure (OECD, 2021). Nigeria's technological environment is characterized by a growing startup ecosystem (Kurutz, 2021) [8], increasing internet penetration and mobile adoption (Hmielecki & Baron, 2018) [5]. Entrepreneurial technological environment contributes to sustainable development through: innovation and development of sustainable technologies (Kramer, 2021; Adeyemi, Akintayo & Oyewole, 2021) [7]; creation of new industries and job opportunities in the green sector (Kurutz, 2021) [8]; increased resource efficiency and reduced waste through technology adoption (Kramer, 2021) [7]; improved access to education and healthcare through digital platforms (Kramer, 2021) [7]; enhanced transparency and accountability through blockchain and data analytics; development of circular economy business models; increased access to renewable energy and reduced carbon emissions; improved agricultural productivity and reduced hunger through precision agriculture; enhanced disaster resilience and response through technology adoption as well as increased access to financial services and reduced poverty through mobile banking and fintech.

A favourable entrepreneurial environment (be it socio-economic, technological, political or otherwise) enables entrepreneurs start and grow businesses, which is facilitated by ease of doing business. Ease of doing business refers to the regulatory environment of a country that is conducive to starting and operating a business (World Bank, 2024) [16]. It is measured by ranking economies on their ease of doing business. A higher ranking indicates a favourable business environment (World Bank, 2024) [16]. A favourable business environment is essential for promoting economic growth and development. Nigeria has shown improvement in her ease of doing business ranking, having climbed 15 places to 131 out of 190 countries in the 2020 report (Nigeria's Ease of Doing Business Ranking: Behind the Numbers). Despite the improvement in the ease of doing business, challenges

persist, including inadequate infrastructure (World Bank, 2020), limited access to funding (OECD, 2019) [11], and brain drain (Supartha & Saraswat, 2019) [15]. These limits entrepreneurial success and development. Another vital driver of sustainable development is cross-cultural management

Cross-cultural management is the process of managing cultural differences and similarities to achieve organizational objectives, while fostering a work environment that values diversity, promotes inclusivity and supports the well-being of all employees (Idemobi & Onukwuli, 2019) [6]. It is the behavior of people in organizations around the world and shows people how to work in organizations with employees and client populations from many different cultures (Chiekezie, Okechukwu and Okunribido, 2020) [3]. This means that cross-cultural management focuses on describing organizational behavior within cultures and the interaction of people from different cultures working in the same organization or within the same environment. Cross-cultural management is a vital driver of sustainable development in Nigeria where diverse ethnic groups and cultures exist. Effective management of cultural diversity enables collaboration among stakeholders from different cultural backgrounds, leading to more effective solutions for Nigeria's sustainable development challenges. It also promotes inclusivity and empowerment of marginalized groups in Nigeria's diverse cultural landscape. Some aspects of cross-cultural management that contribute to sustainable development communication, global citizenship, cultural intelligence and diversity management, among others.

Diversity management and cultural intelligence are essential for sustainable development in Nigeria. The country has over 250 ethnic groups and more than 500 languages, making it one of the most culturally diverse countries in the world. Effective diversity management and cultural intelligence can help leverage this diversity to drive innovation, creativity, and growth. Although cultural misunderstandings, stereotypes, and biases often hinder effective communication, collaboration, and leadership in diverse contexts, effective diversity management as well as cultural intelligence will curb these biases. Diversity management is the process of creating and maintaining a diverse and inclusive workplace, fostering creativity, innovation, and competitiveness (Idemobi & Onukwuli, 2019) [6]. Effective diversity management is essential for promoting inclusivity, creativity, and innovation, leading to sustainable development (Hofstede in Ayatse, 2019). Nigeria's diverse cultural, ethnic, and religious landscape presents opportunities for diversity management to drive sustainable development (Central Intelligence Agency, 2020). However, challenges like discrimination (Supartha & Saraswat, 2019), inequality (World Bank, 2020), and social unrest (Idemobi & Onukwuli, 2019) hinder the effective management of diversity. Another aspect of cross-cultural management essential for sustainable development is cultural intelligence. Cultural intelligence is the ability to understand, adapt to, and navigate cultural differences, enabling effective communication, collaboration, and leadership in diverse contexts (Idemobi & Onukwuli, 2019) [6]. Cultural intelligence is critical for effective communication, collaboration, and adaptation in diverse contexts, promoting sustainable development. Nigeria's cultural landscape requires high cultural intelligence to navigate and leverage cultural differences and this is a road map for sustainable development. A road map is a strategic plan that outlines the steps and milestones needed to achieve a specific goal or objective. Effective cross-cultural management is a road map

to sustainable development.

Sustainable Development is a development model that meets the needs of the present without compromising the ability of future generations to meet their own needs, encompassing economic, social, and environmental dimensions (Supartha & Saraswaty, 2019) ^[15]. It balances economic, social, and environmental dimensions to ensure a prosperous future for all (Hmielecki & Baron, 2018) ^[5]. It requires that societies meet human needs both by increasing productive potentials and by ensuring equitable opportunities for all. Sustainable development must not endanger the natural systems that support life on earth- the atmosphere, the waters, the soils and the living beings. This is to say that in the discharge of entrepreneurial activities, care not be taken to ensure that those activities do not push the society farther way from sustainable development.

Some studies have looked at entrepreneurial environment, cross-cultural management and sustainable development. For instance, Chiekezie, Okechukwu and Okunribido (2020) ^[3] accessed cross-cultural management and entrepreneurial environment in Nigeria and determined specifically, the influence of entrepreneurial environment on intercultural communication management in SMEs in Enugu state and the effect of entrepreneurial environment on cultural etiquette management in SMEs in Akwa, Anambra state. Similarly, Idemobi and Onukwuli (2019) ^[6] examined entrepreneurial environment and cross-cultural management: A road map for sustaining African development and explored specifically the relationship between entrepreneurial environment and cross-cultural management; why cross-cultural orientation is important in African entrepreneurship and then the effect of globalization on entrepreneurial environment and cross-cultural management. The present study is unique as it specifically examined the impact of entrepreneurial environment on sustainable development in Nigeria as well the impact of cross-cultural management on sustainable development using secondary data. No study seem to have determined how entrepreneurial environment and cross-cultural management impacts on sustainable development in Nigeria. This justifies the present study.

Statement of the Problem

Entrepreneurship as well as cross-cultural management ought to drive sustainable development. The external context where entrepreneurs operate should be such that promotes entrepreneurial activities. Similarly, the country's diverse cultural background ought to be management in a way that spurs development. Despite Nigeria's potential for economic growth and development, the country's entrepreneurial environment do not seem to be conducive for entrepreneurial activities. This could be probably because they faces some challenges in creating a conducive entrepreneurial environment. Also, the country seem not to be effectively managing cross-cultural differences, which hinders sustainable development. Given the seemingly lack of a supportive entrepreneurial ecosystem, limited access to funding, inadequate infrastructure and poor cross-cultural understanding among entrepreneurs and managers, one wonders if entrepreneurial environment as well as cross-cultural management are still road map to sustaining Nigerian development. Hence the study.

Purpose of the Study

This study assessed entrepreneurial environment and cross-cultural management: a road map for sustaining Nigerian development. Specifically, the study sought to:

1. Investigate the impact of entrepreneurial environment on

sustainable development in Nigeria.

2. Estimate the impact of cross-cultural management on sustainable development in Nigeria.

Research Questions

The following research questions were raised to guide the study:

1. What is the impact of entrepreneurial environment on sustainable development in Nigeria?
2. What is the impact of cross-cultural management on sustainable development in Nigeria?

Research Methods

This study used an ex-post research design to investigate the impact of entrepreneurial environment and cross-cultural management on sustainable development in Nigeria. The study covered the period of 2005 to 2022 due to availability of data and the data for the variables which include human development index, cultural diversity index, ease of doing business and institutional quality were sourced from World Bank database. The dependent variable in this study is human development index which is used as a proxy for sustainable development, while cultural diversity index, ease of doing business serve as the explanatory variables of the study. Also, institutional quality is the control variable used in the model. To estimate the parameters of this model, the multiple regression method was employed. This method is suitable for this study because it is simple to compute and also helps to know the relationship between the dependent and independent variables. The multiple regression model is also amenable to *ceteris paribus*. Thus, in order to achieve the objectives of this study, the multiple regression method was utilized. The model for this study is thus specified in its functional form as;

$$HDI = f(CUD, EDB, INQ) \quad (1)$$

Where,

HDI = Human Development Index

CUD = Cultural Diversity Index

EDB = Ease of Doing Business

INQ = Institutional Quality

The model can be specified in econometric form as;

$$HDI_t = \beta_0 + \beta_1 CUD_t + \beta_2 EDB_t + \beta_3 INQ_t + \mu_t \quad (2)$$

Data Analysis and Interpretation of Results

This section deals with the presentation and interpretation of results so as to achieve the objectives of the study.

Stationarity Test

Table 1: Summary of the Augmented Dickey Fuller (ADF) Unit Root Test

Variables	ADF Stats	Critical Value @ 5%	Order of Integration	Remarks
HDI	-4.3769	-3.0656	I (1)	Stationary
CUD	-3.8764	-3.0989	I (1)	Stationary
EDB	-3.8189	-3.0656	I (1)	Stationary
INQ	7.8635	-3.0656	I (1)	Stationary

Source: E-views 10 Output.

The ADF unit root test for stationarity is presented in Table 1. From the result, human development index (HDI), cultural diversity index (CUD), ease of doing business (EDB) and

institutional quality (INQ) were all found to be stationary at 5 percent. This is because the ADF statistics in absolute values are greater than the critical values at 5 percent for all

the variables. As a result of this, the null hypothesis is accepted and it is concluded that the model is stationary.

Cointegration Test

Table 2: Summary of Johansen Cointegration Test

Hypothesized No of CE(s)	Eigenvalue	Trace statistic	Critical value @ 5%	Max-Eigen statistic
None*	0.7840	55.9574	47.8561	24.5211
At most 1*	0.7346	31.4363	29.7971	21.2229
At most 2	0.3875	10.2134	15.4947	7.8445
At most 3	0.1376	2.3688	3.8415	2.3688

Source: Views 10 Output.

The result of Johansen cointegration test presented in Table 2 reveals 2 cointegrating equations for trace statistic and 1 cointegrating equation for max-eigen statistic. For the cointegrating equations, the eigen values are greater than the

critical values at 5 percent level of significance. This implies that long run cointegration exists among the variables. Based on this, the null hypothesis of no cointegration can be rejected.

Parameters Estimation Test Result

Table 3: Summary of Multiple Regression Model and Discussion of Findings

Dependent Variable: HDI				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
CUD	-0.215862	0.321727	-0.670949	0.5132
EDB	0.015272	0.006150	2.483267	0.0263
INQ	0.269467	0.230117	1.171000	0.2611
C	0.299730	0.396785	0.755397	0.4625
R-squared	0.507601	Mean dependent var	0.508500	
Adjusted R-squared	0.402087	S.D. dependent var	0.024399	
S.E. of regression	0.018867	Akaike info criterion	-4.909708	
Sum squared resid	0.004983	Schwarz criterion	-4.711848	
Log likelihood	48.18737	Hannan-Quinn criter.	-4.882426	
F-statistic	4.810741	Durbin-Watson stat	1.564909	
Prob(F-statistic)	0.016618			

Source: Eviews 10 Output.

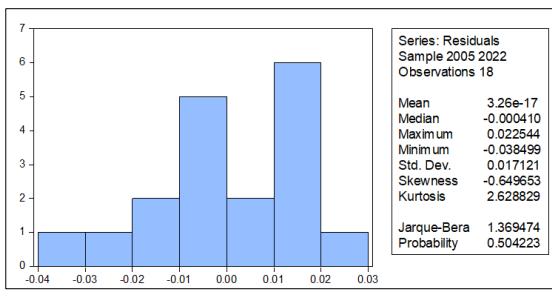
The multiple regression result presented in Table 3 showed that cultural diversity has negative effect on sustainable development. The coefficient value of -0.2159 implies that 1 percent increase in cultural diversity will reduce sustainable development by 22%. This suggests that diversity in culture cannot sustain the development of an economy. This is connected to the fact that different ethnic groups prioritize immediate cultural and economic needs over the long-term sustainable goals. This makes it difficult to maintain a focus on sustainable development, and as such cultural diversity impacted sustainable development negatively. This in a way conform to the a priori expectation owing to the fact that Nigeria, having diverse cultures, beliefs, religions are not united to prioritize common goal of sustainable development. This supports Chiekezie, Okechukwu and Okunribido (2020)^[3] who submitted that cultural diversity poses a challenge to development and that cross cultural management expands the mobility of pool of potential entrepreneurs, builds incentives for entrepreneurship, ease the costs of doing business and fosters sustainable development. It also corroborates Ayatse (2019) that proactive cross-cultural management if created would foster sustainable development.

On the other hand, ease of doing business and institutional quality have positive impact on sustainable development in Nigeria. The coefficient value for ease of doing business is 0.015 and it implies that on average when ease of doing business is increased by 1 percent, sustainable development will increase by 0.015%. The implication is that when an environment is conducive for firms and businesses have access to finance, there would be lots of job opportunities,

and as a result the standard of living of the citizens would be improved, thereby fostering sustainable development. This supports Nnabugwu and Ibekwe (2023)^[10] that good entrepreneurial environment is positively related to development. Also, the coefficient value of institutional quality reveals a positive value of 0.269, indicating that on average, 1 percent increase in institutional quality would increase sustainable development in Nigeria by 0.27%. This indicates that with high institutional quality, sustainable development is assured. On the significance level, only the ease of doing business is statistically significant with sustainable development since the p value (0.0263) is lower than 5 percent, while other variables are not significant. The R² shows a value of 0.5076, meaning that 51% changes/variations in sustainable development are explained by cultural diversity, ease of doing business and institutional quality. Further to this, the probability value of F-statistic which is 0.0166 shows that the variables have joint significance. The Durbin-Watson statistic of 1.5649 reveals that the model is free from autocorrelation.

Post Estimation Tests

Normality Test



Source: Eviews 10 Output.

Fig 1: Histogram Normality Test

From the result in Figure 1, the probability value of Jarque-Bera is 0.5042 which is greater than 5 percent. The implication of this based on the rule of thumb is that the model is normally distributed. Thus, null hypothesis which states that the model is normally distributed is accepted.

Heteroscedasticity Test

Table 4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.447146	Prob. F(3,14)	0.7232
Obs*R-squared	1.573900	Prob. Chi-Square(3)	0.6653
Scaled explained SS	0.775414	Prob. Chi-Square(3)	0.8553

Source: Eviews 10 Output.

The Breusch-Pagan test was conducted for this study and the result is presented in Table 4. The decision rule for the acceptance of the null hypothesis (H_0) is that, if the p value of F-statistic is greater than 5 percent level of significance, the null hypothesis (H_0) can be accepted, otherwise reject H_0 . From the result, the F-statistic of 0.4471 with the p value of 0.7232 is greater than the critical value at 5 percent level of significance. This suggests that the model is homoscedastic, that is, there is no heteroscedasticity in the model. Therefore, the null hypothesis which states that there is no heteroscedasticity in the residuals is accepted.

Conclusion

This study examined entrepreneurial environment and cross-cultural management: A roadmap for sustaining Nigerian development. It made use of secondary data on ease of doing business (a proxy for entrepreneurial environment), cultural diversity index (a proxy for cross-cultural management), and human development index (a proxy for sustainable development). Due to availability of data, the study covered the period of 2004 to 2022.

The multiple regression result was employed and the study found that cultural diversity has negative impact, while ease of doing business and institutional quality have positive impact on sustainable development. In conclusion, the interplay between cultural diversity and ease of doing business is fundamental to sustainable development in Nigeria. Thus, embracing and managing cultural diversity while business climate is improved can help unlock the full potential embedded in the country. This would lead to a more inclusive, stable and economically vibrant society that foster sustainable development.

Policy Recommendations

In line with the findings of this study, the following recommendations are suggested:

1. Nigeria, being a country with diverse culture, there is need to remain united and prioritize achieving common goal of sustainable development. This can be done if

community-based initiatives that foster social cohesion and peaceful coexistence is supported, and policies that promote equity and justice, and address the unique needs of different communities are implemented. Government also needs to provide infrastructural projects that propel investors to invest, which would provide employment opportunities that are accessible by all cultural backgrounds.

2. The issue of insecurity, dilapidated infrastructures and lack of access to credit should be tackled so that companies can do business with ease in order to achieve sustainable development.
3. The government needs to deal with the issue of corruption, lack of accountability, disrespect to the rule of law. This would ensure high institutional quality and thereby help to achieve sustainable development.

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