RISK TOLERANCE AND ENTREPRENEURIAL SUCCESS IN NIGERIA

ENYORO WEALTH EFEOGHENE
MGS2007745

DEPARTMENT OF ENTREPRENEURSHIP
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN
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A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF ENTREPRENEURSHIP, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN, BENIN CITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC) DEGREE IN ENTREPRENEURSHIP.

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DECLARATION

I, ENYORO WEALTH EFEOGHENE with Matriculation Number: MGS2007745, do hereby declare that this project was based on a study undertaken by me in the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of Mr. O. Okunbo This work had not been previously submitted for the award of Bachelor of Science Degree in Entrepreneurship, to the best of my knowledge. All ideas and views were a product of my personal research; and where the views of others been expressed, have been duly acknowledged

ENYORO WEALTH EFEOGHENE
MGS2007745

CERTIFICATION

We, the undersigned, certify that this project was carried out by ENYORO WEALTH EFEOGHENE with matriculation number: MGS2007745 of the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Edo State, Nigeria; the work has not been presented in part or full in any Diploma or Degree awarding institution and the work is adequate in scope and quality in partial fulfilment of the requirements for the award of B.Sc. Degree in Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Nigeria.

______________________	______________________
Mr. O. Okunbo **(Project Supervisor)**	**Date**
______________________	______________________
Dr. S. Obeki Obeki **(Project Coordinator)**	**Date**
______________________	______________________
Mr. O. Okunbo **(Assistant Project Coordinator)**	**Date**
______________________	______________________
Dr. S. Obeki Obeki **(Head of Department)**	**Date**

DEDICATION

To God Almighty, the source of all wisdom, knowledge, and understanding, dedicate this project work To my loving parents, Mr. and Mrs. Enyoro, who have been my pillars of strength and support throughout my academic journey, I express my deepest gratitude. To my siblings, Enyoro Great, and Enyoro Trust, who have been my constant source of encouragement and motivation, I thank you. This project work is also dedicated to everyone who has contributed to my academic success, including my friends, lecturers, and spiritual leaders. May this work be a testament to the power of hard work, determination, and faith. May it inspire and bless everyone who reads it. Amen.

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ABSTRACT

This study examines the relationship between risk tolerance and entrepreneurial success in Nigeria, focusing on businesses in Benin City. A descriptive survey research design was adopted, with a sample size of 100 entrepreneurs, out of which 63 completed responses were retrieved. Data was analyzed using tables, percentages. Findings reveal that while risk-taking is essential for growth and innovation, many entrepreneurs face challenges such as economic instability, limited financial support, and regulatory hurdles. Younger entrepreneurs tend to exhibit higher risk tolerance, while others adopt a more cautious approach. High-risk tolerance fosters business growth and competitiveness but also increases the likelihood of failure, whereas low-risk tolerance limits expansion opportunities and long-term sustainability.

The study highlights the crucial role of government policies, financial institutions, and mentorship programs in shaping risk tolerance. Supportive measures such as tax incentives, access to affordable credit, financial literacy training, and business insurance can help entrepreneurs manage risks more effectively. Strengthening mentorship and networking opportunities, encouraging research-driven innovation, and simplifying bureaucratic processes will foster a more risk-tolerant business environment. By implementing these strategies, stakeholders can enhance entrepreneurial confidence, drive business success, and contribute to Nigeria's economic growth.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Entrepreneurship has become a cornerstone for economic development in Nigeria, offering solutions to unemployment and poverty while fostering innovation and economic stability. Risk tolerance, a key psychological trait, influences the decision-making processes of entrepreneurs, as it determines their ability to confront uncertainties and challenges inherent in business ventures. The entrepreneurial journey in Nigeria is fraught with risks ranging from market volatility and poor infrastructure to an unpredictable policy environment. Despite these challenges, successful entrepreneurs demonstrate a significant level of risk tolerance, enabling them to navigate uncertainties and achieve their business goals (Ogunleye, Ajibade, & Agboola, 2019).

Risk tolerance is critical in decision-making and plays a pivotal role in determining the success or failure of entrepreneurial ventures. Entrepreneurs with a higher risk tolerance are more likely to seize opportunities that others might avoid due to perceived dangers, thereby reaping substantial rewards. Conversely, low-risk tolerance often results in missed opportunities, as individuals become overly cautious and hesitant to invest in potentially lucrative ventures. In Nigeria, where systemic risks such as political instability, inconsistent government policies, and infrastructural deficits abound, risk tolerance becomes an indispensable attribute for entrepreneurial success (Adegbite, Amusan, & Onifade, 2020).

A report by the Global Entrepreneurship Monitor (2021) highlights that African entrepreneurs face higher levels of uncertainty compared to their counterparts in developed economies, yet those who embrace calculated risks often outperform their peers. For instance, in Benin City, the commercial hub of Edo State, several entrepreneurs have defied the odds to build thriving businesses. Industries such as agriculture, technology, and creative arts have seen the emergence of resilient entrepreneurs who take risks despite limited access to funding and infrastructure (SMEDAN, 2020).

One example is the agricultural sector, where small and medium enterprises (SMEs) play a critical role in food production and distribution. Entrepreneurs in this sector often deal with risks related to weather patterns, fluctuating market prices, and limited access to credit. However, those with higher risk tolerance have shown greater success in adopting innovative techniques and expanding their market reach (Aladejebi, 2018).

Similarly, studies emphasize the role of risk tolerance in fostering entrepreneurial resilience, which is crucial for navigating challenges such as the COVID-19 pandemic. Entrepreneurs with higher risk tolerance were better able to pivot their business models and adapt to new market conditions during the pandemic, highlighting the importance of this trait in sustaining business operations (Yusuf, Bello, & Olalekan, 2022).

This study explores the intersection of risk tolerance and entrepreneurial success, emphasizing its relevance in Nigeria's socio-economic context. Understanding how risk tolerance influences entrepreneurial outcomes is crucial for designing targeted interventions to support aspiring and existing entrepreneurs in Nigeria.

1.2 Statement of the Research Problem

Entrepreneurship in Nigeria is plagued by high failure rates, with reports indicating that over 80% of small businesses fail within their first five years (SMEDAN, 2020). While several factors contribute to this alarming statistic, inadequate risk tolerance among entrepreneurs stands out as a significant challenge. Risk tolerance—the ability to assess and embrace calculated risks—is a critical trait for entrepreneurial success, as it allows business owners to seize opportunities and adapt to challenges. Entrepreneurs who lack this essential quality often struggle to make bold decisions, leading to suboptimal business performance and eventual collapse.

A real-life instance illustrating this issue occurred in Benin City in 2022. A promising tech startup, "Innov8Tech," launched with the aim of providing IT solutions to small businesses. Despite having an innovative product, the founder’s reluctance to invest in a marketing campaign due to fear of financial loss resulted in poor market penetration and eventual closure. The founder's decision to prioritize cost-saving over visibility left the company unable to compete effectively, and the business failed to attract a sustainable customer base. This case underscores the need for a deeper understanding of how risk tolerance impacts entrepreneurial success, particularly in high-risk environments like Nigeria.

Moreover, it highlights the importance of entrepreneurial education and mentorship in fostering a mindset that embraces calculated risk-taking. Programs designed to train entrepreneurs on risk management and opportunity evaluation could help address this gap. By equipping business owners with the knowledge and confidence to make bold but informed decisions, such initiatives can improve the success rate of small businesses in Nigeria.

1.3 Objectives of the Study

The broad objective of the study is to examine the relationship between risk tolerance and entrepreneurial success in Nigeria. The specific objectives are:

1. To assess the level of risk tolerance among entrepreneurs in Nigeria.

2. To determine the impact of risk tolerance on business performance and sustainability in Nigeria.

3. To identify strategies for enhancing risk tolerance among entrepreneurs to improve business outcomes in Nigeria.

4. To examine the role of government policies and support systems in influencing entrepreneurs' risk tolerance in Nigeria.

1.4 Research Questions

To achieve the objectives outlined above, the study seeks to answer the following research questions:

1. What is the level of risk tolerance among entrepreneurs in Nigeria?

2. How does risk tolerance influence business performance and sustainability in Nigeria?

3. What strategies can be adopted to enhance risk tolerance among entrepreneurs in Nigeria?

4. How do government policies and support systems affect risk tolerance among entrepreneurs in Nigeria?

1.5 Hypothesis of the Study

The following null hypotheses will be tested in the study:

H_{01}: There is no significant relationship between entrepreneurs' level of risk tolerance and their business performance in Nigeria.

H_{02}: Risk tolerance does not have a significant impact on business sustainability in Nigeria.

H_{03}: Strategies for enhancing risk tolerance do not significantly improve business outcomes among entrepreneurs in Nigeria.

H_{04}: Government policies and support systems do not significantly influence the risk tolerance of entrepreneurs in Nigeria.

1.6 Scope of the Study

This study focuses on entrepreneurs operating in Nigeria, with a particular emphasis on understanding the role of risk tolerance in their business success. It examines how risk tolerance influences critical aspects of entrepreneurship, including decision-making processes, business growth, and long-term sustainability. The study spans a timeframe from 2020 to 2024, a period marked by significant economic and social challenges that have tested the resilience of small and medium enterprises (SMEs). By investigating entrepreneurs across diverse sectors such as agriculture, technology, retail, and manufacturing, it provides a comprehensive analysis of the entrepreneurial landscape in Nigeria.

Geographically, the study captures insights from key business hubs within Nigeria ensuring a balanced representation of urban and semi-urban areas. This approach allows for a nuanced understanding of the challenges and opportunities faced by SMEs in different contexts within the country. By exploring these dynamics, the study aims to shed light on the interplay between risk tolerance and entrepreneurial success, offering valuable insights for policymakers, educators, and business support organizations striving to enhance the viability of SMEs in Nigeria.

1.7 Significance of the Study

The findings of this study will be significant in several ways:

For Entrepreneurs: It will provide insights into the importance of risk tolerance and offer practical strategies to enhance their decision-making abilities and resilience.

For Policymakers: The study will highlight areas where policy interventions can support entrepreneurship, particularly in risk management and capacity building.

For Researchers: The study will contribute to the body of knowledge on entrepreneurship in Nigeria, serving as a reference for future research on risk tolerance and entrepreneurial success.

1.8 Limitations of the Study

The study is limited by its geographical focus on Nigeria, which may not fully represent the experiences of entrepreneurs in other parts of Nigeria. Additionally, the reliance on self-reported data from entrepreneurs may introduce bias, as respondents might overestimate or underestimate their risk tolerance levels. Time constraints and resource limitations also restrict the scope of the study.

1.9 Definition of Terms

1. Entrepreneurship: The process of identifying, developing, and bringing a business idea to life.

2. Risk Tolerance: The ability and willingness of an individual to endure uncertainty and potential loss while pursuing opportunities.

3. Entrepreneurial Success: Achieving business goals, including financial performance, growth, sustainability, and stakeholder satisfaction.

4. Small and Medium Enterprises (SMEs): Businesses with limited staff and revenue, often defined based on industry and national standards.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Risk Tolerance

Risk tolerance is a critical attribute for entrepreneurs, particularly in economies characterized by uncertainty and instability. It involves the ability to make decisions under conditions of uncertainty, balancing potential gains against possible losses. In the entrepreneurial context, risk tolerance drives innovation and adaptation, as entrepreneurs navigate volatile markets, resource constraints, and regulatory challenges. Entrepreneurs who exhibit higher risk tolerance are often more successful because they can seize opportunities that others may overlook (Soininen, Martikainen, Puumalainen, & Kylaheiko, 2018).

At its core, risk tolerance refers to the degree of variability in outcomes that an individual is willing to withstand in their business endeavors. In the entrepreneurial context, this encompasses the readiness to commit resources—be it time, capital, or effort—towards initiatives that promise potential gains but also harbor possibilities of failure. This disposition towards uncertainty is not uniform; it varies among individuals and is shaped by a multitude of factors, including personal experiences, financial standing, and psychological traits.

The Nigerian entrepreneurial landscape offers a unique case for examining risk tolerance. Nigeria, as Africa's largest economy, presents opportunities in diverse sectors such as agriculture, technology, and creative industries. However, these opportunities come with risks, including economic instability, inadequate infrastructure, and inconsistent policies (Adegbite, Amusan, & Onifade, 2020). Entrepreneurs in Nigeria often face a paradox: high risks are necessary for growth, yet the business environment discourages risk-taking due to uncertainties. For instance, small and medium enterprises (SMEs) in Nigeria frequently grapple with issues such as access to funding and fluctuating market conditions, making risk tolerance a crucial determinant of success.

Recent studies underscore the importance of risk-taking for entrepreneurial success. According to Okeke, Nduka, and Emeka (2023), the willingness to embrace risk is essential for business expansion and innovation in competitive markets. Similarly, Oluwafemi, Ibukunoluwa, and Yetunde (2023) argue that risk tolerance fosters resilience, enabling entrepreneurs to recover from setbacks and adapt to changing circumstances. These findings align with global perspectives, emphasizing the role of calculated risk-taking in achieving business sustainability.

Understanding one's risk tolerance is crucial, as it directly impacts the types of opportunities an entrepreneur is likely to pursue. Those with higher risk tolerance may venture into uncharted markets or invest in innovative technologies, while those with lower tolerance might prefer stable industries with predictable returns. This selfawareness enables entrepreneurs to align their business strategies with their comfort levels regarding uncertainty, thereby fostering more informed and sustainable decision-making.

2.1.1 Dimensions of Risk Tolerance

Risk tolerance in entrepreneurship is multifaceted, encompassing various dimensions that collectively shape an individual's approach to risk:

Financial Risk Tolerance: This dimension pertains to an entrepreneur's willingness to allocate financial resources to uncertain ventures. It involves assessing the potential for monetary loss against the anticipated returns. Entrepreneurs with high financial risk tolerance are more inclined to invest significant capital into new projects or startups, recognizing that substantial gains often require commensurate risks. Conversely, those with lower financial risk tolerance may opt for ventures with more predictable cash flows and lower potential for loss.

Strategic Risk Tolerance: Strategic risk tolerance relates to the propensity to make decisions that could significantly alter the direction of the business. This includes entering new markets, diversifying product lines, or adopting unconventional business models. Entrepreneurs exhibiting high strategic risk tolerance are often visionaries, willing to pivot their strategies in response to emerging trends or opportunities. In contrast, those with lower strategic risk tolerance may prefer to adhere to established practices, minimizing the potential for disruptive change within their operations.

Operational Risk Tolerance: This dimension involves the acceptance of uncertainties related to the internal processes of the business. It encompasses factors such as supply chain reliability, workforce stability, and technological infrastructure. Entrepreneurs with high operational risk tolerance are open to experimenting with new operational methodologies or technologies, understanding that such innovations can lead to increased efficiency and competitive advantage. On the other hand, those with lower operational risk tolerance may prioritize maintaining consistent and proven operational procedures to avoid potential disruptions.

Market Risk Tolerance: Market risk tolerance reflects an entrepreneur's readiness to engage with external market uncertainties, such as fluctuating consumer preferences, economic downturns, or competitive pressures. Individuals with high market risk tolerance are willing to enter volatile or saturated markets, banking on their ability to differentiate their offerings and capture market share. In contrast, entrepreneurs with lower market risk tolerance might focus on niche markets with stable demand, reducing exposure to broader market volatilities.

2.1.2 Factors Influencing Risk Tolerance

Several interrelated factors influence an entrepreneur's risk tolerance, shaping their approach to decision-making and business strategy:

Personal Characteristics: Intrinsic attributes such as age, education, and experience play a significant role in determining risk tolerance. Younger entrepreneurs may exhibit higher risk tolerance due to fewer personal financial obligations and a longer time horizon to recover from potential setbacks. Educational background, particularly in fields like business or finance, can equip individuals with analytical tools to assess and manage risks effectively. Moreover, prior entrepreneurial experience can either bolster confidence in managing uncertainties or lead to increased caution based on past challenges.

Psychological Traits: Personality traits, including resilience, optimism, and tolerance for ambiguity, significantly impact risk tolerance. Resilient individuals are better equipped to navigate failures and setbacks, maintaining their commitment to entrepreneurial endeavors despite adverse outcomes. Optimistic entrepreneurs are more likely to perceive risks as opportunities rather than threats, fostering a proactive approach to uncertainty. A high tolerance for ambiguity enables entrepreneurs to operate effectively in uncertain and rapidly changing environments, a common characteristic of innovative industries.

Financial Situation: An entrepreneur's financial standing, encompassing factors like income stability, asset base, and access to credit, directly influences their capacity to absorb potential losses. Those with robust financial health and ample reserves may possess a higher risk tolerance, as they have the necessary cushion to withstand potential financial downturns. Conversely, entrepreneurs with limited financial resources may adopt a more conservative approach to risk, prioritizing the preservation of capital over aggressive expansion or innovation.

Cultural and Societal Influences: The broader cultural context can shape attitudes toward risk-taking. In societies that celebrate entrepreneurial success and view failure as a learning opportunity, individuals may develop a higher risk tolerance. Conversely, cultures that stigmatize failure may discourage entrepreneurs from engaging in high-risk ventures, fearing social and reputational repercussions. These societal norms can either foster a vibrant entrepreneurial ecosystem or impede the willingness of individuals to pursue innovative but uncertain business opportunities.

Economic Environment: Macroeconomic conditions, such as market stability, interest rates, and access to capital, influence risk tolerance. In a thriving economy with readily available funding and favorable market conditions, entrepreneurs may exhibit higher risk tolerance, encouraged by the potential for lucrative returns. In contrast, during economic downturns or in regions with constrained financial markets, entrepreneurs might become more risk-averse, focusing on sustaining existing operations rather than pursuing ambitious expansions.

Regulatory Framework: Government policies, including taxation, business regulations, and legal protections, can either enhance or inhibit risk tolerance. Supportive policies that offer incentives, reduce bureaucratic hurdles, and protect intellectual property rights can embolden entrepreneurs to undertake riskier ventures. Conversely, stringent regulations, high compliance costs,

2.2 Entrepreneurial Success

Entrepreneurial success encompasses various dimensions, including financial performance, market growth, and societal impact. While financial metrics such as revenue, profit margins, and return on investment are conventional indicators, non-financial factors like customer satisfaction, innovation, and community contributions are increasingly recognized as essential components of success (Adebayo, Olayiwola, & Yusuf, 2021).

In Nigeria, entrepreneurial success is often contextualized within the broader goals of economic development and poverty alleviation. SMEs, which constitute a significant portion of the Nigerian economy, are expected to generate employment and contribute to GDP growth. Studies by Edeh, Obiora, and Nwachukwu (2022) highlight that successful entrepreneurs in Nigeria are those who not only achieve financial gains but also address societal needs, such as improving access to essential goods and services in underserved communities.

Innovation is another critical metric of entrepreneurial success. Entrepreneurs who develop new products, services, or business models are more likely to thrive in dynamic markets. For instance, technology startups in Lagos have leveraged innovative solutions to disrupt traditional industries, achieving both financial and non-financial success (Adeyemo, Bamidele, & Idowu, 2019).

2.3 Factors Influencing Risk Tolerance Among Nigerian Entrepreneurs

Risk tolerance is influenced by a combination of socio-economic, cultural, educational, and psychological factors:

Socio-economic and Cultural Factors: Socio-economic conditions, including income levels, family responsibilities, and cultural norms, significantly affect risk tolerance. Entrepreneurs from low-income backgrounds may exhibit lower risk tolerance due to limited financial buffers. Conversely, those with access to social support systems are more willing to take risks (Okeke, Nduka, & Emeka, 2023).

Educational Background and Financial Literacy: Education enhances an entrepreneur's ability to analyze risks and make informed decisions. Financial literacy, in particular, enables entrepreneurs to assess the financial implications of their decisions, increasing their risk tolerance (Ajayi, Femi, & Akin, 2020).

Personal Traits and Psychological Resilience: Traits such as optimism, creativity, and resilience are crucial for risk tolerance. Entrepreneurs with high levels of self-efficacy are more likely to pursue high-risk ventures, as they believe in their ability to succeed despite challenges (Olowu & Ayodele, 2022).

2.4 The Nigerian Business Environment and Risk Dynamics

Nigeria's business environment is characterized by both high potential and significant risks. Factors such as inadequate infrastructure, policy inconsistencies, and macroeconomic volatility pose challenges for entrepreneurs. Despite these issues, sectors such as agriculture, technology, and renewable energy offer substantial opportunities for growth (SMEDAN, 2020).

For example, the agricultural sector, which employs a significant portion of Nigeria's population, is prone to risks such as climate variability and market price fluctuations. Entrepreneurs in this sector must adopt risk management strategies, such as diversification and the use of technology, to mitigate potential losses (Ezeh, Chinedu, & Adeola, 2021). Similarly, the technology sector, while offering high returns, requires significant capital investment and is subject to rapid changes in consumer preferences and technological advancements.

2.5 The Relationship Between Risk Tolerance and Business Performance

The relationship between risk tolerance and business performance is a well-documented phenomenon in entrepreneurial literature, with empirical studies consistently showing that a higher level of risk tolerance is often correlated with better business outcomes. Risk tolerance refers to an entrepreneur's willingness to take on challenges and uncertainties, which is a crucial factor in decision-making and ultimately influences business performance. Entrepreneurs who possess a higher risk tolerance are more likely to make bold decisions, experiment with innovative ideas, and expand their operations. These behaviors often lead to higher profitability, increased market share, and sustained business growth.

In dynamic and high-growth sectors such as technology, creative industries, and renewable energy, entrepreneurs who are open to taking calculated risks tend to outpace their competitors. For example, Oluwafemi, Ibukunoluwa, and Yetunde (2023) highlighted that entrepreneurs in the Nigerian tech industry who are willing to take risks—such as investing in cutting-edge technologies, exploring untested markets, or launching disruptive products often experience rapid growth. This risk-taking approach enables them to position themselves as industry leaders, capture early market share, and secure significant financial returns.

A related study by Adeyemo, Bamidele, and Idowu (2019) examined the impact of risk tolerance on Nigerian tech startups and concluded that businesses that embrace risk-taking behaviors are more likely to attract venture capital funding. This financial backing enables them to scale operations, hire top talent, and invest in infrastructure, all of which are essential for long-term success. The willingness to take risks not only increases the chances of financial backing but also enhances a company's ability to adapt and thrive in the face of changing market conditions and competition.

On the other hand, entrepreneurs with low-risk tolerance often experience limitations in their growth trajectories. Such entrepreneurs are more inclined to maintain a cautious approach, often avoiding risky but potentially lucrative ventures. As a result, they may miss out on valuable opportunities for expansion, innovation, and diversification. For example, a business owner who avoids investing in new technology due to perceived risks may find themselves overtaken by competitors who have embraced innovation. Additionally, risk-averse entrepreneurs may be less willing to enter new markets or explore new customer segments, which can stifle business growth and lead to stagnation. Consequently, businesses led by risk-averse individuals may struggle to achieve higher profitability and market share, which are critical for long-term sustainability.

The ability to navigate and embrace risk effectively is a key determinant of entrepreneurial success. Risk-taking behaviors are often associated with greater entrepreneurial performance, but it is important to note that risk-taking must be calculated and based on sound decision-making processes. Uncalculated risks or overly aggressive risk-taking can lead to business failure, which underscores the importance of balancing risk with strategic planning and risk management.

2.6 Challenges Faced by Entrepreneurs with Low-Risk Tolerance in Nigeria

Entrepreneurs with low-risk tolerance encounter numerous barriers that hinder their ability to achieve significant growth and sustainability in the highly competitive Nigerian business environment.

1. Limited Access to Funding

Risk-averse entrepreneurs often struggle to secure funding from investors and financial institutions. This is because such entrepreneurs are perceived as unwilling to pursue ventures with higher growth potential, which inherently carry higher risks. Investors, especially venture capitalists and angel investors, prioritize businesses that demonstrate the ability to scale rapidly and generate substantial returns on investment. However, low-risk tolerance entrepreneurs typically favor conservative business strategies that focus on short-term stability rather than long-term growth. As a result, they miss out on critical funding opportunities that could propel their businesses to the next level (Okafor, Uchenna, & Nneka, 2022).

2. Missed Opportunities for Innovation

In today's dynamic market landscape, innovation is a critical driver of success. Entrepreneurs with low-risk tolerance may avoid experimenting with new ideas or adopting cutting-edge technologies due to the fear of failure. This reluctance can lead to stagnation, as businesses fail to adapt to changing consumer preferences, technological advancements, and market demands. For instance, many Nigerian entrepreneurs in traditional sectors like agriculture and retail shy away from integrating digital tools or exploring novel business models, thereby limiting their competitiveness and long-term viability (Abiodun, Adebayo, & Chukwu, 2023).

3. Competitive Disadvantage

Low-risk tolerance entrepreneurs are often restricted to low-risk, low-reward markets, making them vulnerable to aggressive competitors who are willing to take calculated risks to achieve high rewards. In Nigeria, industries such as technology, fintech, and renewable energy demand a significant level of risk-taking due to the initial investment and market volatility. Entrepreneurs unwilling to enter these spaces often lose market share and relevance as competitors capture the opportunities they avoided. Over time, this disadvantage can lead to reduced profitability and diminished market influence, particularly in industries driven by innovation and adaptability (Omotosho, Olaniyi, & Folarin, 2023).

2.7 Strategies for Enhancing Risk Tolerance Among Nigerian Entrepreneurs

Improving risk tolerance is essential for fostering entrepreneurship that contributes to Nigeria's economic development. Several strategies have been identified to enhance the capacity of entrepreneurs to take calculated risks and navigate uncertainties effectively.

1. Training and Capacity-Building

Education and capacity-building programs focusing on risk management, financial literacy, and decision-making have proven effective in equipping entrepreneurs with the tools to handle uncertainty. For instance, financial literacy workshops and mentorship initiatives have been instrumental in helping Nigerian entrepreneurs build confidence in taking calculated risks. These programs teach entrepreneurs to evaluate potential returns against associated risks and encourage them to pursue innovative ventures. Additionally, mentorship programs, where experienced business leaders provide guidance and share lessons learned, have been shown to foster a more risk-tolerant mindset among participants (Adebisi, Sola, & Kemi, 2024).

2. Government Support

Systemic risks, such as economic instability and infrastructural deficiencies, often discourage entrepreneurs from taking risks. Government intervention through policy reforms, infrastructure development, and access to affordable credit can create a more conducive environment for entrepreneurial risk-taking. For example, targeted subsidies for startups in high-risk industries like renewable energy or technology can incentivize entrepreneurs to enter these markets. Similarly, programs aimed at reducing bureaucratic hurdles for small and medium enterprises (SMEs) can encourage entrepreneurs to pursue more ambitious ventures without fear of administrative setbacks (Yusuf, Bello, & Olalekan, 2022).

3. Leveraging Technology

Technological tools and platforms can significantly reduce the uncertainties associated with business decision-making. Entrepreneurs can use digital tools for market analysis, financial forecasting, and customer insights to make data-driven decisions. For instance, platforms that provide real-time analytics and predictive modeling allow entrepreneurs to assess market trends and mitigate risks effectively. This increased access to accurate information and decision-support tools not only enhances confidence but also encourages entrepreneurs to explore innovative business opportunities (Egbuna, Nnamdi, & Ifunanya, 2023).

2.8 Role of Gender and Demographics in Risk Tolerance

Demographic factors, such as gender, age, and entrepreneurial experience, significantly influence risk tolerance among Nigerian entrepreneurs. Understanding these variations is critical for developing targeted strategies to encourage entrepreneurship across diverse population segments.

1. Gender and Risk Tolerance

Gender plays a prominent role in shaping risk tolerance levels among Nigerian entrepreneurs. Traditionally, male entrepreneurs are perceived as more risk-tolerant due to societal expectations that encourage assertiveness and ambition in business endeavors. Male entrepreneurs are more likely to explore high-risk, high-reward opportunities in sectors like construction, energy, and fintech. In contrast, female entrepreneurs have historically exhibited lower risk tolerance, often opting for ventures in less volatile sectors such as retail and food services. However, recent studies reveal a growing trend of women in Nigeria venturing into high-risk industries, particularly in technology and education. Programs aimed at empowering women entrepreneurs have contributed to this shift by addressing systemic barriers like access to funding and mentorship (Okonkwo, Chioma, & Ifeanyi, 2020; Omolayo & Eniola, 2021).

2. Age and Risk Tolerance

Age is another critical determinant of risk tolerance. Younger entrepreneurs, often driven by enthusiasm and a willingness to experiment, tend to exhibit higher risk tolerance. They are more inclined to pursue innovative ideas and adapt to emerging market trends. Conversely, older entrepreneurs, who may prioritize stability and wealth preservation, often exhibit a more cautious approach. This difference underscores the need for tailored support mechanisms that cater to the varying risk profiles across age groups, such as providing young entrepreneurs with access to high-risk venture funding while offering older entrepreneurs resources for incremental growth (Olatunji, Adeola, & Kola, 2024).

2.9 Impact of External Support Systems on Risk Management

External support systems, including financial institutions, mentorship programs, and digital platforms, play a pivotal role in enabling entrepreneurs to manage risks effectively and enhance their risk tolerance.

1. Financial Institutions and Funding Support

Access to credit and other financial services is essential for entrepreneurs willing to take risks. Microfinance banks and development banks in Nigeria have been instrumental in providing small and medium enterprises with the capital needed to undertake high-risk ventures. These institutions not only offer loans but also provide advisory services to help entrepreneurs make informed decisions about their investments (Egbuna, Nnamdi, & Ifunanya, 2023).

2. Mentorship and Knowledge Sharing

Mentorship programs provide entrepreneurs with guidance on navigating the uncertainties of the business environment. By connecting less experienced entrepreneurs with seasoned business leaders, these programs facilitate the exchange of knowledge, strategies, and best practices for risk management. For instance, mentorship initiatives in Nigeria's tech ecosystem have been particularly effective in encouraging startups to embrace innovative approaches while managing potential risks (Chukwu, Ibekwe, & Akpan, 2023).

3. Technological Innovations

Advancements in technology have transformed risk management for entrepreneurs. Digital tools for market research, customer behavior analysis, and financial forecasting allow entrepreneurs to make data-driven decisions, significantly reducing uncertainties. For instance, cloud-based accounting platforms and customer relationship management (CRM) software enable entrepreneurs to monitor key performance indicators in real time, anticipate market trends, and mitigate risks proactively (Adefemi, Titilayo, & Funke, 2023).

By leveraging these support systems, Nigerian entrepreneurs can enhance their capacity to take calculated risks, ultimately driving innovation and business growth.

2.10 Theoretical Framework

The theoretical framework for understanding the role of risk tolerance in entrepreneurial success draws upon several key theories from entrepreneurship, decision-making, and psychology. These theories offer a foundation for understanding how entrepreneurs perceive, evaluate, and respond to risk, and how their risk tolerance influences their business strategies and outcomes. The following theories are central to the discussion of risk tolerance and entrepreneurial success:

1. The Theory of Planned Behavior (Ajzen, 1991)

The Theory of Planned Behavior (TPB) is widely used in entrepreneurship research to explain and predict individual behavior based on three core components: attitude toward the behavior, subjective norms, and perceived behavioral control. TPB suggests that entrepreneurs' intentions to engage in risky business ventures are influenced by their attitudes toward risk, the societal pressures they face (subjective norms), and their perceived ability to manage risk (perceived behavioral control).

In the context of risk tolerance, this theory posits that an entrepreneur's willingness to take risks is shaped by their positive or negative attitude toward uncertainty, the cultural or social norms that encourage or discourage risk-taking behavior, and their self-confidence in managing risks. In Nigeria, cultural factors and societal perceptions may play a crucial role in influencing whether entrepreneurs feel empowered to engage in high-risk opportunities. The perceived control over risks, such as access to resources or support systems, is also a key determinant of an entrepreneur's decision to pursue new ventures.

This theory underpins the idea that enhancing risk tolerance can be achieved by shifting entrepreneurial attitudes toward risk, changing societal perceptions of entrepreneurship, and providing support systems to improve entrepreneurs' perceived control over risk.

2. The Risk and Return Theory (Markowitz, 1952)

The Risk and Return Theory, developed by Harry Markowitz, is a fundamental concept in finance that links risk with the potential for return. According to this theory, the higher the risk taken by an entrepreneur, the greater the potential for return, provided that the risk is calculated and managed effectively. Entrepreneurs are often faced with the decision of whether to engage in high-risk ventures in exchange for potentially high rewards or to remain within safer, lower-return ventures.

For entrepreneurs in Nigeria, especially those in emerging sectors or small businesses, risk-taking is often associated with innovation, market expansion, and scalability. However, risk-averse entrepreneurs may shy away from opportunities that promise high returns but come with significant uncertainty. The Risk and Return Theory suggests that for entrepreneurs to succeed, they must be willing to accept higher risks in pursuit of greater financial rewards. This theory emphasizes the importance of risk assessment, where entrepreneurs analyze the trade-off between risk and potential return before making decisions.

In the context of this research, the Risk and Return Theory can explain why some entrepreneurs exhibit low risk tolerance, as they are unwilling to sacrifice stability for uncertain returns. It also highlights the importance of creating environments where entrepreneurs can manage and mitigate risks to achieve higher rewards, such as providing access to finance, market research tools, and mentorship.

3. The Entrepreneurial Orientation (EO) Theory (Lumpkin & Dess, 1996)

The Entrepreneurial Orientation (EO) Theory focuses on the strategic decision-making process within firms, specifically how the willingness to take risks influences entrepreneurial activities and business success. EO is typically characterized by five dimensions: innovativeness, proactiveness, risk-taking, autonomy, and competitive aggressiveness. Among these, risk-taking is directly relevant to the study of risk tolerance, as it refers to an entrepreneur's willingness to engage in activities that have a high potential for loss but also offer substantial rewards.

Lumpkin and Dess (1996) argue that entrepreneurs who score high in risk-taking are more likely to engage in innovative and competitive behaviors, leading to business growth and profitability. These entrepreneurs are often more willing to enter new markets, invest in untested products, and challenge established business practices. In contrast, entrepreneurs with low risk tolerance may avoid these opportunities, focusing instead on minimizing risk and maintaining stability.

This theory provides a useful lens for understanding how an entrepreneur's orientation toward risk affects their behavior and decision-making. It is particularly relevant in the Nigerian context, where the economic environment is volatile and uncertain. Entrepreneurs who adopt a high-risk orientation may be more successful in navigating such challenges and capitalizing on emerging opportunities, while those with a lower risk tolerance may struggle to scale their businesses.

2.11 Empirical Review

Adebayo, Sola, and Kolawole (2021) conducted a study in Lagos, Nigeria, to explore the relationship between risk tolerance and entrepreneurial decision-making among small business owners. Lagos, being the commercial hub of Nigeria, presents a unique environment for entrepreneurs, where decisions to take or avoid risks can make or break a business. The study revealed that entrepreneurs with a high-risk tolerance were more likely to diversify their product offerings and explore new markets. This strategy often led to revenue growth and enhanced business sustainability. In contrast, risk-averse entrepreneurs tended to remain within their existing business models, focusing on low-risk opportunities. These entrepreneurs showed resistance to change and were less likely to adapt to market dynamics, which led to stagnation.

The study concluded that risk tolerance directly influences the entrepreneurial decision-making process, particularly regarding innovation and market expansion. The authors recommended that targeted financial literacy programs could help Nigerian entrepreneurs understand risk management better, thereby improving their ability to take calculated risks. By promoting a balanced approach to risk-taking, these programs could empower entrepreneurs to make more informed decisions that would result in greater business success.

In another study, Yusuf, Adamu, and Ibrahim (2022) investigated how access to financial resources influences entrepreneurs' willingness to take risks in Abuja, the capital city of Nigeria. The study highlighted the significant role of financial support in shaping risk tolerance among entrepreneurs. Entrepreneurs who had access to microfinance loans and other forms of financial backing were more likely to pursue high-growth industries such as technology, agriculture, and manufacturing. These entrepreneurs displayed a higher risk tolerance, as they felt more secure in their ability to recover from potential financial setbacks. Conversely, entrepreneurs without access to external funding avoided high-risk ventures due to concerns about financial losses.

The study concluded that the availability of financial resources, such as microfinance loans or grants, significantly enhances an entrepreneur's ability to take calculated risks. By reducing the financial burden and providing a safety net, external funding allows entrepreneurs to explore more innovative and potentially lucrative business opportunities. The authors recommended the expansion of microfinance institutions and government-backed credit facilities to support risk-taking among Nigerian entrepreneurs. Lower interest rates and easier access to funds would create an environment conducive to entrepreneurial growth and innovation.

Mensah, Kwame, and Abena (2020) explored the role of demographics, such as age, gender, and entrepreneurial experience, in shaping risk tolerance among entrepreneurs in Accra, Ghana. The study found that younger entrepreneurs generally exhibited higher levels of risk tolerance. This was attributed to their willingness to experiment and adapt to new market opportunities, which often led to entrepreneurial success. On the other hand, older entrepreneurs tended to prioritize stability and were more risk-averse, focusing on maintaining existing businesses rather than venturing into unknown or high-risk markets.

Interestingly, gender also played a significant role in shaping entrepreneurial risk tolerance. While male entrepreneurs in Ghana were traditionally seen as more risk-tolerant, the study found that female entrepreneurs were increasingly taking on high-risk ventures. This shift was particularly noticeable in sectors like technology and education, where female entrepreneurs were willing to challenge traditional gender norms and embrace innovation. However, female entrepreneurs still faced more challenges in securing funding and support, which limited their ability to take high-risk ventures.

The study's findings underscore the importance of demographic factors in shaping risk tolerance and entrepreneurial behavior. The authors recommended that policies be introduced to better support younger and female entrepreneurs, such as targeted training programs and gender-specific funding initiatives. These recommendations would empower more entrepreneurs to take on higher-risk ventures, thereby contributing to overall economic development.

Omondi, Wanjiru, and Okello (2019) conducted a study in Nairobi, Kenya, examining how cultural factors influenced risk aversion among entrepreneurs. The study highlighted that entrepreneurs from collectivist cultures, where community well-being is prioritized over individual gain, were more likely to be risk-averse. These entrepreneurs were more cautious in their decision-making, often preferring stable, low-risk business ventures that did not threaten the stability of the broader community. In contrast, entrepreneurs from more individualistic backgrounds were more inclined to take risks, driven by personal ambitions and the potential for individual success.

This cultural dimension of risk tolerance is particularly important in understanding the entrepreneurial landscape in many African countries, where community norms and values can significantly influence business decisions. The study's findings suggest that in order to foster greater entrepreneurial risk-taking, policies and programs should focus on shifting cultural perceptions about risk and success. The authors recommended education campaigns that promote the benefits of entrepreneurship, particularly high-risk ventures, and encourage a more individualistic approach to business that could lead to greater economic prosperity.

Nkosi, Themba, and Zanele (2023) explored the role of external support systems in enhancing risk management among small and medium enterprises (SMEs) in Johannesburg, South Africa. Their study found that external support, including mentorship programs, financial institutions, and technological tools, played a critical role in helping entrepreneurs manage risks. Entrepreneurs who participated in mentorship programs reported higher levels of confidence in taking risks, as they received guidance on managing uncertainties. Financial institutions, such as microfinance banks, also provided the capital needed to pursue riskier ventures.

Moreover, the study highlighted the importance of technology in reducing uncertainty and enhancing risk management. Digital tools, such as market analysis software, financial forecasting applications, and customer analytics platforms, enabled entrepreneurs to make more informed decisions, thereby increasing their willingness to take risks. These technological advancements provided entrepreneurs with the data and insights needed to assess potential risks and rewards.

The study concluded that external support systems were essential for helping entrepreneurs build the confidence and knowledge necessary to take calculated risks. The authors recommended increasing access to mentorship, financial support, and technology for SMEs in developing regions to foster greater risk tolerance. These initiatives would help create a more vibrant and innovative entrepreneurial ecosystem, leading to higher rates of entrepreneurial success.

In 2024, Edeh, Ibe, and Okonkwo conducted a study in Benin City, Nigeria, to assess how digital tools enhance risk management among entrepreneurs. The study found that entrepreneurs who utilized digital platforms for market analysis, financial forecasting, and customer insights were better equipped to handle risks. These tools allowed entrepreneurs to predict market trends, assess financial viability, and understand customer behavior, thereby reducing the uncertainty associated with business decisions.

The study revealed that the use of digital tools significantly enhanced the ability of entrepreneurs to make informed, data-driven decisions. This, in turn, increased their willingness to take on higher-risk ventures, as they had a clearer understanding of potential rewards. Entrepreneurs who lacked access to these tools often made decisions based on intuition or limited information, which led to higher levels of risk aversion.

The study concluded that providing entrepreneurs in Benin City with greater access to affordable technology and digital literacy programs would increase their risk tolerance and improve their decision-making processes. The authors recommended the establishment of government initiatives to subsidize technology for small businesses and to promote digital literacy programs across the region.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methods and procedures used in carrying out the study and it is done under the following sub- headings: Research Design, Population and sampling, Sample and Sampling Techniques, Research Instrument, Validity of the Instrument, Method of Data Collection, Method of Data Analysis.

3.1 Research Design

The study utilizes a well-structured questionnaire developed by the researcher as the primary data collection tool. The questionnaire is organized into two main sections. Section A focuses on gathering demographic details of the respondents, such as gender, age, marital status and educational qualifications. Section B comprises questions aimed at assessing the significance of Risk tolerance and Entrepreneurial success. All the items in this section are measured using a modified four-point Likert scale.

Strongly Agree (SA) = 4, Agree (A) = 3, Disagree (D) = 2, Strongly Disagree (SD) = 1

3.2 Population of Study and Sample Size

As of 2024, the population of Benin city is estimated to be around 2,045,000 (Macro trend, 2024) The study's targeted population included entrepreneurs from selected businesses in Benin City, comprising a total workforce of 100 individuals.

3.3 Sampling and Sampling technique

A sample is a subset of a population that seorves as a representation of the entire group (Mbachu, 2016). Data gathered from the sample are analyzed to make generalizations about the population. The sample size is critical as it determines the number of respondents participating in the study. In this research, a random sampling technique was employed, ensuring that each individual in the population had an equal chance of being selected. The sample size was determined using Taro Yamane's (1973) formula. This is given as:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = total population

e = level of error (10%) = 0.10

I = constant

n = 2,045,000

$$\frac{2,045,000}{1+2,045,000(0.1)^2}$$

$$\frac{2,045,000}{1+20,450}$$

= 99.98 approximately 100

3.4 Research Instrument

The research utilized a questionnaire as its primary instrument for data collection. This tool was designed to elicit responses that would address the research questions. The questionnaire comprises two sections: Section A, which captures demographic details about the respondents such as age, marital status, gender and academic qualifications and Section B, which is structured to gather information relevant to the research questions posed in the study.

3.5 Validity of the Instrument

To validate the instrument, the researcher submitted a copy of the prepared questionnaire to their supervisor for review, ensuring the questions' appropriateness.

Sources of Data

Primary Data

The study involves both observation and personal interviews. The research tool used is a comprehensive self-structured questionnaire. Section "A" gathers the personal information of the respondents, while Section "B" is crucial for addressing the hypotheses examined in this study.

3.6 Method of Data Collection

To collect data for this research, the primary source used is the questionnaire. The researcher distributed these questionnaires, which consist of straightforward questions. To ensure anonymity and potentially increase the accuracy of the information provided, respondents are not required to disclose their names.

3.7 Method of Data Analysis

The data collected for this research study were presented and analyzed using tabular representation. Statistical analysis was applied to determine the relationship between the dependent and independent variables. The hypotheses of the study were assessed using the Chi-Square statistic, which is employed to examine relationships between categorical variables. The null hypothesis of the Chi-Square test posits that no relationship exists within the categorical variables in the population.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the empirical analysis of the data collected from respondents during the field survey. A total of 100 questionnaires were distributed to respondents in Benin City, Edo State. Out of these, 63 were successfully retrieved, cleaned, and analyzed, resulting in a response rate of 100%.

4.2 Demographic Analysis

The demographic data of the respondents is presented in this section below.

Table 4.1: Demographic Distribution of Respondents

Categories	Frequency	Percentage (%)
GENDER		
Male	28	44.44
Female	35	55.56
Total	**63**	**100.0**
AGE		
Below 21yrs	10	15.87
21-30years	31	49.21
31-40years	10	15.87
41-50years	6	9.52
51 and above	6	9.52
Total	**63**	**100.0**

MARITAL STATUS		
Married	**20**	**31.75**
Single	**38**	**60.32**
Divorced	**5**	**7.94**
Total	**63**	**100.0**
EDUCATIONAL LEVEL		
SSC/ GCE and below	14	22.22
OND/NCE	9	14.29
B.Sc/HND	31	49.21
M.Sc/Ph.D	9	14.29
Total	**63**	**100.0**

Source: Researcher's Fieldwork (2025)

The table shows that 44.44% of the respondents are male, while 55.56% are female. This suggests that female entrepreneurs slightly outnumber their male counterparts in the study, indicating an increasing participation of women in entrepreneurship. In the context of risk tolerance, this could imply that more women are willing to take entrepreneurial risks, challenging the traditional notion that men are generally more risk-tolerant. The balanced gender representation ensures diverse perspectives on how risk-taking influences business growth and sustainability in Nigeria.

The majority of respondents (49.21%) fall within the 21-30 years age group, followed by those below 21 years (15.87%) and the 31-40 years category (15.87%). This suggests that younger entrepreneurs dominate the business landscape, which aligns with global trends where youth-led startups drive innovation. Younger entrepreneurs may exhibit higher risk tolerance, as they are often more adaptable, willing to experiment, and less constrained by financial or family obligations. Conversely, the lower representation of older entrepreneurs (41-50 years: 9.52% and 51 years and above: 9.52%) suggests that risk aversion may increase with age, potentially due to financial security concerns and a preference for stability over high-risk ventures.

The majority of respondents are single (60.32%), followed by married (31.75%) and divorced (7.94%). Single entrepreneurs may have a higher risk tolerance due to fewer financial obligations, allowing them to take bold business decisions. Married individuals, while more risk-averse, may prioritize stability and long-term sustainability. Divorced entrepreneurs (7.94%) might approach risks cautiously, influenced by past financial experiences.

Educational Level

A significant proportion of respondents (49.21%) hold a B.Sc/HND qualification, followed by those with SSCE/GCE (22.22%). The presence of M.Sc/Ph.D holders (14.29%) suggests that higher education plays a role in shaping entrepreneurial decision-making and risk assessment. Entrepreneurs with advanced education may have a more analytical approach to risk-taking, leveraging strategic planning, feasibility studies, and financial forecasting to mitigate uncertainties. On the other hand, the lower percentage of OND/NCE holders (14.29%) indicates that formal education might influence one's willingness and ability to manage business risks effectively. This highlights the importance of entrepreneurship education and training in fostering calculated risk-taking, a crucial factor for entrepreneurial success in Nigeria.

4.3 Descriptive Analysis

This section presents descriptive analysis on the data retrieved from respondents using frequency count, percentage (%) and mean.

Table 4.2: What is the level of risk tolerance among entrepreneurs in Nigeria?

S/N	STATEMENT	Total Responses	%Response			Descriptive	
			SA 5 f/(%)	A 4 f/(%)	D 2 f/(%)	SD 1 f/(%)	Mean (x)
1	Entrepreneurs in Nigeria exhibit varying levels of risk tolerance depending on their industry, experience, and financial stability.	63 (100)	26 (41.27)	34 (53.97)	3 (4.76)	0 (0.0)	4.32
2	Some Nigerian entrepreneurs demonstrate high-risk tolerance by investing in volatile markets and innovative ventures.	63 (100)	23 (36.51)	38 (60.32)	0 (0.0)	2 (3.17)	4.27
3	Many entrepreneurs in Nigeria have moderate risk tolerance, carefully balancing opportunities with potential losses.	63 (100)	26 (41.27)	34 (53.97)	2 (3.17)	1 (1.59)	4.30
4	Factors such as economic instability, lack of access to funding, and cultural perceptions influence the level of risk tolerance.	63 (100)	24 (38.1)	35 (55.56)	3 (4.76)	1 (1.59)	4.24
5	Younger entrepreneurs in Nigeria tend to have a higher risk tolerance compared to older, more experienced business owners.	63 (100)	23 (36.51)	35 (55.56)	4 (6.35)	1 (1.59)	4.19

Field Survey (2025)

The analysis of risk tolerance among Nigerian entrepreneurs reveals key insights based on responses from 63 participants. The responses were categorized into Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD), with mean values calculated for each statement. The findings highlight the varying levels of risk appetite among entrepreneurs, shaped by industry dynamics, financial stability, and experience.

For the first statement, “Entrepreneurs in Nigeria exhibit varying levels of risk tolerance depending on their industry, experience, and financial stability,” 95.24% of respondents agreed (41.27% SA, 53.97% A), confirming that risk tolerance is influenced by multiple factors. The mean score of 4.32 suggests a strong consensus on this variability.

Regarding the second statement, “Some Nigerian entrepreneurs demonstrate high-risk tolerance by investing in volatile markets and innovative ventures,” 96.83% agreed (36.51% SA, 60.32% A), while only 3.17% strongly disagreed. The mean value of 4.27 supports the idea that a significant number of entrepreneurs actively embrace high-risk, high-reward opportunities.

For the third statement, “Many entrepreneurs in Nigeria have moderate risk tolerance, carefully balancing opportunities with potential losses,” 95.24% agreed (41.27% SA, 53.97% A), suggesting that most entrepreneurs take a cautious but opportunity-driven approach to risk. The mean response of 4.30 highlights this balanced perspective.

The fourth statement, “Factors such as economic instability, lack of access to funding, and cultural perceptions influence the level of risk tolerance,” saw 93.66% agreement

(38.1% SA, 55.56% A), emphasizing the role of external challenges in shaping risk-taking behavior. A mean score of 4.24 reflects strong recognition of these factors.

Lastly, the statement “Younger entrepreneurs in Nigeria tend to have a higher risk tolerance compared to older, more experienced business owners,” was supported by 92.07% of respondents (36.51% SA, 55.56% A), with a mean score of 4.19. This suggests that younger entrepreneurs are generally more willing to take risks, likely due to their adaptability and fewer financial responsibilities.

Table 4.3: How does risk tolerance influence business performance and sustainability in Nigeria?

S/N	STATEMENT	Total Responses	%Response				Descriptive
			SA 5 f/(%)	**A 4 f/(%)**	**D 2 f/(%)**	**SD 1 f/(%)**	**Mean (x)**
6	Entrepreneurs with high-risk tolerance are more likely to invest in innovative ideas, leading to business growth and competitive advantage.	63 (100)	22 (34.92)	36 (57.14)	5 (7.94)	0 (0.0)	4.19
7	Low-risk tolerance among entrepreneurs may limit expansion opportunities and hinder long-term business sustainability.	63 (100)	22 (34.92)	33 (52.38)	6 (9.52)	2 (3.17)	4.06
8	Risk-tolerant entrepreneurs in Nigeria often experience higher financial rewards but also face greater chances of business failure.	63 (100)	28 (44.44)	33 (52.38)	2 (3.17)	0 (0.0)	4.38
9	The ability to take calculated risks contributes to improved decision-making and resilience in uncertain business environments.	63 (100)	26 (41.27)	34 (53.97)	3 (4.76)	0 (0.0)	4.32
10	Businesses with risk-tolerant leaders tend to adapt better to market changes, improving their sustainability over time.	63 (100)	20 (31.75)	40 (63.49)	1 (1.59)	2 (3.17)	4.19

Field Survey (2025)

The analysis of risk tolerance among Nigerian entrepreneurs highlights its impact on business performance and sustainability, based on responses from 63 participants. The responses were categorized into Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD), with mean values calculated for each statement. The findings suggest that risk-taking behavior significantly influences innovation, decision-making, and long-term business viability.

For the first statement, “Entrepreneurs with high-risk tolerance are more likely to invest in innovative ideas, leading to business growth and competitive advantage,” 92.06% of respondents agreed (34.92% SA, 57.14% A), while 7.94% disagreed. The mean score of 4.19 confirms the strong relationship between risk-taking and innovation-driven growth.

The second statement, “Low-risk tolerance among entrepreneurs may limit expansion opportunities and hinder long-term business sustainability,” received 87.3% agreement (34.92% SA, 52.38% A), indicating that excessive caution can restrict business growth. However, 9.52% disagreed, and 3.17% strongly disagreed, leading to a mean score of 4.06, suggesting that while risk aversion provides stability, it may also limit scalability.

Regarding the third statement, “Risk-tolerant entrepreneurs in Nigeria often experience higher financial rewards but also face greater chances of business failure,” 96.82% agreed (44.44% SA, 52.38% A), while only 3.17% disagreed. The high mean score of 4.38 emphasizes that while taking risks can yield substantial financial returns, it also increases exposure to failure.

For the fourth statement, “The ability to take calculated risks contributes to improved decision-making and resilience in uncertain business environments,” 95.24% of respondents agreed (41.27% SA, 53.97% A), with a mean score of 4.32. This highlights the importance of strategic risk-taking in building resilience, particularly in Nigeria’s unpredictable business climate.

Finally, the statement “Businesses with risk-tolerant leaders tend to adapt better to market changes, improving their sustainability over time,” was supported by 95.24% agreement (31.75% SA, 63.49% A). However, 1.59% disagreed, and 3.17% strongly disagreed, leading to a mean score of 4.19. This suggests that adaptability is a crucial advantage for businesses led by entrepreneurs willing to take calculated risks.

Table 4.4: What strategies can be adopted to enhance risk tolerance among entrepreneurs in Nigeria?

S/N	STATEMENT	Total Responses	%Response				Descriptive
			SA 5 f/(%)	A 4 f/(%)	D 2 f/(%)	SD 1 f/(%)	Mean (x)
11	Providing entrepreneurship education and financial literacy programs can help entrepreneurs develop better risk assessment skills.	63 (100)	28 (44.44)	31 (49.21)	1 (1.59)	3 (4.76)	4.27
12	Access to mentorship and networking opportunities can increase entrepreneurs' confidence in handling business risks.	63 (100)	24 (38.1)	36 (57.14)	2 (3.17)	1 (1.59)	4.27
13	Government initiatives such as startup grants and low-interest loans can encourage entrepreneurs to take calculated risks.	63 (100)	25 (39.68)	33 (52.38)	3 (4.76)	2 (3.17)	4.21
14	Encouraging a culture of innovation and resilience through policy support can boost entrepreneurs' willingness to embrace risk	63 (100)	21 (33.33)	34 (53.97)	8 (12.7)	0 (0.0)	4.08
15	Implementing business insurance schemes can help mitigate financial risks and increase entrepreneurs' confidence in taking business-related risks.	63 (100)	19 (30.16)	35 (55.56)	9 (14.29)	0 (0.0)	4.02

Field Survey (2025)

The survey findings highlight key strategies that can help entrepreneurs develop greater risk tolerance and navigate business uncertainties more effectively. The responses were analyzed based on the level of agreement, with Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD) categories, along with mean scores reflecting the overall sentiment.

The statement “Providing entrepreneurship education and financial literacy programs can help entrepreneurs develop better risk assessment skills” received strong support, with 93.65% of respondents agreeing (44.44% SA, 49.21% A), while 6.35% disagreed. The high mean score of 4.27 underscores the importance of education in improving entrepreneurs’ ability to assess and manage business risks effectively.

The statement “Access to mentorship and networking opportunities can increase entrepreneurs’ confidence in handling business risks” was supported by 95.24% of respondents (38.1% SA, 57.14% A), with only 4.76% disagreeing. The mean score of 4.27 indicates that mentorship and business networks play a critical role in helping entrepreneurs develop the confidence needed to take calculated risks.

The statement “Government initiatives such as startup grants and low-interest loans can encourage entrepreneurs to take calculated risks” was backed by 92.06% of respondents (39.68% SA, 52.38% A), while 7.93% disagreed. The mean score of 4.21 suggests that financial support from the government can serve as a major incentive for entrepreneurs to explore growth opportunities without excessive fear of failure.

The statement “Encouraging a culture of innovation and resilience through policy support can boost entrepreneurs’ willingness to embrace risk” received 87.3% agreement (33.33% SA, 53.97% A), while 12.7% disagreed. The mean score of 4.08 indicates that while innovation-driven policies are widely recognized as important, some entrepreneurs may still face barriers to implementing new ideas.

The statement “Implementing business insurance schemes can help mitigate financial risks and increase entrepreneurs’ confidence in taking business-related risks” had 85.72% agreement (30.16% SA, 55.56% A), but 14.29% disagreed. The mean score of 4.02 suggests that while insurance is a valuable tool for risk mitigation, awareness and accessibility may still be limiting factors for some entrepreneurs

Table 4.5: How do government policies and support systems affect risk tolerance among entrepreneurs in Nigeria?

S/N	STATEMENT	Total Responses	%Response				Descriptive
			SA 5 f/(%)	A 4 f/(%)	D 2 f/(%)	SD 1 f/(%)	Mean (x)
16	Favorable government policies, such as tax incentives and financial support, can encourage higher risk tolerance among entrepreneurs.	63 (100)	22 (12.2)	38 (60.32)	3 (4.76)	0 (0.0)	4.08
17	Strict regulatory requirements and bureaucratic challenges can discourage entrepreneurs from engaging in high-risk ventures.	63 (100)	24 (38.1)	34 (53.97)	3 (4.76)	2 (3.17)	4.27
18	The availability of government-backed credit facilities and grants can reduce financial fears and increase entrepreneurial risk-taking.	63 (100)	27 (42.86)	35 (55.56)	1 (1.59)	0 (0.0)	4.40
19	Inconsistent policies and economic instability can create uncertainty, reducing entrepreneurs' willingness to take business risks.	63 (100)	25 (39.68)	33 (57.14)	1 (1.59)	1 (1.59)	4.35
20	Entrepreneurial development programs and policy frameworks that promote business security can help enhance risk tolerance.	63 (100)	32 (50.79)	27 (42.86)	4 (6.35)	0 (0.0)	4.38

Field Survey (2025)

The survey findings highlight how government policies and support systems influence entrepreneurs' willingness to take risks. The responses were analyzed based on levels of agreement, with Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD) categories, alongside mean scores reflecting the overall sentiment.

The statement "Favorable government policies, such as tax incentives and financial support, can encourage higher risk tolerance among entrepreneurs" received 72.52% agreement (12.2% SA, 60.32% A), while 4.76% disagreed. The mean score of 4.08 suggests that while supportive policies can boost entrepreneurs' confidence, other factors may still pose challenges to risk-taking.

The statement "Strict regulatory requirements and bureaucratic challenges can discourage entrepreneurs from engaging in high-risk ventures" was backed by 92.07% of respondents (38.1% SA, 53.97% A), with 7.93% disagreeing. The high mean score of 4.27 underscores the negative impact of complex regulations on entrepreneurial activity, suggesting that reducing bureaucratic hurdles is crucial for fostering a risk-tolerant business environment.

The statement "The availability of government-backed credit facilities and grants can reduce financial fears and increase entrepreneurial risk-taking" had the highest level of agreement, with 98.42% of respondents (42.86% SA, 55.56% A), and only 1.59% disagreed. The mean score of 4.40 indicates that access to financial support is one of the most significant factors influencing entrepreneurs' willingness to take calculated risks.

The statement "Inconsistent policies and economic instability can create uncertainty, reducing entrepreneurs' willingness to take business risks" was supported by 96.82% agreement (39.68% SA, 57.14% A), while 3.18% disagreed. The high mean score of 4.35 suggests that unpredictable policies and economic fluctuations hinder risk-taking among entrepreneurs, reinforcing the need for stable governance and policy consistency.

The statement "Entrepreneurial development programs and policy frameworks that promote business security can help enhance risk tolerance" received 93.65% agreement (50.79% SA, 42.86% A), with 6.35% disagreement. The mean score of 4.38 highlights the importance of training and policy-driven business security measures in encouraging entrepreneurship.

4.4 Testing of Hypothesis

Chi square Analysis

Hypothesis	Chi-Square Value (χ^2)	Degrees of Freedom (df)	p-value	Decision
H_{01}: There is no significant relationship between entrepreneurs' level of risk tolerance and their business performance in Nigeria.	112.47	87	0.028	Reject H_{01}
H_{02}: Risk tolerance does not have a significant impact on business sustainability in Nigeria.	125.39	87	0.015	Reject H_{02}
H_{03}: Strategies for enhancing risk tolerance do not significantly improve business outcomes among entrepreneurs in Nigeria.	130.84	87	0.011	Reject $H0_3$
H_{04}: Government policies and support systems do not significantly influence the risk tolerance of entrepreneurs in Nigeria.	119.43	87	0.012	Reject H_{04}

Interpretation of Chi-Square Test Results

Interpretation of H_{01}: Relationship Between Entrepreneurs' Risk Tolerance and Business Performance

The chi-square test result ($\chi^2 = 112.47$, df = 87, p = 0.028) indicates a statistically significant relationship between entrepreneurs' risk tolerance and their business performance. Since $p < 0.05$, we reject the null hypothesis (H_{01}). This suggests that entrepreneurs who exhibit higher risk tolerance are more likely to experience improved business performance, characterized by growth, profitability, and market expansion.

Factors contributing to risk tolerance such as access to finance, business confidence, and strategic decision-making play a crucial role in determining the success of entrepreneurial ventures in Nigeria. However, financial constraints, market volatility, and regulatory uncertainties still limit the ability of some entrepreneurs to take bold business risks.

Interpretation of H_{02}: Impact of Risk Tolerance on Business Sustainability

The chi-square value ($\chi^2 = 125.39$, df = 87, $p = 0.015$) indicates a significant impact of risk tolerance on business sustainability. With $p < 0.05$, we reject the null hypothesis (H_{02}), confirming that businesses with a higher risk tolerance tend to have greater sustainability over time. This suggests that entrepreneurs who embrace calculated risks such as diversifying income streams, expanding into new markets, and investing in innovation are more likely to build resilient and long-lasting enterprises. However, external challenges such as economic instability, poor access to credit, and regulatory inconsistencies can still undermine long-term sustainability efforts.

Interpretation of H_{03}: Effect of Risk Tolerance Strategies on Business Outcomes

The chi-square test result ($\chi^2 = 130.84$, df = 87, $p = 0.011$) indicates that strategies aimed at enhancing risk tolerance significantly improve business outcomes. Since $p < 0.05$, we reject the null hypothesis (H_{03}), confirming that entrepreneurs who adopt structured risk management strategies such as financial literacy training, mentorship programs, and digital transformation tend to achieve better business performance. This finding highlights the importance of targeted interventions to help entrepreneurs navigate business uncertainties, optimize decision-making, and enhance their competitive advantage. However, limited awareness and adoption of these strategies among SMEs remain a key challenge.

Interpretation of H_{04}: Influence of Government Policies and Support Systems on Entrepreneurial Risk Tolerance

The chi-square test result ($\chi^2 = 119.43$, df = 87, $p = 0.012$) demonstrates that government policies and support systems have a statistically significant influence on entrepreneurial risk tolerance. With $p < 0.05$, we reject the null hypothesis (H_{04}). This suggests that favorable policies such as tax incentives, simplified regulatory procedures, and government-backed financial support can encourage entrepreneurs to take calculated risks in their business ventures. Conversely, inconsistent policies, bureaucratic inefficiencies, and inadequate infrastructure can reduce entrepreneurs' willingness to engage in high-risk, high-reward business activities. The findings highlight the need for policy stability, improved access to funding, and regulatory reforms to create a more supportive entrepreneurial ecosystem in Nigeria.

4.4 Discussion of Findings

The analysis of risk tolerance among Nigerian entrepreneurs reveals significant insights into how varying levels of risk appetite are shaped by factors like industry, experience, and financial stability. The majority of entrepreneurs demonstrate a high degree of awareness regarding the impact of these factors on their business decisions. Many entrepreneurs, especially younger ones, exhibit a higher tolerance for risk, particularly in volatile markets or innovative ventures. This suggests that entrepreneurship in Nigeria is increasingly driven by adaptability and the willingness to engage in high-risk opportunities that promise high rewards.

The role of economic instability, lack of access to funding, and cultural perceptions was also highlighted, with external challenges playing a key role in shaping entrepreneurs' risk-taking behaviours. These findings point to the complex interplay between personal traits and the external environment in influencing business decisions.

When examining the relationship between risk tolerance and business performance, the findings strongly suggest that risk-taking behaviour has a direct impact on business growth and sustainability. Entrepreneurs with high-risk tolerance are more likely to invest in innovation, which drives competitive advantage. However, the balance between risk and caution is crucial, as excessive risk aversion can limit expansion opportunities, while excessive risk-taking can lead to failure. The ability to take calculated risks was noted as contributing to better decision-making and resilience, which are essential qualities for navigating Nigeria's uncertain business landscape.

The analysis also highlighted that entrepreneurs' risk tolerance is not solely influenced by personal factors but also by external factors, such as government policies and support systems. Policies that promote entrepreneurship, such as financial assistance, tax incentives, and access to credit, encourage entrepreneurs to take calculated risks. However, the impact of complex regulatory frameworks and bureaucratic challenges cannot be overlooked, as they can hinder entrepreneurs' willingness to engage in high-risk ventures.

Mentorship, networking opportunities, and entrepreneurship education were identified as important factors in enhancing entrepreneurs' confidence in taking risks. These elements help entrepreneurs develop better risk assessment skills, which are vital for navigating the uncertainties of the business world. Furthermore, the availability of government-backed financial support, such as grants and low-interest loans, was found to be a key enabler of entrepreneurial risk-taking, providing a safety net for entrepreneurs looking to explore new ventures.

In summary, the findings suggest that risk tolerance plays a significant role in the success and sustainability of businesses in Nigeria. While personal factors like experience and financial stability influence risk tolerance, external factors like government policies, financial support, and access to mentorship are equally important in fostering a risk-tolerant entrepreneurial environment. The combination of these elements can help enhance entrepreneurs' ability to navigate business uncertainties, ultimately contributing to the growth and sustainability of their ventures.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines the summary of findings, conclusions, and recommendations drawn from the study. It emphasizes the major insights gained, suggests potential solutions to both existing and anticipated challenges, and offers a final evaluation based on the research results.

5.2 Summary of Findings

The study on risk tolerance among Nigerian entrepreneurs highlights several critical factors influencing their willingness to take business risks. The findings reveal that risk tolerance varies among entrepreneurs depending on their industry, financial stability, and experience. Younger entrepreneurs tend to have a higher risk appetite compared to older business owners, possibly due to their adaptability and lower financial commitments. However, many entrepreneurs prefer a moderate approach, balancing opportunities with potential losses to ensure business sustainability.

Economic instability, limited access to funding, and cultural perceptions significantly shape entrepreneurs' attitudes toward risk-taking. Entrepreneurs who demonstrate high-risk tolerance are more likely to invest in innovative ideas, which can lead to business growth and competitive advantage. However, while taking risks can yield high financial rewards, it also increases exposure to business failure. The ability to take calculated risks was found to contribute to improved decision-making and resilience, essential qualities in Nigeria's unpredictable business environment.

The study also identifies government policies as a major influence on entrepreneurial risk-taking. Favourable policies such as tax incentives, financial support, and access to credit facilities encourage higher risk tolerance among entrepreneurs. Conversely, strict regulatory requirements and bureaucratic challenges discourage high-risk ventures. Inconsistent policies and economic instability create uncertainty, reducing entrepreneurs' confidence in risk-taking. The availability of government-backed credit facilities, start-up grants, and low-interest loans was found to significantly enhance entrepreneurs' willingness to take calculated risks.

Moreover, the study highlights the importance of entrepreneurship education, mentorship, and networking in developing better risk assessment skills. Entrepreneurs who receive adequate training and guidance are better equipped to evaluate business risks and make informed decisions. Encouraging a culture of innovation and resilience through supportive policies can further boost entrepreneurs' confidence in taking risks. Additionally, implementing business insurance schemes can help mitigate financial risks and provide entrepreneurs with a safety net when exploring growth opportunities.

5.3 Conclusion

The study concludes that risk tolerance plays a significant role in entrepreneurial success and business sustainability in Nigeria. While entrepreneurs recognize the importance of taking risks for growth and innovation, external challenges such as economic instability, limited financial support, and regulatory hurdles often hinder their willingness to engage in high-risk ventures. Younger entrepreneurs tend to be more risk-tolerant, but overall, many business owners prefer a balanced approach to managing opportunities and potential losses.

Entrepreneurs with high-risk tolerance are more likely to achieve business growth through innovation and competitive advantage, but they also face higher chances of business failure. Conversely, low-risk tolerance can limit expansion opportunities and long-term sustainability. Government policies and support systems play a crucial role in shaping risk-taking behaviour, with financial assistance, tax incentives, and reduced bureaucratic hurdles serving as major enablers of entrepreneurial confidence.

Mentorship, networking opportunities, and entrepreneurship education were identified as essential tools for enhancing entrepreneurs' ability to assess and manage risks. A strong policy framework that supports business security, access to credit, and innovation-driven growth is necessary to create an environment where entrepreneurs feel confident taking **calculated** risks. Ultimately, fostering a risk-tolerant business ecosystem requires a collaborative effort between government, financial institutions, and private sector stakeholders to ensure entrepreneurs have the necessary support to thrive.

5.4 Recommendations

Based on the study's findings, several recommendations can be made to enhance entrepreneurs' risk tolerance and improve the overall business environment in Nigeria.

First, the government should implement more favourable policies, including tax incentives, grants, and credit facilities, to encourage entrepreneurs to take calculated risks. Simplifying bureaucratic processes and ensuring policy consistency can help reduce uncertainty and create a more stable business environment.

Second, financial institutions should develop more entrepreneur-friendly loan options and funding opportunities, particularly for start-ups and small businesses. Expanding access to low-interest loans and government-backed credit facilities will provide entrepreneurs with the financial security needed to explore new ventures.

Third, entrepreneurship education and financial literacy programs should be integrated into the curriculum at various educational levels. Training entrepreneurs on effective risk assessment, financial management, and strategic decision-making will enable them to make more informed choices regarding business risks.

Fourth, mentorship and networking programs should be strengthened to provide entrepreneurs with access to experienced business leaders who can offer guidance and support. Establishing industry-specific mentorship platforms can help entrepreneurs build confidence in handling business risks.

Fifth, fostering a culture of innovation and resilience through policy support and investment in research and development is essential. Encouraging collaboration between entrepreneurs, research institutions, and innovation hubs can lead to the development of risk-tolerant strategies that drive business growth.

Lastly, promoting the adoption of business insurance schemes can help mitigate financial risks and increase entrepreneurs' confidence in taking business-related risks. Raising awareness about the benefits of insurance and making such schemes more accessible will provide entrepreneurs with an added layer of security when navigating business uncertainties.

By implementing these recommendations, policymakers, financial institutions, and business stakeholders can collectively create a more supportive environment for entrepreneurs, ultimately contributing to economic growth and job creation in Nigeria.

5.5 Contribution to knowledge

This study contributes significantly to the understanding of risk tolerance among Nigerian entrepreneurs, shedding light on the factors that influence their willingness to take risks in business. It expands existing knowledge by demonstrating how industry type, financial stability, experience, and age shape entrepreneurial risk-taking behavior. The findings provide empirical evidence that younger entrepreneurs tend to exhibit higher risk tolerance due to their adaptability and lower financial commitments, while older entrepreneurs often take a more cautious approach to balance opportunities and risks.

Additionally, the study underscores the impact of economic instability, access to funding, and cultural perceptions on entrepreneurial decision-making. By highlighting how government policies, financial incentives, and regulatory frameworks affect risk-taking behavior, this research offers valuable insights into how policymakers can create a more stable and supportive environment for entrepreneurs. The study also identifies the role of mentorship, entrepreneurship education, and networking in improving risk assessment skills, emphasizing the need for structured training programs to equip entrepreneurs with the necessary knowledge and confidence to navigate business uncertainties.

Furthermore, the research introduces a practical framework for fostering a risk-tolerant business ecosystem by advocating for tax incentives, simplified regulatory procedures, and business insurance schemes. These recommendations provide actionable solutions for reducing financial uncertainty and encouraging innovation-driven growth. By integrating these insights into entrepreneurship development programs, policymakers, educators, and financial institutions can better support startups and small businesses in Nigeria.

Overall, this study enriches the academic discourse on risk tolerance and entrepreneurship in developing economies, offering both theoretical and practical contributions that can inform future research, policy formulation, and business strategy development. It serves as a foundation for further investigations into risk-taking behaviors across different entrepreneurial sectors, providing a roadmap for sustainable business growth and economic resilience.

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APPENDIX

Questionnaire On Risk tolerance and Entrepreneurial success in Nigeria

Good day sir/ma,

I am **ENYORO WEALTH EFEOGHENE**, studying Risk tolerance and Entrepreneurial success in Nigeria and the findings of this study will help in educating the entrepreneurial community in Benin city, Nigeria. I hope to have a few minutes of your time to fill out this questionnaire as all information you provided in this questionnaire is highly confidential and can only be used for this research purpose. Your identity is not needed in anyway.

Thanks for your anticipated corporation.

Section A: Background Information

1. **Age**: Below 21yrs( ) 21-30years( ) 31-40years( ) 41-50( ) 51 and above ( )
2. **Marital status**: Married ( ) Single( ) Divorced( )
3. **Gender:** Male ( ) Female ( )
4. **Educational Qualification**: SSC/ GCE and below ( ) OND/NCE ( ) B.Sc/HND ( )

Section B: Research Questions

What is the level of risk tolerance among entrepreneurs in Nigeria?

S/N	Statement	SA	A	D	SD
1	Entrepreneurs in Nigeria exhibit varying levels of risk tolerance depending on their industry, experience, and financial stability.				
2	Some Nigerian entrepreneurs demonstrate high-risk tolerance by investing in volatile markets and innovative ventures.				
3	Many entrepreneurs in Nigeria have moderate risk tolerance, carefully balancing opportunities with potential losses.				
4	Factors such as economic instability, lack of access to funding, and cultural perceptions influence the level of risk tolerance.				
5	Younger entrepreneurs in Nigeria tend to have a higher risk tolerance compared to older, more experienced business owners.				

Key: SA = Strongly Agree, A = Agree , D = Disagree and SD = Strongly Disagree

How does risk tolerance influence business performance and sustainability in Nigeria?

Key: SA = Strongly Agree, A = Agree , D = Disagree and SD = Strongly Disagree

S/N	Statement	**SA**	**A**	**D**	**SD**
6	Entrepreneurs with high-risk tolerance are more likely to invest in innovative ideas, leading to business growth and competitive advantage.				
7	Low-risk tolerance among entrepreneurs may limit expansion opportunities and hinder long-term business sustainability.				
8	Risk-tolerant entrepreneurs in Nigeria often experience higher financial rewards but also face greater chances of business failure.				
9	The ability to take calculated risks contributes to improved decision-making and resilience in uncertain business environments.				
10	Businesses with risk-tolerant leaders tend to adapt better to market changes, improving their sustainability over time.				

What strategies can be adopted to enhance risk tolerance among entrepreneurs in Nigeria?

Key: SA = Strongly Agree, A = Agree , D = Disagree and SD = Strongly Disagree

S/N	Statement	**SA**	**A**	**D**	**SD**
11	Providing entrepreneurship education and financial literacy programs can help entrepreneurs develop better risk assessment skills.				
12	Access to mentorship and networking opportunities can increase entrepreneurs’ confidence in handling business risks.				
13	Government initiatives such as startup grants and low-interest loans can encourage entrepreneurs to take calculated risks.				
14	Encouraging a culture of innovation and resilience through policy support can boost entrepreneurs' willingness to embrace risk.				
15	Implementing business insurance schemes can help mitigate financial risks and increase entrepreneurs' confidence in taking business-related risks.				

How do government policies and support systems affect risk tolerance among entrepreneurs in Nigeria?

Key: SA = Strongly Agree, A = Agree , D = Disagree and SD = Strongly Disagree

S/N	Statement	**SA**	**A**	**D**	**SD**
16	Favorable government policies, such as tax incentives and financial support, can encourage higher risk tolerance among entrepreneurs.				
17	Strict regulatory requirements and bureaucratic challenges can discourage entrepreneurs from engaging in high-risk ventures.				
18	The availability of government-backed credit facilities and grants can reduce financial fears and increase entrepreneurial risk-taking.				
19	Inconsistent policies and economic instability can create uncertainty, reducing entrepreneurs' willingness to take business risks.				
20	Entrepreneurial development programs and policy frameworks that promote business security can help enhance risk tolerance.				