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Student Enterprise in Nigeria and the Myths of Corporate Affairs Commission Registration









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Executive SUMMARY

INTRODUCTION

This policy brief aims to evaluate the informal nature of student-owned enterprises in tertiary institutions in Nigeria and the myths surrounding the formalization of such businesses.

Nigeria currently has 300 universities, according to the National Universities Commission (NUC), as reported by StatiSense. These universities and other tertiary institutions are vibrant hubs of entrepreneurship, where students test ideas, sell products, and build early-stage enterprises. The Corporate Affairs Commission (CAC), established under the Companies and Allied Matters Act (CAMA) and reformed in 2020, provides pathways for formal registration through business names, companies, and incorporated trustees (Federal Republic of Nigeria, 2020). Despite the benefits of formalization, a persistent set of myths discourages students from registering their enterprises.

This policy brief examines the myths as a policy problem, reviews evidence on student-led informality, and outlines implementable solutions for government, tertiary institutions, and private sector partners.

KEY MESSAGES

- Student enterprises are vital drivers of innovation and employment in Nigeria.
- Misconceptions about CAC registration fuel widespread informality among student enterprises.
- A coordinated awareness and incentive framework can promote youth-led formalization.

RESEARCH METHODOLOGY

For the reliability and validity of the data for this study, we would be making use of the quantitative research method, which shall serve as the major method of data collection in this study. This means, in the course of this research, data shall be gathered through both primary sources (online survey) as well as secondary sources like materials from the internet, relevant textbooks, magazines, newspapers, conference papers, seminar papers, and statements of commentators as concerns the issue at hand.



LIMITATIONS OF THE STUDY

The study was confined to University students in Nigeria. The confinement of the study to this particular cadre of tertiary institutions might make it difficult to transfer or generalize the research findings to other tertiary institutions in Nigeria.

The study did not address the ramifications of these limitations, which may impact the extent of the transferability or generalizability of the study results. The study was conducted without any other evidence to corroborate or verify the statements of the questioned participants.

Moreover, although the respondents provided answers to the online survey, they were not cross-examined to ascertain the veracity of their answers.

THE ISSUE

Business registration is a foundational step for entrepreneurs to gain credibility, visibility, access to the formal economy, and legal/financial support (UNCITRAL 2013). In low-income countries, a substantial proportion of economic activity takes place in the informal sector (Amin, 2009).

In the earlier years, participation in the informal economy might have been restricted to older, uneducated individuals. La Porta and Shleifer (2008, 2014) depict informal entrepreneurs negatively as uneducated populations operating micro-scale, unproductive enterprises in separate 'bottom of the pyramid' markets where they produce low-quality products for impoverished consumers using little capital and adding little value.

However, the increase in unemployment in Nigeria and the possibility of succeeding in the informal market have attracted younger, educated players, including university students, many of whom now pursue entrepreneurship as a pathway to success amid unemployment and a struggling economy. To quote directly from a World Bank document on youth development. As traditional job-for-life career paths become scarce, youth entrepreneurship provides an additional way of integrating youth into today's changing labor markets. (World Bank).



With this growing interest from student entrepreneurs across universities, the need to focus on Student Entrepreneurship (SE) has become an increasingly important and widespread phenomenon in entrepreneurship research (OECD, 2015).

Consequently, while universities have become vibrant hubs of innovation and enterprise, most student businesses remain outside the formal economy, limiting their access to finance, legal protection, and growth opportunities.

This disconnect between entrepreneurial activity and formal registration represents a critical policy and developmental challenge. It raises fundamental questions about the effectiveness of existing awareness campaigns, the accessibility of CAC processes to young entrepreneurs, and the role of institutions in correcting misconceptions that hinder formalization.

STATEMENT OF PROBLEM

Despite the rapid growth of student entrepreneurship in Nigeria's tertiary institutions, a large proportion of these enterprises continue to operate informally.

Despite the rapid growth of student entrepreneurship in Nigeria's tertiary institutions, a large proportion of these enterprises continue to operate informally. This persistence of informality is largely driven by misconceptions and myths surrounding business registration with the Corporate Affairs Commission (CAC). Many student entrepreneurs perceive formalization as unnecessary, expensive, bureaucratic, or irrelevant to small-scale ventures, leading them to avoid registration altogether.

The research preceding this policy brief tries to identify possible reasons for the adoption of the informal sector by student enterprises and not the formal sector in which the tertiary institution is largely situated. Existing literature has always argued that informal entrepreneurship is more prevalent in developing than developed countries, resulting from formalization having higher costs like time and effort to formally register, burdensome regulations, and the resultant fewer benefits (De Soto, 1989, 2001; Nwabuzor, 2005).

This policy research paper analyzes whether this is the case with student businesses in Nigeria.

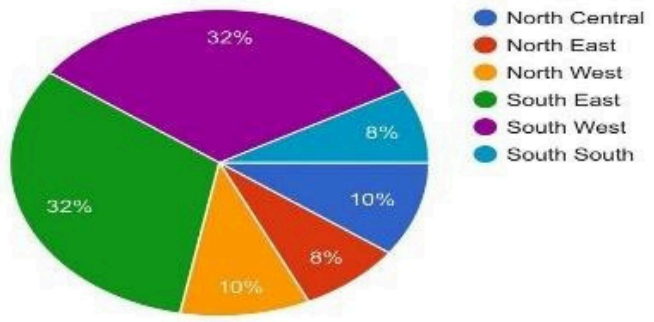
STATEMENT OF PROBLEM

This paper also analyzes certain prevalent myths (high cost, automatic taxation, bureaucratic complexity, loss of control, and 'not for students'), their consequences for innovation, entrepreneurship, and financial inclusion. Drawing on data from survey research of students' respondents in universities across Nigeria and literature on statutory instruments (CAMA 2020), the paper proposes a policy response targeted at creating awareness campaigns in tertiary institutions, fee relief for student-led enterprises, and simplified digital onboarding. The recommendations aim to reduce informality among student enterprises and strengthen Nigeria's entrepreneurship pipeline.

DATA PRESENTATION, ANALYSIS & INTERPRETATION

Table 1: Distribution of respondents according to their Geopolitical Zone in Nigeria

Geo-Political Zone	Frequency	Percentage (%)
North Central	5	10
North East	4	8
North West	5	10
South East	16	32
South South	4	8
South West	16	32
Total	50	100

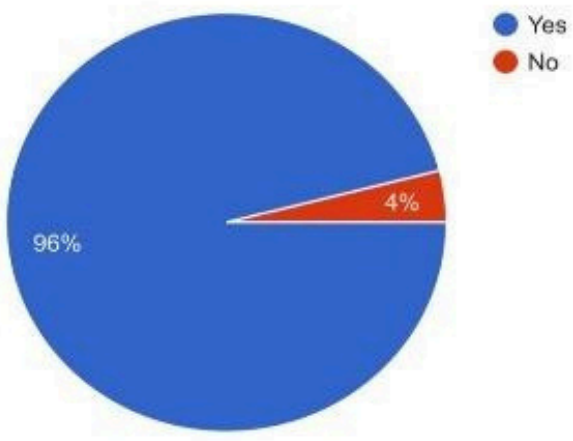


Source: IFREME Online survey, 2025

Table 2: Distribution of Respondents according to ownership of Business

Own or run business	Frequency	Percentage (%)
Yes	48	96
No	2	4
Total	50	100

Table 2 above shows the respondents' distribution according to their ownership of business. 48 of them representing 96% own or run a business while only 2 of the total respondents, representing 37.3% did not own or run a business.

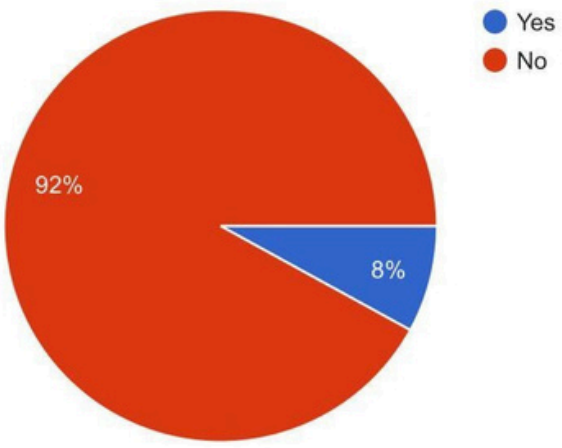


Source: IFREME Online survey, 2025



Table 3: Distribution of respondents according to registration status of business

Registered Business	Frequency	Percentage (%)
Registered	4	8
Unregistered	46	92
Total	50	100

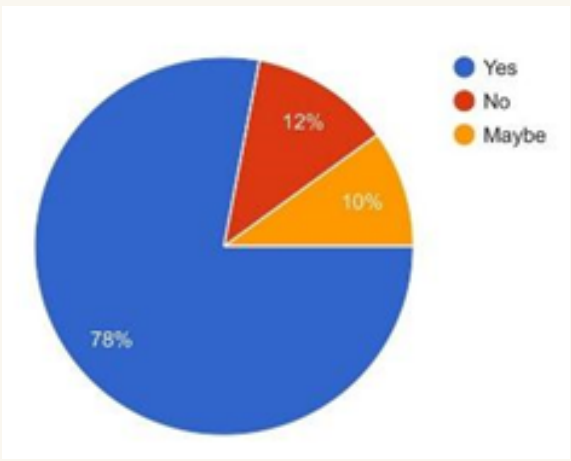


Source: IFREME Online survey, 2025

Table 3 above shows the respondents' distribution according to their registration status. 4 of which represent 8.0% are Registered Businesses, while 46 respondents, making up 92.0%, are Unregistered.

Table 4: Distribution of respondents according to the awareness of the benefits of registration

Registered Business	Frequency	Percentage (%)
Yes	39	78
No	6	12
Maybe	5	10
Total	50	100

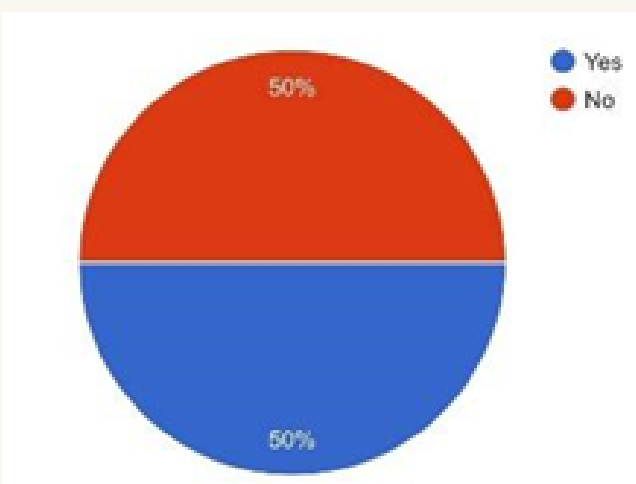


Source: IFREME Online survey, 2025

Table 4 above shows the distribution of respondents based on their perceptions of the benefits of business formalization. 39 respondents, representing 78.0%, indicated a positive response (YES), while 6 respondents making 12.0%, expressed a negative response (NO), and 5 respondents, accounting for 10.0%, chose a neutral position (MAYBE).

Table 5: Respondents' Opinion based on Awareness of the Cost of Registration

Own or run business	Frequency	Percentage (%)
Yes	25	50
No	25	50
Total	50	100



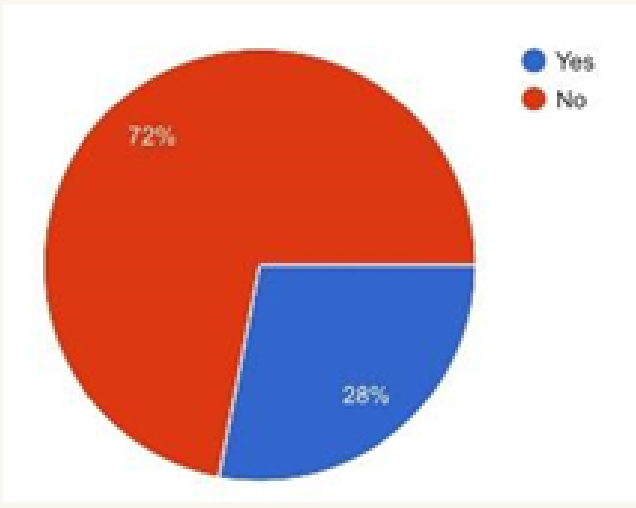
Source: IFREME Online survey, 2025



Table 5 above shows the respondents' awareness of the cost of registration. 25 individuals, representing 50.0%, were aware of the cost, while the remaining 25 individuals, also representing 50.0%, were unaware. It is important to note that the cost referred to is based on the estimated cost prior to the increment.

Table 6: Affordability of Registration Cost

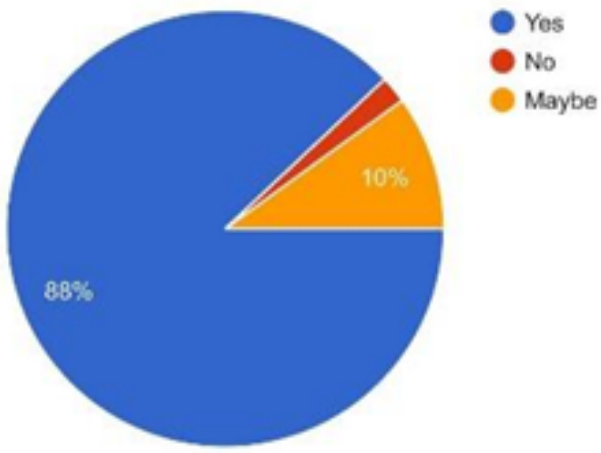
Opinion on Affordability	Frequency	Percentage (%)
Yes	**14**	**28**
No	**36**	**72**
Total	**50**	**100**



Source: IFREME Online survey, 2025

Table 6 above shows the respondents' views on the affordability of the registration cost. 14 individuals, representing 28.0%, agreed that the registration fee of 25,000 is affordable, while 36 individuals, making up 72.0%, disagreed.

Opinion on Affordability	Frequency	Percentage (%)
Yes	**44**	**88**
No	**1**	**2**
Maybe	**5**	**10**
Total	**50**	**100**



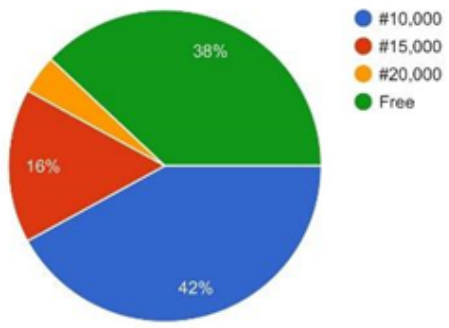
Source: IFREME Online survey, 2025

Table 7 above shows the respondents' willingness to formalize their businesses if costs were lower. 44 individuals, accounting for 88.0%, agreed to formalize, while 1 individual, representing 2.0%, disagreed, and 5 individuals, making up 10.0%, were unsure.

Table 8: Registration Cost Considered Reasonable

Cost Considered Reasonable	Frequency	Percentage (%)
10000	**21**	**42**
15000	**8**	**16**
20000	**2**	**4**
Free	**19**	**38**
Total	**50**	**100**



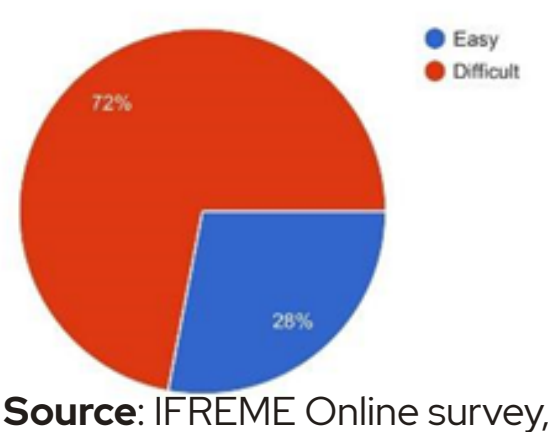


Source: IFREME Online survey, 2025

Table 8 above shows the respondents' opinions on reasonable registration costs. 21 individuals (42.0%) found 10,000 reasonable, 8 individuals (16.0%) chose 15,000, 2 individuals (4.0%) considered 20,000 reasonable, and 19 individuals (38.0%) believed zero payment was reasonable.

Table 9: Opinion on the Complexity of the Registration Process

Opinion	Frequency	Percentage (%)
Easy	**14**	**28**
Difficult	**36**	**72**
Total	**50**	**100**

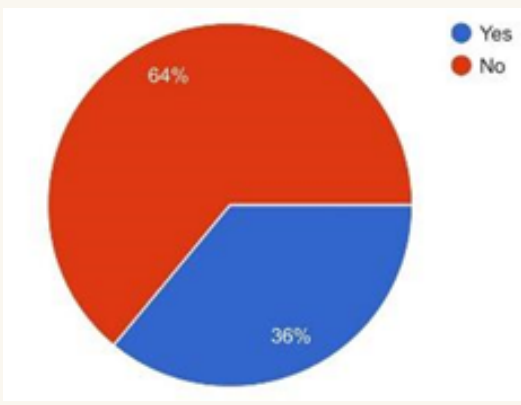


Source: IFREME Online survey, 2025

Table 9 above shows respondents' opinions on the complexity of the registration process. 14 individuals (28.0%) believe the process is easy, while 36 individuals (72.0%) find it difficult.

Table 10: Incomplete Registration Due to Complexity

Opinion	Frequency	Percentage (%)
Yes	**18**	**36**
No	**32**	**64**
Total	**50**	**100**



Source: IFREME Online survey, 2025

Table 10 above shows respondents' opinions on the complexity of the registration process. 18 individuals (36.0%) believe the process is complex, while 32 individuals (64.0%) find it manageable.

Table 11: Perception based on the Relevance of Business Registration

Opinion	Frequency	Percentage (%)
Yes	**41**	**82**
No	**2**	**4**
Maybe	**7**	**14**
Total	**50**	**100**

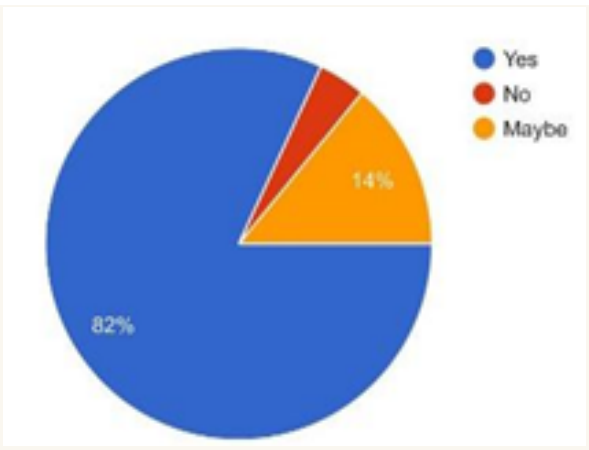

FEDERAL REPUBLIC OF NIGERIA

CERTIFICATE OF INCORPORATION

REGISTRATION NUMBER 145189

The Registrar - General of Corporate Affairs Commision

hereby certifies that

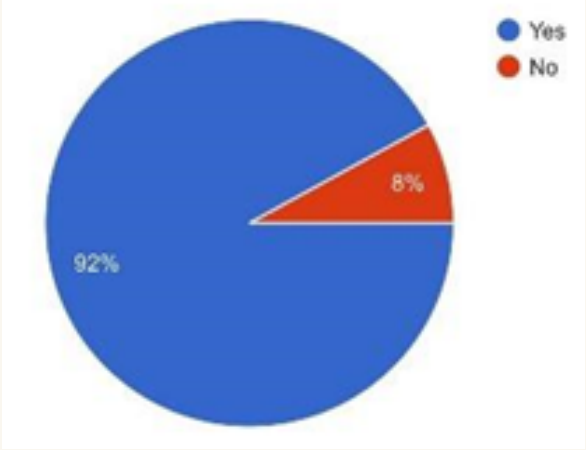


Source: IFREME Online survey, 2025

Table 11 shows the opinions of respondents on the relevance and necessity of business registration for small businesses. 41 individuals (82.0%) indicated that it is necessary, while 2 individuals (4.0%) disagreed, and 7 individuals (14.0%) remained unsure.

Table 12: Business Registration and Improvement in Customer Trust

Opinion	Frequency	Percentage (%)
Yes	**46**	**92**
No	**4**	**8**
Total	**50**	**100**

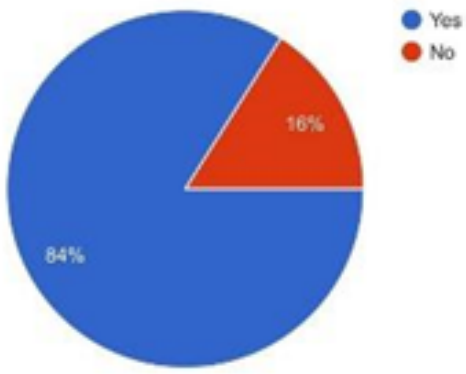


Source: IFREME Online survey, 2025

Table 12 shows the opinions of respondents regarding the impact of formalization on customers' trust. 46 individuals (92.0%) agreed that formalization enhances trust, while 4 individuals (8.0%) disagreed.

Table 13: Access to Finance as a Motivation for Business Registration

Opinion	Frequency	Percentage (%)
Yes	**42**	**84**
No	**8**	**16**
Total	**50**	**100**



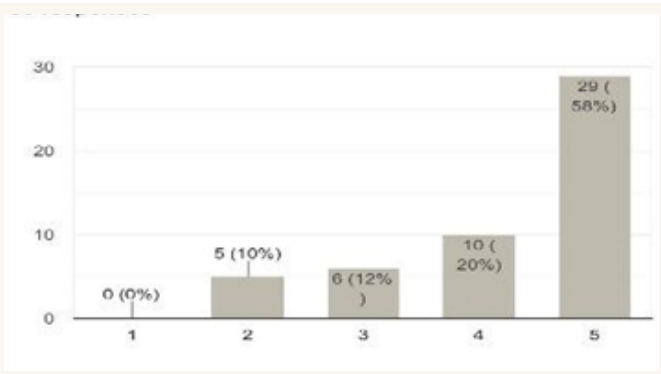
Source: IFREME Online survey, 2025

Table 13 shows the opinions of respondents regarding whether access to finance incentivizes them to register their businesses. 42 respondents (84.0%) indicated that access to finance does incentivize registration, while 8 respondents (16.0%) stated that it does not.

Table 14: Importance of Business Registration to Business Growth

Opinion	Frequency	Percentage (%)
1	**0**	**0**
2	**5**	**10**
3	**6**	**12**
4	**10**	**20**
5	**29**	**58**
Total	**50**	**100**



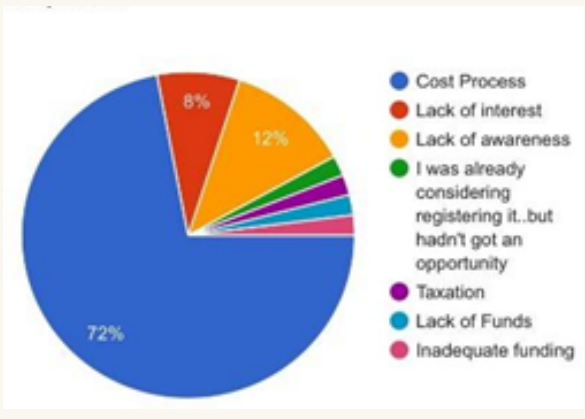


Source: IFREME Online survey, 2025

Table 14 shows the opinions of respondents regarding the importance of business registration for the growth of their businesses. 29 respondents (58.0%) stated that it is optimally important, while 21 respondents (42.0%) indicated that it is important but not optimally important for growth.

Table 15: Main Barrier Stopping Respondents from Registering

Opinion	Frequency	Percentage (%)
Cost of Process	**36**	**72**
Lack of Interest	**4**	**8**
Lack of Awarenes	**6**	**12**
Others	**4**	**8**
Total	**50**	**100**

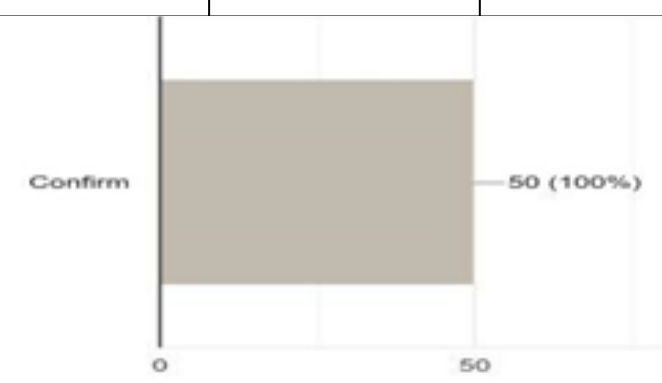


Source: IFREME Online survey, 2025

Table 15 presents the opinions of respondents concerning the main barriers preventing them from formalizing their businesses. A total of 36 respondents (72.0%) identified the cost of registration as a significant barrier, while 4 respondents (8.0%) cited a lack of interest. Additionally, 6 respondents (12.0%) pointed to a lack of awareness, and another 4 respondents (8.0%) mentioned other barriers. and 4 (8.0%) suggest other barriers.

Table 16: Confirmation and Accuracy of Opinion

Opinion	Frequency	Percentage (%)
Confirmed	**50**	**100**
Unconfirmed	**0**	**0**
Total	**50**	**100**



Source: IFREME Online survey, 2025

Table 16 shows the accuracy and confirmation of the information provided. 50 respondents (100%) confirmed the data, while none (0%) indicated any unconfirmed information.



DISCUSSION

UNDERSTANDING THE NATURE OF INFORMALITY AMONG STUDENT ENTREPRENEURS

Findings from the IFREME Online Survey 2025 revealed that the overwhelming majority (92%) of student entrepreneurs in Nigeria operate informally despite being aware of the potential benefits of formalizing their businesses. This contradiction points to a nuanced challenge showing that students acknowledge the importance of registration (82% agree that it is relevant, and 92% believe it improves customer trust), yet perceive it as inaccessible, and this reflects their reality while encountering the barriers associated with formalizing their businesses.

The survey also found out that the key barriers student entrepreneurs face in Nigeria discouraging them from formalizing their businesses include cost, complexity, and misinformation. 72% of the respondents identify registration cost as the main deterrent. A majority also perceive the CAC process as difficult (72%), and 36% of those who began registration abandoned it midway due to perceived complexity. Despite the 2020 CAMA reform simplifying procedures and enabling online registration, awareness of these changes remains low.

Additionally, myths persist: that registration automatically triggers taxation, that CAC is meant only for large or post-graduation enterprises, and that student-led ventures lack the stability required for formalization. These misconceptions contribute to a cycle where innovative but unregistered student businesses remain excluded from access to credit, grants, and intellectual property protections, thereby stifling Nigeria's youth entrepreneurship potential.

Policy Gaps & INSTITUTIONAL DISCONNECT

The gap between policy frameworks and campus-level realities underscores weak coordination between the Corporate Affairs Commission (CAC), universities, and youth-focused entrepreneurship programs. While government policies emphasize ease of doing business, few initiatives are tailored to student entrepreneurs. The lack of university-based CAC outreach, simplified payment structures, or educational integration means most students encounter formalization only after graduation, by which time many have abandoned their early ventures.

Furthermore, tertiary institutions' entrepreneurship centers, though numerous, often focus on business idea competitions rather than regulatory literacy. The result is a generation of entrepreneurs trained to innovate but not to formalize, perpetuating informality even among the educated class.

POLICY SOLUTIONS AND RECOMMENDATIONS

To bridge the gap between innovation and formalization, this policy brief proposes a three-phase approach targeting policy design, coordination with institutions, and a new entrepreneurial culture.

1. Policy-Level Solutions (Federal and CAC Level)

Introduce a "Student Enterprise Registration Category": CAC should create a special low-cost or free registration category for student-owned enterprises, valid during their period of study and renewable post-graduation. Impact: Reduces cost barriers (identified by 72% of respondents) and encourages early formalization.

Expand Awareness and Education Campaigns: CAC, in collaboration with the National Universities Commission (NUC), should conduct nationwide digital and campus-based campaigns on business registration benefits, simplified procedures, and taxation realities under CAMA 2020.

Policy & Solutions RECOMMENDATIONS

Integrate Tax Literacy with Registration: The Federal Inland Revenue Service (FIRS) should develop informational materials clarifying that micro-enterprises and student-run ventures are tax-exempt below certain thresholds. This can dispel the myth that registration automatically attracts taxation.

Promote Digital Integration: Link CAC, FIRS, and financial institutions through a unified youth enterprise portal. This will streamline business registration, tax identification, and bank onboarding for young entrepreneurs.

2. Institutional-Level Solutions (Universities and Polytechnics)

Embed Formalization Modules in Entrepreneurship Courses: Universities should include practical training on CAC registration, intellectual property protection, and regulatory compliance within entrepreneurship curricula.

Establish CAC Desks in Entrepreneurship Centers: Each tertiary institution should host a CAC liaison desk or organize "Formalization Clinics" to provide guidance and assist students in real-time registration.

Promote Peer-to-Peer Advocacy: Support student entrepreneurship clubs and business hubs to run campaigns "Register Your Hustle" that showcase the ease and benefits of formalization.

3. Private Sector and Development Partner Roles

Public–Private Partnerships for Subsidized Registration: Corporate foundations, fintechs, and NGOs can collaborate with CAC to sponsor registration vouchers for student businesses.

Financial Incentives for Registered Student Enterprises: Access to student-focused credit lines, grants, and competitions should prioritize formally registered businesses, thus linking compliance with opportunity.

Expected OUTCOMES

1. Reduce student-owned enterprise informality rates in tertiary institutions by at least 50% from 2025 to 2030.

2. Strengthen Nigeria's startup pipeline and youth-led innovation ecosystem.

3. Enhance access to finance, intellectual property rights, and market credibility for student entrepreneurs.

4. Align tertiary entrepreneurship education with national ease-of-doing-business reforms.

Conclusion

Nigeria's student entrepreneurs represent a vital segment of the country's innovation economy. However, myths and barriers surrounding CAC registration hinder their transition into the formal sector. A coordinated multi-faceted strategy combining awareness, affordability, and institutional integration will empower students to formalize their ventures early, build credibility, and contribute to national economic transformation.

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