

FINANCIAL BOOTSTRAPPING STRATEGIES AND SURVIVAL OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA: A SYSTEMATIC LITERATURE REVIEW**Ofobruku, Sylvester Abomeh and Chinedu, Ojji Monday**

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Correspondance: sofobruku@biu.edu.ng: <https://orcid.org/0000-0003-4707-8465>**Abstract**

This study provides a systematic review of the literature on financial bootstrapping strategies and their impact on startup survival in Nigeria. It aims to synthesize existing evidence to map prevalent techniques, identify their drivers, and evaluate their efficacy within the unique constraints of the Nigerian entrepreneurial ecosystem. A systematic literature review was conducted following PRISMA guidelines. A comprehensive search of academic databases was performed for studies published between 2004 and 2024. Twenty-eight studies meeting the inclusion criteria were selected for in-depth thematic analysis, framed through the theoretical lenses of Resource Orchestration and Effectuation. The review reveals that Nigerian entrepreneurs rely on a hierarchy of bootstrapping strategies, prioritizing owner-related finance and customer-oriented methods due to severe formal finance constraints. Bootstrapping is primarily necessity-driven but is increasingly adopted as a strategic choice to maintain control and foster operational discipline. The findings indicate a strong positive correlation between specific bootstrapping strategies—particularly those related to delaying payments and minimizing accounts receivable—and short-term startup survival. However, the literature also highlights potential limitations for ventures with high-growth potential requiring significant upfront capital. This is the first systematic literature review to consolidate knowledge on financial bootstrapping specifically within the Nigerian context. It provides a synthesized framework that links Nigeria's institutional voids to entrepreneurial bootstrapping behaviors, offering insights for practitioners, policymakers, and researchers on the strategic role of bootstrapping in navigating challenging economic environments.

Keywords: Financial Bootstrapping, Startup Survival, Entrepreneurial Finance, Systematic Literature Review, Resource Orchestration, SME Financing

Introduction

The Nigerian entrepreneurial landscape represents a paradigm of potential and paradox. As Africa's largest economy, with a burgeoning youth population and rapid digital adoption, it offers a fertile ground for innovation and venture creation (Ejemeyovwi et al., 2021). Small and Medium Enterprises (SMEs) are widely acknowledged as the backbone of this economy, critical for economic diversification, job creation, and poverty alleviation. Yet, this backbone is

fragile. The epidemic of premature venture mortality represents more than a business metric; it signifies a cascading loss of economic potential, innovation, and human aspiration.

The conventional discourse, echoed in policy circles and academic literature, has predominantly attributed this high failure rate to a monolithic challenge: the financing gap. The narrative of constrained access to formal debt and equity financing is well-documented

and severe (World Bank, 2023). However, this singular focus on the absence of formal capital has inadvertently created a critical scholarly and practical blind spot. It portrays entrepreneurs as passive victims of an inaccessible financial system, thereby obscuring the proactive, resourceful strategies they actively employ to navigate this very reality.

There exists a profound disconnect between the dominant "funding gap" narrative and the on-the-ground reality of entrepreneurial resourcefulness, leading to a fragmented and incomplete understanding of the determinants of startup survival in Nigeria. The true story of Nigerian entrepreneurship is not solely one of exclusion from formal finance, but one of ingenuity in its absence. While the spotlight remains fixed on the closed doors of banks, a silent revolution of resourcefulness is underway. Entrepreneurs are engaging in financial bootstrapping a process of "meeting the need for resources without relying on long-term external finance from debt holders or new owners" (Winborg & Landström, 2001).

The Paradox of Invisibility: The very strategies that sustain the majority of Nigerian startups are the ones least understood by the institutions meant to support them. The literature on SME finance in Nigeria remains disproportionately focused on access to external finance, leaving the systematic mapping, categorization, and analysis of bootstrapping techniques fragmented and anecdotal. We lack a coherent framework that answers a fundamental question: What is the precise anatomy of financial bootstrapping in the Nigerian context?

The Mischaracterization of Strategy: Where bootstrapping is acknowledged, it is often mischaracterized as a mere symptom of desperation—a necessity-driven act of last resort. This perspective fails to capture its evolution into a sophisticated strategic choice. For a growing number of savvy founders, bootstrapping is a deliberate philosophy to retain control, foster a culture of radical innovation, and build a resilient, customer-funded business model. The theoretical lenses to appreciate bootstrapping as a strategic capability, akin to resource orchestration (Grichnik et al., 2014), have not been adequately applied to the Nigerian milieu.

The Ambiguous Link to Survival: The most pressing uncertainty lies in the correlation between specific bootstrapping strategies and tangible startup survival. Which techniques be it customer pre-financing, delayed payments, or joint utilization—are most critical for navigating the unique volatilities of the Nigerian market? When does a bootstrapping strategy transition from being a lifeline to a potential constraint on scalability? Without empirical clarity on this nexus, entrepreneurs are navigating without a compass, and policymakers are designing support systems based on an incomplete diagnosis.

However, this pervasive reality remains systematically underexplored. The literature on bootstrapping in Nigeria is fragmented across isolated case studies and disparate papers, lacking a synthesized framework. It often mischaracterizes bootstrapping as a mere act of desperation, failing to appreciate its evolution into a sophisticated strategic choice for retaining control and fostering innovation (Grichnik et

al., 2014). Most critically, the ambiguous link between specific bootstrapping strategies and tangible startup survival outcomes remains inadequately mapped.

Statement of the Problem

In the vibrant tapestry of Nigeria's economy, small and medium enterprises (SMEs) are the vital threads, weaving together aspirations of economic diversification, job creation, and technological innovation. Yet, this tapestry is perpetually at risk of unraveling. A silent crisis persists: despite their recognized importance, a staggering 80% of Nigerian startups fail within their first five years (SMEDAN, 2021). This is not merely a statistic of business closure, but a chronicle of extinguished potential, a cycle that stifles national development and betrays the entrepreneurial spirit of a generation.

The conventional diagnosis for this high mortality rate has long centered on a singular, pervasive challenge—the financing gap. The narrative is well-rehearsed: a landscape where traditional financial institutions are risk-averse, venture capital is elusive, and the pathways to formal credit are obstructed by formidable barriers (World Bank, 2023). While this diagnosis is not incorrect, it is profoundly incomplete. It casts entrepreneurs as passive victims of a broken system, overlooking their remarkable agency and resourcefulness in the face of adversity. This prevailing narrative has thus created a critical academic and practical blind spot.

The true problem, therefore, is not merely the absence of formal capital, but our collective failure to see, understand, and systematize the ingenious alternatives that entrepreneurs are already employing. While

the spotlight remains fixed on the closed doors of banks, a silent revolution of resourcefulness is happening in the shadows. Entrepreneurs are engaging in financial bootstrapping — orchestrating meager resources, leveraging social networks, and creatively engineering their cash flows to survive and grow. However, this pervasive reality remains a largely uncharted territory in scholarly research, creating a trio of critical dilemmas:

Consequently, this study is motivated by an urgent need to bridge this chasm between perception and reality. The continued neglect of financial bootstrapping as a legitimate and strategic field of inquiry perpetuates a cycle of misinformed policies, ill-suited financial products, and a profound lack of strategic guidance for entrepreneurs. By illuminating the art and science of bootstrapping in Nigeria, this research seeks to replace the narrative of victimhood with one of agency, providing a definitive guide to the strategies that truly determine survival in one of the world's most challenging and promising entrepreneurial landscapes.

Therefore, this study seeks to address these gaps by conducting a systematic literature review to answer the following research questions:

1. What are the most prevalent financial bootstrapping strategies employed by Nigerian startups, and how can they be categorized?
2. What are the primary drivers (necessity vs. strategic choice) for adopting bootstrapping strategies in the Nigerian context?
3. What is the evidenced relationship between these bootstrapping strategies and startup survival in Nigeria?

By answering these questions, this review aims to replace the narrative of victimhood with one of agency, providing a consolidated, evidence-based understanding of the strategies that truly underpin entrepreneurial survival in one of the world's most challenging and promising markets. The paper is structured as follows: after this introduction, a comprehensive literature review establishes the conceptual and theoretical foundation. The methodology section details the systematic review process, followed by a presentation and thematic discussion of the findings. The article concludes with implications for theory, practice, and policy, and suggests avenues for future research.

Literature Review

This section provides a comprehensive theoretical foundation for understanding financial bootstrapping. It traces the evolution of the concept from a mere financial tactic to a strategic capability and situates it within relevant theoretical frameworks that explain its role in startup survival, particularly in a challenging context like Nigeria.

Concept of Financial Bootstrapping

Bootstrapping has been seen as a set of managerial actions that reduce the need for external finance by better using existing resources, extending payables, compressing receivables, and leveraging non-monetary exchanges (Mazzei, 2012). The literature links bootstrapping to information asymmetry (it arises when external financiers cannot accurately assess risk), resourcefulness (effectuation and bricolage literatures), and working capital management (bootstrapping as an informal bootstrapping as an informal

working capital management 'WCM' regime). Financial bootstrapping refers to obtaining resources without relying on traditional financing channels (Winborg & Landström, 2001). It embodies creative fund-raising, cost minimization, and resource recombination. From the Resource-Based View (RBV), bootstrapping represents the strategic deployment of scarce internal capabilities to achieve competitive advantage. The Pecking Order Theory (Myers & Majluf, 1984) further explains entrepreneurs' preference for internal and informal funding over external equity to avoid information asymmetry and control dilution.

Evolution of Financial Bootstrapping

The concept of bootstrapping has undergone significant conceptual refinement, evolving in both scope and perceived strategic importance.

From Tactical Finance to Strategic Resource Mobilization

Initially, bootstrapping was viewed narrowly as a set of ad-hoc financial tactics employed by capital-constrained entrepreneurs. Early descriptions focused on activities like using personal savings, maxing out credit cards, and delaying bill payments (Freear, Sohl, & Wetzel, 1995). However, the seminal work of Winborg and Landström (2001) marked a paradigm shift. They systematically categorized bootstrapping into a taxonomy of methods, moving beyond owner-financing to include:

i Customer-Related Methods: Using customer funds to finance operations, such as seeking advance payments, progress billing, or leveraging pre-sales and subscriptions. This

method directly aligns cash inflows with the business model.

ii **Delay Payments:** Strategically managing outflows by negotiating extended payment terms with suppliers or leasing equipment instead of purchasing it outright.

iii **Owner-Related Methods:** The entrepreneur contributes personal funds, foregoes a salary, or utilizes personal credit cards and home equity lines. This is often the initial source of capital.

iv **Joint Utilization:** Sharing resources with other businesses, such as employees, space, or equipment, to reduce fixed costs.

v **Governmental Subsidies:** Actively seeking and utilizing grants, low-interest loans, and tax incentives offered by public institutions to support innovation and small businesses.

vi **Minimization of Accounts Receivable:** Employing strict credit control, offering discounts for early payment, and using factoring to accelerate cash collection.

This categorization reframed bootstrapping from a passive reaction to a funding gap to an active, managerial process of resource acquisition.

Building on this, Ebben and Johnson (2006) provided empirical evidence that bootstrapping could be a source of competitive advantage. They argued that by minimizing the need for external capital, firms could improve efficiency and profitability. This positioned bootstrapping not just as a means of survival, but as a strategy that could lead to superior firm performance, especially in highly competitive or commoditized markets.

The most contemporary perspective, crucial for the Nigerian context, is articulated by Grichnik, Brinckmann, and Singh (2014), who frame bootstrapping through the lens of resource orchestration theory. They posit that bootstrapping is not merely about acquiring resources cheaply, but about the entrepreneur's ability to creatively structure resources, bundle them into capabilities, and leverage them to create value. In an environment of institutional voids, this "orchestration" of limited resources becomes the core entrepreneurial competence, directly influencing a venture's ability to survive and grow.

Necessity vs. Choice: A Contextual Dichotomy

The motivation for bootstrapping is a key conceptual differentiator. The "necessity" perspective views it as a forced response to external capital constraints, which is highly prevalent in emerging economies with underdeveloped financial markets (Lingelbach, Sriram, Mersha, & Saffu, 2015). In contrast, the "strategic choice" perspective argues that entrepreneurs may deliberately choose to bootstrap to retain control, avoid dilution, foster a culture of frugality, and achieve key milestones to command a higher valuation before seeking external investment (Harroch, 2020; Bhide, 2000). In Nigeria, both drivers are intensely present, often operating simultaneously within the same venture.

Theoretical Underpinnings of Bootstrapping and Survival

Several theoretical frameworks provide a lens for understanding why and how bootstrapping influences startup survival.

Resource-Based View (RBV) and Resource Orchestration

The Resource-Based View (Barney, 1991) suggests that firms gain a competitive advantage by possessing valuable, rare, inimitable, and non-substitutable (VRIN) resources. While bootstrapped firms may lack financial resources, the process of bootstrapping itself can help build VRIN capabilities, such as superior cost efficiency, rapid innovation under constraints, and deep customer intimacy. As previously mentioned, resource orchestration theory (Sirmon, Hitt, Ireland, & Gilbert, 2011) extends the RBV by emphasizing the role of managerial action in structuring, bundling, and leveraging resources. Bootstrapping is the quintessential manifestation of resource orchestration in a resource-poor environment. The Nigerian entrepreneur's ability to orchestrate social networks (family, friends), customer pre-payments, and shared assets is a critical capability that directly determines survival.

Effectuation Theory

Effectuation theory (Sarasvathy, 2001) provides a compelling behavioral theory for bootstrapping. It contrasts with traditional causal (predictive) logic by describing an entrepreneurial approach that starts with given means ("Who I am," "What I know," and "Whom I know") and focuses on controlling an unpredictable future rather than predicting it. Bootstrapping is an effectual process par excellence. Instead of starting with a goal that requires external capital, effectuating entrepreneurs in Nigeria start with their existing means—personal savings, social networks, and local market knowledge—and allow goals to emerge through affordable loss and strategic partnerships. This approach is

particularly well-suited to the uncertain and dynamic Nigerian market, where predictive planning is often futile.

Liability of Newness and Legitimacy

Startups face a "liability of newness" (Stinchcombe, 1965), meaning they are more likely to fail due to a lack of track record, stable routines, and external legitimacy. This liability is acute in Nigeria, where trust is a significant commercial barrier. Bootstrapping helps mitigate this. For instance, securing advance payments from customers or extended credit from suppliers is not just a financing tactic; it is a powerful signal that builds legitimacy and trust with key stakeholders, thereby reducing the liability of newness.

The Concept of Institutional Voids

Institutional voids refer to the absence of market-supporting institutions, such as efficient financial intermediaries, reliable legal systems, and strong property rights (Khanna & Palepu, 1997). Nigeria's entrepreneurial ecosystem is characterized by significant institutional voids, particularly in the financial sector. Bootstrapping emerges as a critical non-market strategy for bridging these voids. When formal banks are inaccessible, entrepreneurs bootstrap through informal networks (e.g., "Esusu" or Ajo). When contracts are hard to enforce, they use customer pre-payments to finance operations. Thus, bootstrapping can be theorized as an entrepreneurial response to institutional failure, a mechanism for creating informal institutions that enable venture survival where formal ones are lacking.

The Nigerian Context: Synthesizing Theory and Reality

The Nigerian entrepreneurial landscape presents a unique laboratory where these theories are intensely relevant. The combination of a large, dynamic market with severe institutional voids and a vibrant informal economy means that the ability to effectuate, orchestrate meager resources, and build legitimacy through bootstrapping is not optional—it is fundamental. The high failure rate of Nigerian SMEs (SMEDAN, 2021) can be reinterpreted through these lenses not just as a financial problem, but as a failure in the entrepreneurial capability to effectively bootstrap and orchestrate resources within a complex institutional environment. This review synthesizes the empirical findings on how this is being done, and to what effect.

Methodology

This review adhered to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework to ensure rigor, transparency, and reproducibility.

Eligibility Criteria

The PICOS (Population, Phenomenon of Interest, Context, Outcome, Study Design) framework was used to define eligibility:

- i Population: Startups and Small and Medium Enterprises (SMEs) in Nigeria, typically defined as firms with less than 250 employees and in operation for less than 10 years.
- ii Phenomenon of Interest: Financial bootstrapping strategies, as defined by Winborg and Landström (2001) and subsequent scholars.

iii Context: Studies focused on the Nigerian economy and its unique entrepreneurial ecosystem.

iv Outcome: Measures of startup survival, sustainability, performance, or failure.

v Study Design: Empirical studies (qualitative, quantitative, or mixed-methods), theoretical papers, and review articles published in English.

Information Sources and Search Strategy

A comprehensive search was conducted in four electronic databases: Google Scholar, Scopus, Web of Science, and African Journals Online (AJOL). The search strategy used a combination of keywords and Boolean operators: `("financial bootstrapping" OR "resource bootstrapping" OR "entrepreneurial finance") AND ("startup survival" OR "SME performance" OR "new venture survival") AND ("Nigeria")`. The search was limited to publications between January 2004 and March 2024 to capture the contemporary landscape.

Study Selection Process

The PRISMA flow diagram (Figure 1) outlines the selection process. The initial search yielded 187 records. After removing duplicates, 152 records remained. Titles and abstracts were screened against the eligibility criteria, resulting in 45 studies for full-text review. A rigorous full-text assessment for eligibility was conducted, which excluded 17 studies that did not explicitly focus on bootstrapping or provided insufficient data on the Nigeria context. Finally, 28 studies were deemed eligible for inclusion in the qualitative synthesis.

Prisma Flow Diagram

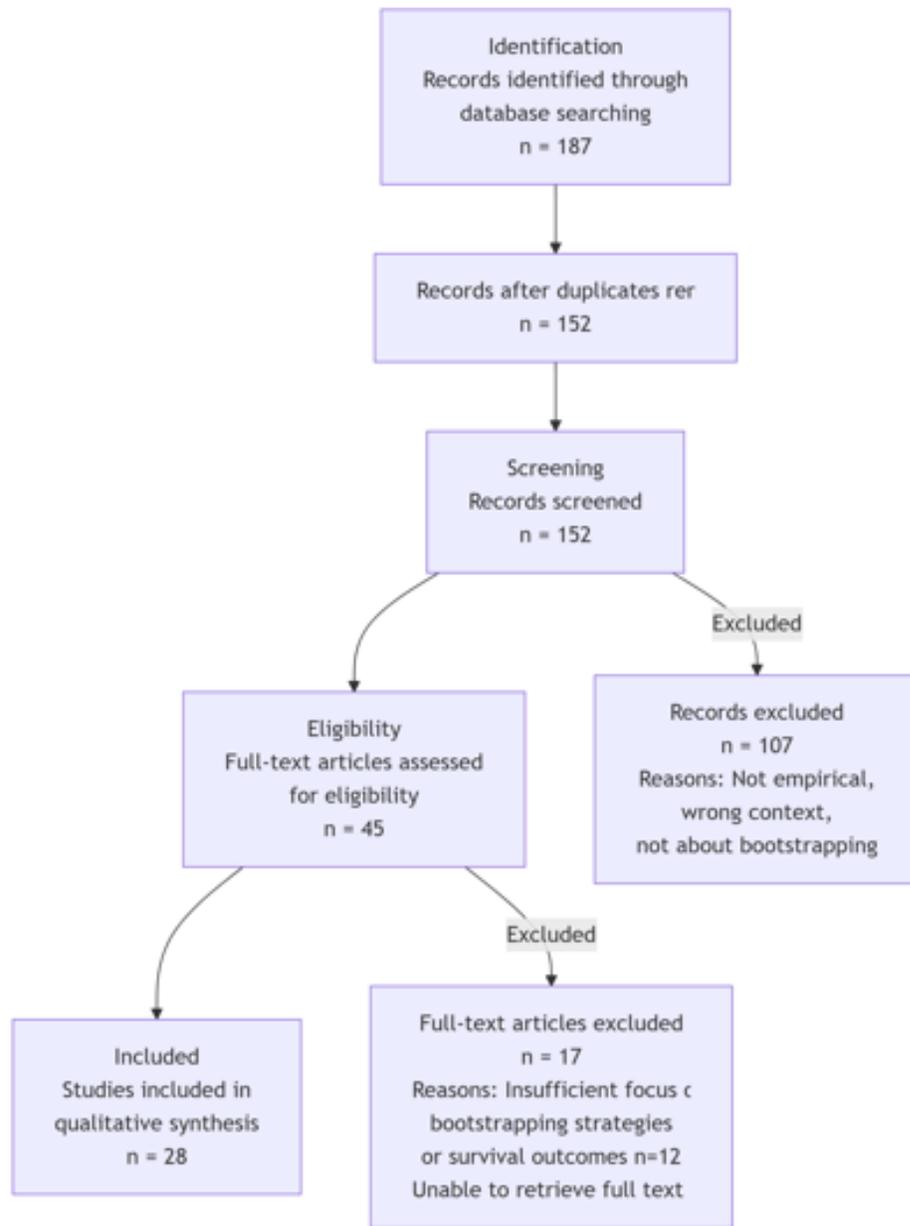


Figure 1: PRISMA Flow Diagram

Data Extraction and Analysis

Data from the 28 studies were extracted into a standardized matrix, capturing: author(s) and year, research

objectives, methodology, sample size, bootstrapping strategies identified, key findings related to survival, and context. A thematic analysis approach was employed, following the process of Braun and Clarke (2006). This involved familiarization with the

data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. The analysis was guided by the research questions and the theoretical frameworks discussed earlier.

Findings and Discussion

The thematic analysis of the 28 studies revealed three central themes that directly address the research questions.

Theme 1: A Hierarchy of Prevalent Bootstrapping Strategies in Nigeria

The literature consistently shows that Nigerian entrepreneurs deploy a wide range of bootstrapping techniques, but with a clear hierarchy based on accessibility, cultural norms, and perceived risk. This hierarchy can be visualized as a pyramid (Figure 2), with the most common and accessible strategies at the base.

Figure 2: The Bootstrapping Hierarchy in Nigeria

The Foundation: Owner-Related Financing. This is the most ubiquitous entry point. Studies by Adebayo and Olonisakin (2022) and Ogundele et al. (2020) found that over 90% of Nigerian startups are initially funded through personal savings, loans from family and friends ("love money"), and personal credit cards. This reflects both the immediacy of these resources and the deep-seated cultural reliance on social networks and familial support systems. As one study quoted an entrepreneur, "Your first investor is yourself and your family; the bank is a stranger" (Adebayo & Olonisakin, 2022).

The Engine: Customer-Oriented Methods. The second most prevalent category involves leveraging customer resources to finance operations. This includes requesting advance payments (particularly in service contracts and construction), offering pre-order discounts, and utilizing subscription models, especially in the burgeoning tech startup scene (Ejemeyovwi et al., 2021). This strategy is powerful as it directly improves cash flow, validates market demand, and reduces the risk of bad debt. It is a direct application of effectuation, using the commitment of early customers as a key resource.

The Stabilizers: Delay Payments and Cost Minimization. To conserve cash, entrepreneurs actively manage outflows. This includes negotiating extended credit terms with suppliers, leasing rather than buying equipment, and employing cheap labor (e.g., interns, family members) (Olawale & Garwe, 2019). While effective for short-term survival, this strategy carries relational risk and can strain vital supply chain partnerships if overused.

The Multipliers: Joint Utilization and Informal Networks. Resource sharing is a common practice, especially in urban hubs. Startups share office space (e.g., in hubs like Yaba in Lagos), equipment, and even administrative staff to drastically reduce fixed costs (Lingelbach et al., 2015). Furthermore, the traditional "Esusu" or "Ajo" (rotating savings and credit association) remains a vital informal bootstrapping tool for aggregating small amounts of capital from within a trusted community.

The Apex: Minimal Accounts Receivable. At the top of the hierarchy,

representing sophisticated financial management, are strategies to accelerate cash inflow. This includes strict credit control, offering discounts for early payment, and in rare cases, factoring. Their position at the apex indicates they are less universally applied, often adopted by more established startups that have the systems and leverage to implement them effectively.

Theme 2: The Dual Drivers: Necessity and Evolving Strategic Choice

The motivation for bootstrapping in Nigeria is dual-faceted, reflecting the complex reality of its economy.

Necessity-Driven Bootstrapping: The Default Reality. For the vast majority, bootstrapping is an involuntary response to a harsh economic reality. The exclusion from formal banking, venture capital, and even microfinance institutions for many early-stage ventures leaves them with no other option (SMEDAN, 2021). This is the dominant driver for entrepreneurs in traditional sectors, those without collateral, and those located outside major commercial centers. This aligns with the concept of institutional voids, where the formal system fails, and forcing entrepreneurs to create informal alternatives.

Strategic Choice-Driven Bootstrapping: The Emerging Paradigm. A growing segment of entrepreneurs, particularly in the tech ecosystem, are consciously **choosing** to bootstrap. This shift is significant. Studies note that founders are increasingly aware of the downsides of early-stage external funding, including loss of control, pressure for premature scaling, and significant time spent on investor relations (Adebayo & Olonisakin, 2022). These

entrepreneurs use bootstrapping as a strategy to:

- * Retain Autonomy: To "build their vision" without investor interference.

- * Enforce Discipline: To foster a culture of frugality and innovation, as per the "Lean Startup" methodology (Ries, 2011).

- * Enhance Valuation: By achieving product-market fit and initial traction, they can negotiate from a position of strength, reducing dilution in future funding rounds.

This evolution from pure necessity to strategic choice signifies a maturing entrepreneurial mindset in Nigeria, where bootstrapping is being weaponized as a tool for building more resilient and valuable businesses.

Theme 3: The Bootstrapping-Survival Nexus: A Double-Edged Sword

The core of this review examines the relationship between bootstrapping and startup survival. The evidence points to a strong, yet nuanced, correlation that can be both a lifeline and a constraint.

- * The Lifeline: Positive Correlation with Short-Term Survival. Multiple studies (e.g., Ogundele et al., 2020; Olawale & Garwe, 2019) found a statistically significant positive relationship between the intensity of bootstrapping and a firm's ability to survive its first 3-5 years. Techniques that directly impact cash flow were most critical. For instance, minimizing accounts receivable was directly linked to avoiding liquidity crises, while delaying payments provided crucial breathing room during seasonal downturns or economic shocks, such as those induced by the COVID-

19 pandemic or currency devaluation. This finding strongly supports the Resource-Based View; the capability to manage meager cash flows effectively becomes a VRIN resource that ensures survival where others fail.

* **Fostering the Survivalist Mindset: Operational Discipline and Customer Intimacy.** Beyond mere finance, bootstrapping inculcates behaviors that are vital for survival. The constant scarcity of resources forces entrepreneurs to be intensely customer-focused, as customer revenue is their primary oxygen. It breeds innovation, as they find cheaper ways to produce, market, and distribute. This aligns with Effectuation Theory; by starting with means and focusing on affordable loss, they make smaller, more manageable bets, which reduces the risk of catastrophic failure.

* **The Constraint: The Scalability Ceiling.** The review also uncovered a critical limitation. For a subset of startups with high-growth potential that require significant upfront capital investment—such as in manufacturing, deep tech, hardware, or for rapid market expansion to achieve network effects—heavy reliance on bootstrapping can become a glass ceiling (Adebayo & Olonisakin, 2022). In these cases, bootstrapping can:

* **Slow Down Growth:** The pace of growth is limited by internally generated cash flows, allowing well-funded competitors to capture market share.

* **Limit Market Capture:** In winner-takes-most markets, the first-mover advantage is often secured by capital, not just ingenuity.

* **Strain Operational Capacity:** The extreme frugality can lead to burnout, underinvestment

in critical talent or infrastructure, and poor product quality.

This creates a "bootstrapping paradox": the very strategies that ensure initial survival may, for some business models, inhibit the scale required for long-term dominance. This suggests that while bootstrapping is excellent for achieving initial survival and proof-of-concept, a hybrid or sequential model—using bootstrapping to de-risk the venture before seeking external funding for scale—may be optimal for high-potential ventures.

Discussion of Findings

This systematic review consolidates and clarifies the role of financial bootstrapping in the Nigerian entrepreneurial ecosystem. It reveals that Nigerian entrepreneurs are not passive in the face of financial exclusion; they are active agents who deploy a hierarchy of bootstrapping strategies, from foundational owner-financing to more sophisticated customer-funded models. While often initiated out of necessity, bootstrapping is increasingly being adopted as a strategic choice to preserve control and build fundamental business discipline. The literature provides robust evidence that adept use of bootstrapping, particularly cash flow management techniques, is a critical determinant of short-term startup survival in Nigeria's volatile environment. However, a nuanced understanding acknowledges its potential limitations for ventures whose business models are predicated on rapid, capital-intensive scaling.

Theoretical Implications:

This study contributes to theory in three key ways. First, it strengthens the

****Resource Orchestration**** perspective by demonstrating how Nigerian entrepreneurs, in conditions of extreme scarcity, expertly structure, bundle, and leverage non-traditional resources. Second, it provides a contextual validation of ****Effectuation Theory****, showing how the principles of means-driven action and affordable loss are not just theoretical constructs but essential survival scripts. Finally, it refines the understanding of bootstrapping by clearly delineating the "necessity-choice" spectrum and introducing the concept of a "scalability ceiling," thereby adding nuance to the bootstrapping-performance relationship.

Conclusion

The narrative of Nigerian entrepreneurship must be rewritten to celebrate not only the dreamers but the resourceful survivors. Financial bootstrapping is the unheralded discipline that keeps the heart of the ecosystem beating against all odds. Understanding, supporting, and strategically leveraging this discipline is key to unlocking the full potential of Nigeria's innovative future.

Recommendations

For Entrepreneurs and Managers: Nigerian entrepreneurs should view bootstrapping not as a mark of failure but as a strategic phase to build a resilient, customer-validated business. They should consciously master the hierarchy of strategies, prioritizing customer-oriented methods to build a solid foundation. They must also engage in honest self-assessment: does my business model require scale that bootstrapping cannot fuel? If so, a hybrid strategy should be planned from the outset.

For Policymakers and Ecosystem Developers: The over-reliance on bootstrapping is a symptom of a dysfunctional financial system. Policymakers must look beyond the funding gap narrative and:

1. **Deepen the Financial Market:** Support the development of angel investor networks, create friendly regulatory frameworks for venture capital and private equity, and design targeted, transparent grant schemes for early-stage innovation.

2. **Address Root Causes:** Improving core infrastructure (stable power, efficient logistics) would dramatically reduce the operational costs that bootstrapping startups must bear, freeing up scarce capital for growth.

3. **Formalize Informal Systems:** Explore ways to recognize and integrate effective informal systems like "Esusu" into the broader financial architecture, potentially enhancing their security and reach.

Limitations and Avenues for Future Research

This review is not without limitations. The primary studies included often suffer from geographic concentration (e.g., heavy focus on Lagos and other urban centers) and heterogeneity in methodological approaches, which limits direct comparability.

These limitations point to fruitful avenues for future research:

1. **Longitudinal Studies:** Tracking the long-term performance of a cohort of bootstrapped vs. externally funded Nigerian firms would

provide definitive evidence on survival and growth trajectories.

2. The Digital Enabler: Investigating the role of FinTech and digital platforms (e.g., payment gateways, crowdfunding) in enabling new, more efficient forms of bootstrapping is a critical and timely area of inquiry.

3. The Entrepreneurial Mindset: Qualitative research into the psychological traits,

cognitive biases, and decision-making heuristics of successful "bootstrap" entrepreneurs in Nigeria could yield valuable insights for education and training.

4. Sector-Specific Analyses: Exploring how optimal bootstrapping strategies differ across sectors (e.g., tech vs. agriculture vs. manufacturing) would provide more granular guidance for entrepreneurs.

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