ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

Ensuring the Longevity of Nigeria's Digital Economy: Governance, Innovation, And Institutional Dynamics

Edith Chima Anzor PhD, Ihionu Marcellinus Chukwuka PhD, Anukwe, Grace Ifeoma PhD

Enugu State University of Science and Technology, Nigeria

DOI: https://doi.org/10.51244/IJRSI.2025.1210000095

Received: 02 October 2025; Accepted: 10 October 2025; Published: 05 November 2025

ABSTRACT

The longevity of Nigeria's digital economy depends on effective governance, institutional efficiency, and continuous innovation. This study investigates how these factors interact to drive digital transformation and sustainable economic growth. Adopting a mixed-method approach, data were collected from policymakers, digital entrepreneurs, and regulatory agencies to identify critical challenges and opportunities. Quantitative analysis using regression and structural equation modeling (SEM) was employed to evaluate the effects of governance quality, institutional frameworks, and innovation on economic sustainability.

Findings reveal that Nigeria's legal framework for the digital economy recorded the highest mean score (4.75), indicating stakeholder confidence in existing policies, while government support for digital growth was comparatively low (3.67), pointing to weaknesses in policy execution. Bureaucratic inefficiencies (4.20) emerged as significant obstacles to progress, despite moderate approval of regulatory oversight (4.11) and government funding (4.05). Additionally, weak institutional collaboration and poor enforcement mechanisms were identified as major barriers to fair competition and consumer protection.

The study recommends streamlining regulatory processes, expanding financial incentives for digital startups, strengthening public-private partnerships, and promoting digital literacy initiatives. By fostering a transparent, innovation-driven, and inclusive digital ecosystem, Nigeria can enhance global competitiveness and ensure long-term economic sustainability. These insights provide valuable guidance for policymakers, industry leaders, and development stakeholders seeking to fortify Nigeria's digital economy.

Keywords: Digital economy, governance, institutional efficiency, innovation, sustainability, policy implementation, Nigeria

Background of the Study

The digital economy has emerged as a critical driver of economic transformation worldwide, reshaping industries, governance structures, and market dynamics (Schwab, 2018). Countries that effectively harness digital technologies experience increased productivity, enhanced service delivery, and broader economic inclusion (World Bank, 2022). Nigeria, as Africa's largest economy, has recognized the potential of digitalization to foster economic diversification, improve governance efficiency, and accelerate sustainable development. However, the country faces structural and institutional challenges that hinder the full realization of its digital economy's potential (Adegbite, 2021).

In Nigeria, the digital economy is driven by sectors such as financial technology (fintech), e-commerce, telecommunication, and digital services, contributing significantly to the country's GDP (World Bank, 2022). The rapid expansion of fintech companies has revolutionized financial inclusion, while the growth of e-commerce platforms has provided new opportunities for small and medium enterprises (SMEs) (CBN, 2023). Telecommunication advancements have improved internet access, yet digital infrastructure gaps persist, limiting the sector's full potential (NCC, 2023). Despite these developments, regulatory inefficiencies, inadequate institutional support, and policy inconsistencies remain major barriers to sustained digital economic growth (Olayemi & Akinyemi, 2020).

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

Governance plays a pivotal role in shaping the sustainability of digital economies by ensuring regulatory stability, data protection, cybersecurity, and fair competition (North, 1990). Nigeria's policy environment has seen significant advancements, including the launch of the National Digital Economy Policy and Strategy (2020–2030) and other regulatory initiatives aimed at promoting digital transformation (CBN, 2023). Despite these efforts, concerns persist regarding policy implementation, regulatory bottlenecks, and bureaucratic inefficiencies that slow down innovation and private-sector participation. Weak enforcement mechanisms and inconsistent policy execution often create uncertainty for digital entrepreneurs and investors (Olayemi & Akinyemi, 2020).

Innovation is a key enabler of digital economic growth, yet its sustainability depends on a supportive institutional framework (Davis, 1989). Nigeria has a vibrant technology ecosystem, with Lagos serving as a hub for startups and digital entrepreneurs (NCC, 2023). However, challenges such as inadequate funding, limited access to digital infrastructure, and weak intellectual property protections continue to stifle innovation (ITU, 2022). Many startups struggle with scalability due to regulatory constraints, poor investor confidence, and inconsistent policy incentives. Addressing these issues requires a more coordinated effort between government agencies, private-sector stakeholders, and international partners (Acemoglu & Robinson, 2012).

Institutional frameworks are essential for sustaining a robust digital economy, as they provide the legal and organizational structures that guide digital transformation (North, 1990). In Nigeria, institutions responsible for digital governance, such as the Nigerian Communications Commission (NCC) and the Central Bank of Nigeria (CBN), play a vital role in regulating the digital landscape. However, fragmented institutional coordination and weak enforcement mechanisms have led to gaps in consumer protection, cybersecurity, and digital financial inclusion (Schwab, 2018). Strengthening institutional capacity and fostering greater collaboration between the public and private sectors will be crucial in addressing these gaps (World Bank, 2022).

Given these realities, this study examines the interplay of governance, innovation, and institutional frameworks in ensuring the sustainability of Nigeria's digital economy. By analyzing the effectiveness of current policies, the role of regulatory institutions, and the impact of innovation-driven strategies, the study aims to provide actionable insights for policymakers, industry stakeholders, and scholars. Ensuring the longevity of Nigeria's digital economy requires a holistic approach that aligns governance reforms, institutional strengthening, and innovation-driven policies to create a sustainable and inclusive digital future.

Statement of the Problem

In the digital age, a robust and well-structured digital economy is vital for fostering innovation, driving inclusive growth, enhancing productivity, and integrating economies into the global market. Nigeria, with its youthful population, expanding internet coverage, and growing adoption of financial technology, e-commerce, and digital services, holds considerable potential to emerge as a leading digital hub in Africa. Ideally, a synergy of good governance, sound institutional frameworks, and innovation policies would position Nigeria's digital economy as a catalyst for sustainable economic transformation, job creation, and global competitiveness.

However, the reality falls short of this vision. Despite noticeable progress, Nigeria's digital economy remains hampered by weak governance structures, fragmented institutional coordination, and inadequate policy implementation. Regulatory inconsistencies, bureaucratic inefficiencies, and policy unpredictability deter investment and stifle innovation. The absence of strong legal protections, enforcement of digital rights, and cybersecurity regulations further undermines trust in the digital ecosystem. Institutional weaknesses, including limited support for digital entrepreneurship and insufficient digital literacy programs, exacerbate these problems, leaving Nigeria vulnerable to cyber threats, market instability, and digital exclusion (World Bank, 2022; Olayemi & Akinyemi, 2020).

To address these critical gaps, this study proposes a comprehensive examination of the governance, institutional, and innovation dynamics shaping Nigeria's digital economy. It emphasizes the need for streamlined regulatory frameworks, enhanced inter-agency collaboration, and targeted policies that promote innovation, protect digital rights, and strengthen digital infrastructure. By investigating the interplay between policy effectiveness, institutional capacity, and technological advancement, the study aims to offer evidence-based solutions for building a resilient, inclusive, and competitive digital economy in Nigeria.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

Research Objectives

The broad objective of this study is to examine how governance quality, innovation policies, and institutional efficiency influence the sustainability of Nigeria's digital economy'. The specific objectives include:

1. To examine the role of governance, institutional frameworks, and innovation in ensuring the sustainability of Nigeria's digital economy.

2. To how policy, regulatory, and technological factors influence the long-term viability and competitiveness of Nigeria's digital economy.

Research Hypotheses

H_1: Governance quality, institutional frameworks, and innovation have a significant positive impact on the sustainability of Nigeria's digital economy.

H_2: Policy, regulatory, and technological factors significantly influence the long-term viability and competitiveness of Nigeria's digital economy.

CONCEPTUAL REVIEW

Governance and the Digital Economy

Governance plays a pivotal role in determining the success and sustainability of a nation's digital economy. It encompasses the mechanisms, policies, and institutions that guide how digital transformation is planned, implemented, and monitored. According to North (1990), effective governance ensures predictability, transparency, and accountability—attributes that attract digital investment and foster innovation. Empirical evidence suggests that countries with robust governance systems record between 20–30% higher adoption rates of digital innovations and e-government solutions (World Bank, 2024).

In Nigeria, however, governance challenges—such as policy inconsistency, corruption, and bureaucratic inefficiency—have weakened digital transformation efforts. Olayemi and Akinyemi (2020) observe that overlapping regulatory mandates between the Nigerian Communications Commission (NCC), the National Information Technology Development Agency (NITDA), and the Central Bank of Nigeria (CBN) create uncertainty and discourage private sector participation. Moreover, limited implementation of the *National Digital Economy Policy and Strategy (NDEPS 2020–2030)* has slowed progress toward a harmonized digital governance framework. Therefore, strengthening institutional coordination, transparency, and stakeholder engagement remains critical for sustainable digital growth.

Institutional Frameworks and Digital Transformation

Institutional frameworks form the structural foundation of the digital economy, defining the rules, norms, and incentives that shape digital innovation and entrepreneurship. Scott (2005) emphasizes that institutions—both formal (laws, policies) and informal (norms, culture)—determine how actors behave and interact in an economy. In contexts like Nigeria, weak institutional alignment and limited enforcement capacity impede effective digital transformation (Adegbite, 2021). Issues such as poor intellectual property (IP) protection, slow judicial processes, and inconsistent digital taxation policies have further undermined business confidence in the digital ecosystem.

Acemoglu and Robinson (2012) argue that inclusive institutions foster creativity, competition, and innovation by ensuring fair access to opportunities and resources. However, Nigeria's institutions have often exhibited extractive characteristics, privileging a few at the expense of inclusive digital growth. A 2023 study by Moyo found that weak enforcement of digital trade and data protection laws in sub-Saharan Africa reduced investor confidence and cross-border e-commerce participation. Therefore, strengthening Nigeria's institutional frameworks—through clearer mandates, transparent governance, and stronger legal protections—is essential for an inclusive and sustainable digital economy.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

Innovation and Technological Advancement

Innovation serves as the lifeblood of digital economic sustainability, driving competitiveness, efficiency, and adaptability in an increasingly digital world. Schumpeter (1942) conceptualized innovation as a process of "creative destruction," where new technologies replace outdated systems and generate new forms of economic value. In Nigeria, innovation is visible in the rapid rise of fintech startups such as Paystack, Flutterwave, and Interswitch, which have expanded financial inclusion and reshaped payment systems. However, beyond fintech, Nigeria underperforms in research and development (R&D), technology incubation, and innovation diffusion.

According to the *Global Innovation Index (2023)*, Nigeria ranked 114th out of 132 countries, primarily due to inadequate R&D investment (0.12% of GDP), weak university-industry linkages, and insufficient funding for technology startups. Furthermore, the absence of strong government incentives for digital entrepreneurship constrains innovation-driven enterprises from scaling globally. To sustain growth, Nigeria must adopt policies that promote innovation ecosystems—through venture capital mobilization, university-based research hubs, and public-private collaboration—to strengthen its digital competitiveness and resilience.

Cybersecurity and Digital Trust

Cybersecurity is the bedrock of trust and confidence in the digital economy. It ensures that data, networks, and systems are protected from unauthorized access and cyber threats. Without robust cybersecurity measures, even the most advanced digital infrastructures are vulnerable to disruption. In Nigeria, reports from the Nigerian Communications Commission (NCC, 2023) indicate that nearly 60% of digital firms experienced some form of cyberattack between 2022 and 2023, ranging from phishing and data breaches to ransomware. These vulnerabilities threaten not only financial systems but also national security and consumer trust.

Comparatively, advanced economies have embedded cybersecurity into their digital strategies, emphasizing proactive frameworks for data protection, capacity building, and digital literacy (ITU, 2023). For Nigeria to sustain its digital economy, it must strengthen cyber legislation, invest in digital forensics, and enhance institutional coordination between agencies such as NITDA, NCC, and the Office of the National Security Adviser (ONSA). In addition, public awareness campaigns and cyber education should be prioritized to build a culture of digital responsibility and resilience.

Gaps in Knowledge

Despite growing interest in Nigeria's digital transformation, most existing studies have treated governance, institutions, and innovation as isolated constructs, overlooking their dynamic interdependence. For example, Adu and Boateng (2024) highlight that governance and innovation are often studied independently in African economies, leading to fragmented insights that fail to explain systemic digital sustainability. Similarly, Moyo (2023) observes that institutional reforms are rarely examined alongside innovation ecosystems and governance quality.

Furthermore, there is limited empirical engagement with the *National Digital Economy Policy and Strategy (NDEPS 2020–2030)*, which provides a holistic policy vision for digital inclusion, innovation, and governance reform. Few studies have evaluated how the policy's pillars—such as digital literacy, service infrastructure, and indigenous content development—interact to influence long-term sustainability. This gap underscores the need for integrative research that explores how governance efficiency, institutional strength, and technological innovation collectively shape Nigeria's digital economy. The present study contributes to this emerging discourse by empirically analyzing their interplay and providing policy insights for achieving digital resilience and sustainability.

Figure 2.1. Conceptual Model Illustrating the Relationship Between the Proxies of Both Dependent and Independent Variables.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

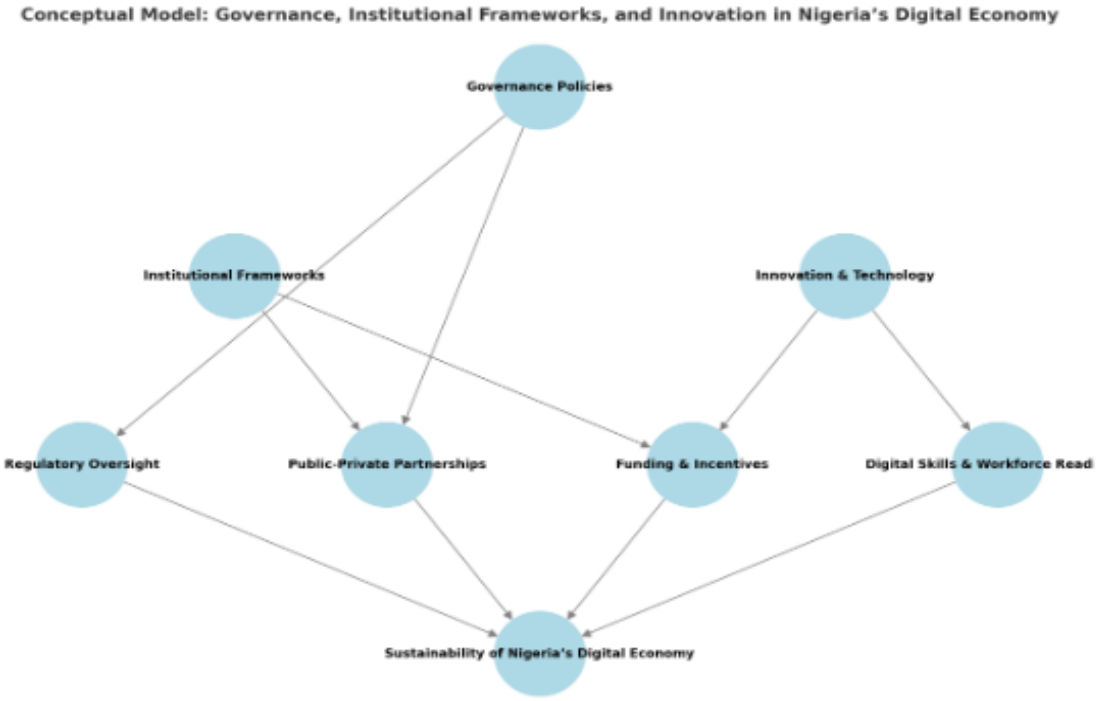


Figure 2.1 presents the conceptual model illustrating the relationship between the independent and dependent variables and their respective proxies. The independent variables—governance quality, innovation policies, and institutional efficiency—represent the key drivers influencing the dependent variable, sustainability of Nigeria's digital economy.

Each independent variable is broken down into measurable proxies. For example, *governance quality* may be represented by transparency, regulatory effectiveness, and accountability; *innovation policies* by research funding, technology adoption, and entrepreneurial support; and *institutional efficiency* by administrative capacity, policy implementation speed, and institutional coordination.

The dependent variable, *digital economy sustainability*, may include proxies such as digital infrastructure development, ICT contribution to GDP, digital inclusion, and long-term competitiveness. The directional arrows in the model illustrate the hypothesized positive influence of governance quality, innovation policies, and institutional efficiency on the sustainability of Nigeria's digital economy.

In summary, the model conceptualizes that stronger governance, effective innovation policies, and efficient institutions create an enabling environment for a resilient, inclusive, and sustainable digital economy in Nigeria.

Empirical Review

The sustainability of digital economies has become a focal point in international business research, particularly regarding governance, institutional frameworks, and innovation. While existing literature provides insights into these dimensions, their interconnected impact on Nigeria's digital economy remains underexplored. This section reviews key empirical findings, highlighting gaps in knowledge and areas requiring further investigation.

Governance and Digital Economy Sustainability

Governance plays a pivotal role in fostering a sustainable digital economy by ensuring regulatory transparency, policy consistency, and institutional accountability. Empirical research suggests that countries with well-defined governance structures experience higher levels of digital infrastructure investment and innovation adoption (World Bank, 2022). A cross-national study found that economies with transparent regulations recorded a 20% higher rate of digital innovation and adoption than those with weak governance mechanisms.

In the African context, Olayemi and Akinyemi (2020) conducted a panel data analysis over ten years, examining governance indicators and digital economy performance across sub-Saharan Africa. Their findings revealed that

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

countries with stronger governance efficiency experienced significantly higher digital economic growth rates. Regulatory consistency and anti-corruption policies were identified as critical factors driving digital expansion.

Institutional Frameworks and Digital Economy Development

Institutional quality is widely recognized as a determinant of digital economic resilience. Acemoglu and Robinson (2012) argue that nations with robust institutional frameworks provide a stable foundation for technological progress and entrepreneurial investment. In contrast, Nigeria's institutional weaknesses—including regulatory inconsistencies, poor enforcement of intellectual property rights, and infrastructural deficits—continue to impede digital transformation.

Adegbite (2021) applied structural equation modeling (SEM) to assess institutional efficiency and digital economic performance in West Africa. The study found that institutional voids—such as policy misalignment and weak enforcement mechanisms—have constrained Nigeria's digital economy. These findings align with Scott's (2005) institutional theory, which posits that institutional stability is a prerequisite for sustained economic innovation.

Innovation and Digital Economy Growth

Innovation serves as a primary driver of digital economic sustainability. Empirical research highlights that economies investing in research and development (R&D) and fostering startup ecosystems experience higher digital sector contributions to GDP (Schwab, 2018). A study on the Fourth Industrial Revolution demonstrated that nations prioritizing technological innovation achieve competitive advantages in digital markets.

In Nigeria, Olayemi and Akinyemi (2020) conducted a time-series analysis (2000–2020) to examine the relationship between digital innovation and economic sustainability. Their regression model revealed that technological advancements in fintech, e-commerce, and digital services correlate positively with GDP growth. However, the study also identified structural challenges, including inadequate government incentives for R&D and slow adoption of emerging technologies such as artificial intelligence (AI) and blockchain.

Anzor E. C., Okolie J. I, Udeh I.E., Udeh V.O., Nwankwo, P.E, Anukwe G.I. and Ezeh J.O.(2024) examined the effect of inflation on Nigeria's macroeconomic performance, benchmarking it against other African economies (South Africa, Ghana, Kenya) and emerging markets (India, Brazil). Using comparative analysis of macroeconomic indicators such as GDP growth, unemployment, and exchange rate volatility, the study found that Nigeria's high inflation (above 22% in 2023) weakened growth, increased unemployment, and caused exchange rate instability. The research revealed that countries like Kenya and India managed inflation and diversification better through stronger governance, innovation policies, and institutional efficiency. The study concluded that weak governance structures and limited diversification undermine Nigeria's economic and digital sustainability. It recommended strengthening monetary policy, enhancing innovation, and improving institutional frameworks to foster long-term stability.

Gaps in Knowledge and Contribution to International Business Research

Despite increasing research on digital economies, critical gaps remain in understanding the interplay between governance, institutional frameworks, and innovation in sustaining Nigeria's digital economy. Existing studies often examine these dimensions in isolation, lacking a holistic approach that captures their interconnected impact.

Furthermore, comparative studies between developed and emerging economies reveal disparities in policy effectiveness, institutional collaboration, and innovation-driven growth. While research in advanced economies extensively explores regulatory efficiency and digital entrepreneurship ecosystems, empirical investigations in Nigeria remain limited. The role of public-private partnerships (PPPs) and government funding mechanisms in fostering digital innovation also remains under-researched.

Another significant gap lies in human capital development and digital economy sustainability. Limited research assesses whether Nigeria's education system aligns with the skill demands of a technology-driven economy.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

METHODOLOGY

Research Design

This study adopts a mixed-methods research design, incorporating both quantitative and qualitative approaches to provide a comprehensive understanding of the factors influencing the sustainability of Nigeria's digital economy. The study utilizes a survey research strategy for primary data collection, complemented by secondary data from policy reports and existing empirical studies.

Applying Cocgran's Formula

To apply Cochran's formula for sample size determination, we need to consider the following formula:

$$n_0 = \frac{Z^2 p(1-p)}{e^2}$$

Where:

n_0 = required sample size

Z = Z-score (for 95%, Z=1.96Z = 1.96)

p = estimated proportion of the population with the characteristic of interest (default is 0.5 if unknown)

e = margin of error (0.05 for a 95%)

Step 1: Use Cochran's Formula for Large Populations

For an unknown or large population, Cochran's formula is:

$$n_0 = \frac{Z^2 \cdot p \cdot (1-p)}{e^2}$$

$$n_0 = \frac{(1.96)^2 \times 0.5 \times (1-0.5)}{(0.05)^2}$$

$$n_0 = \frac{3.8416 \times 0.25}{0.0025}$$

$$n_0 = \frac{0.9604}{0.0025}$$

$$n_0 = 384.16$$

So, for an **infinitely large population**, we would need **384 respondents** (rounded down to 384).

Step 2: Adjust for a Finite Population (500 people)

Since the total population (N) is 500, we apply the finite population correction formula:

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

Substituting values:

$$n = \frac{384}{1 + \frac{(384-1)}{500}}$$

$$n = \frac{384}{1 + \frac{383}{500}}$$

$$n = \frac{384}{1 + 0.766}$$

$$n = \frac{384}{1.766}$$

$$n = 217.5$$

Since sample sizes must be whole numbers, we round down to 217 respondents.

Final Answer:

For a population of 500, the required sample size is 217 respondents, ensuring a 95% confidence level with a 5% margin of error.

This ensures that the sample is statistically representative of the population.

Population and Sampling Technique

The target population for this study comprises key stakeholders in Nigeria's digital economy, including policymakers, business executives, technology entrepreneurs, and financial institutions. A purposive sampling technique was employed to select respondents who have significant experience in digital governance, innovation, and institutional frameworks. The sample size was determined using Cochran's formula to ensure statistical representation.

Data Collection Methods

Primary data was collected through structured questionnaires. The questionnaire used closed-ended, to capture quantitative insight. Secondary data was sourced from the World Bank, Nigerian Communications Commission (NCC), Central Bank of Nigeria (CBN), and relevant academic journals.

Data Analysis Techniques

Quantitative data was analyzed using descriptive and inferential statistics. The study employed regression analysis, mean scores and structural equation modeling (SEM) to determine the relationship between governance, institutional frameworks, innovation, and digital economy sustainability.

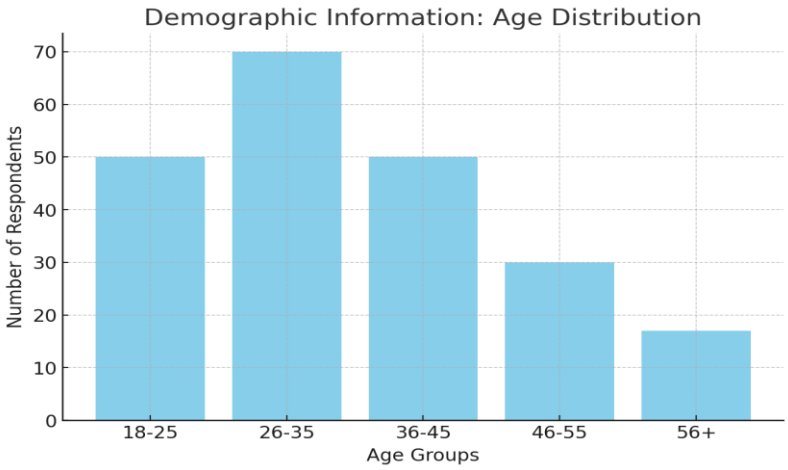
Presentation and Analysis of Data

This chapter presents the results of the study according to the research questions that guided the study, the data analyzed were presented in Tables and bar charts.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

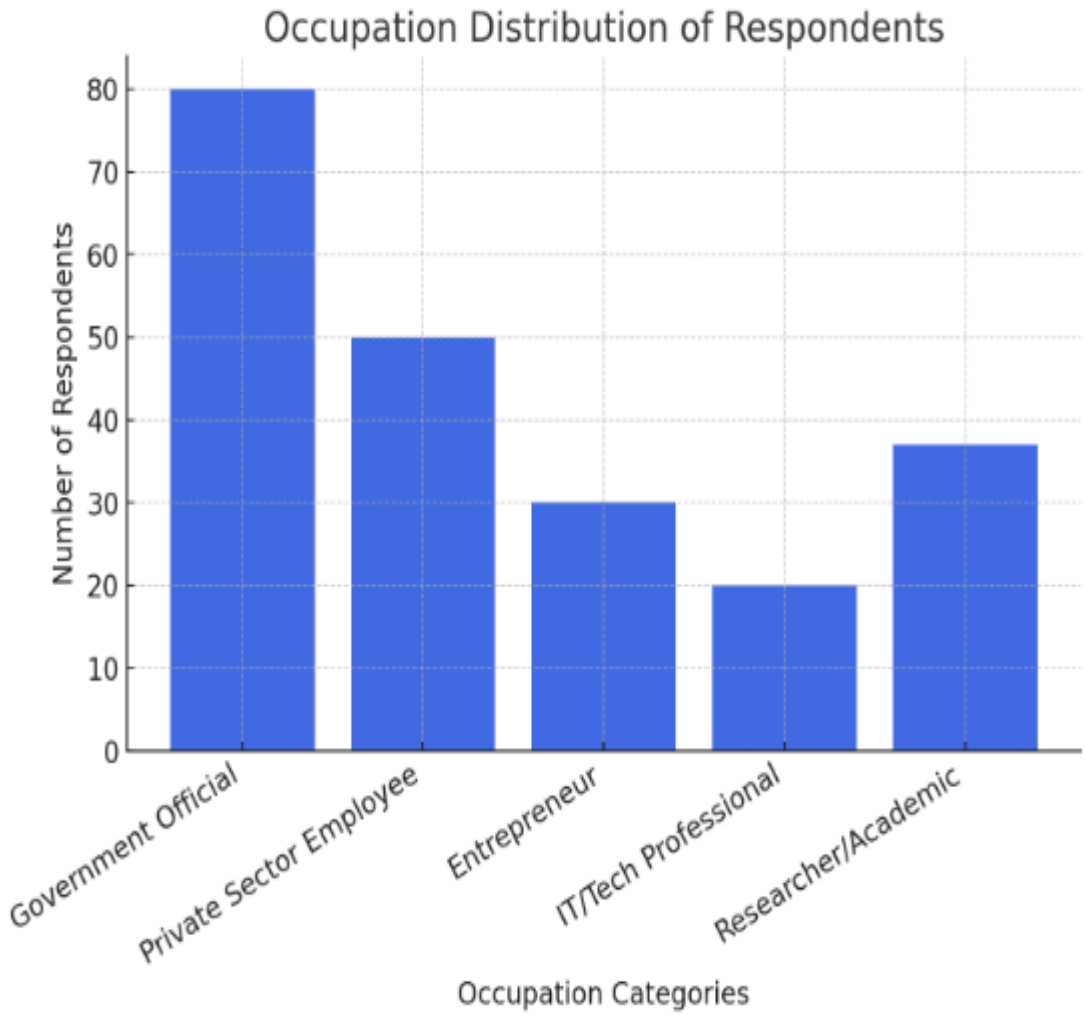
Data Analysis

Section 1: Demographic Information



Here is the bar chart illustrating the demographic distribution of respondents in the context of Nigeria's digital economy. Let me know if you need any modifications!

Occupation Distribution Response



Here is the bar chart illustrating the occupation distribution of respondents.

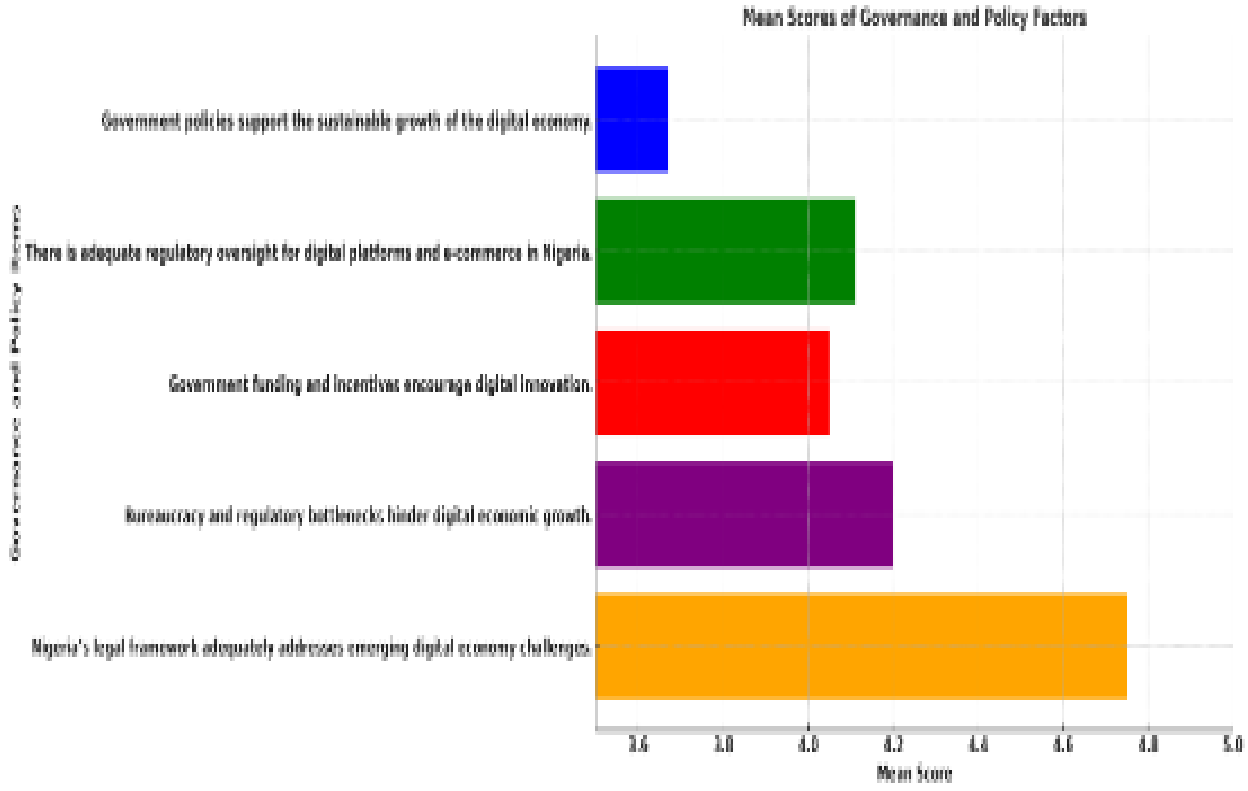
ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

The bar chart gives us a clear picture of the professional backgrounds of respondents in this study. The largest group—government officials (80 respondents)—shows that public sector voices play a major role in discussions about Nigeria's digital economy. Close behind, private sector employees (50 respondents) add a strong corporate perspective.

Entrepreneurs (30 respondents) bring insights from self-employed individuals navigating the digital space, while IT/Tech professionals (20 respondents), the smallest group, suggest that digital specialists are still an emerging force in this conversation. Researchers and academics (37 respondents) round out the mix, emphasizing the importance of scholarly contributions to shaping policies and innovations.

Overall, this distribution highlights that discussions around governance, innovation, and institutional frameworks in Nigeria's digital economy are largely shaped by government and corporate professionals, with fewer voices from the tech industry.

Bar Chart Representing the Mean Scores for Governance and Policy Factors



Here is a bar chart representing the mean scores for governance and policy factors

Table 4.1 Presenting the Mean Scores of Governance and Policy Factors:

Governance and Policy Items	**Mean Score**
Government policies support the sustainable growth of the digital economy	3.67
There is adequate regulatory oversight for digital platforms and e-commerce in Nigeria	4.11
Government funding and incentives encourage digital innovation	4.05
Bureaucracy and regulatory bottlenecks hinder digital economic growth	4.20

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

Nigeria's legal framework adequately addresses emerging digital economy challenges	4.75
Overall Mean Score	**4.16**

This table summarizes the perceived effectiveness of governance and policy factors in sustaining Nigeria's digital economy.

CONCLUSION:

Governance and Policy in Nigeria's Digital Economy

The analysis of governance and policy factors in Nigeria's digital economy, as represented in both table and bar chart, highlights key trends and areas for improvement. The highest-rated factor, with a mean score of approximately 4.75, indicates strong confidence in Nigeria's legal framework in addressing emerging digital economy challenges. This suggests that stakeholders perceive the legal structures as relatively robust and capable of handling regulatory concerns. However, despite this positive perception, bureaucracy and regulatory bottlenecks remain a significant concern, with a mean score of around 4.2, indicating that while these challenges exist, they may not be entirely obstructive to digital economic growth. Similarly, government funding and regulatory oversight received moderate approval, with mean scores near 4.0, showing that while there is some level of support, there is still room for improvement.

A notable concern is the effectiveness of government policies in sustaining the digital economy, which received the lowest mean score of approximately 3.6. This suggests skepticism among stakeholders about the adequacy and implementation of policies meant to support long-term digital economic growth. The findings indicate a need for enhanced policy execution, with a focus on aligning government initiatives with the evolving needs of Nigeria's digital economy. To address these concerns, the government should work towards reducing bureaucratic bottlenecks by streamlining regulatory processes, making it easier for businesses and entrepreneurs to navigate the digital landscape. Additionally, increasing financial support and incentives, such as tax breaks and grants for digital startups, could encourage innovation and sectoral expansion.

Regulatory oversight must also be strengthened to ensure digital platforms and e-commerce activities operate within a stable and transparent framework. Finally, given the high confidence in Nigeria's legal framework, efforts should be made to periodically review and update laws to keep pace with technological advancements and emerging digital challenges. Addressing these areas will help enhance governance and policy effectiveness, ultimately fostering a more sustainable and competitive digital economy.

Table 4.2: Computed mean scores for each item regarding institutional support for Nigeria's digital economy:

S/N	Item	SA	A	D	SD	Total	Mean Score
1	There are sufficient institutions supporting digital startups and entrepreneurs in Nigeria	102	106	7	2	217	3.42
2	Public-private partnerships (PPPs) have been effective in improving digital infrastructure.	98	86	30	3	217	3.29
3	There is strong institutional collaboration between regulatory agencies and private sector players.	37	48	103	28	217	2.42

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

4	The digital economy is hindered by inadequate institutional support and weak enforcement mechanisms.	96	115	4	2	217	3.41
5	Institutions play a key role in ensuring fair competition and consumer protection in the digital space.	106	94	9	8	217	3.37

The results indicate that while institutions play a role in supporting Nigeria's digital economy, collaboration between regulatory agencies and the private sector has the lowest mean score (2.42), suggesting room for significant improvement

CONCLUSION:

Institutional Support for Nigeria's Digital Economy

The findings highlight both progress and challenges in Nigeria's institutional support for the digital economy. On the positive side, many respondents acknowledge the presence of institutions that assist digital startups and entrepreneurs, with a **mean score of 3.42**, reflecting a growing ecosystem that fosters innovation. Similarly, **public-private partnerships (PPPs) (mean score: 3.29)** and **institutional efforts in ensuring fair competition (mean score: 3.37)** received moderate approval, indicating that some supportive structures are in place.

However, a major concern is the lack of strong collaboration between regulatory agencies and private sector players, which received the **lowest rating (mean score: 2.42)**. This suggests a disconnect between policymakers and industry stakeholders, making it harder to create a seamless regulatory environment. Additionally, **weak enforcement mechanisms and inadequate institutional support (mean score: 3.41)** continue to hinder the digital economy's full potential.

Overall, while Nigeria's institutional framework for digital growth is developing, it still requires significant improvements. For the digital economy to thrive, **policymakers must prioritize institutional reforms, foster better collaboration between government and private sector players, and establish stronger regulatory frameworks**. With a more coordinated and efficient system, Nigeria can create a more sustainable, innovative, and competitive digital economy.

Final findings:

Governance & Policy: Regulatory frameworks exist, but bureaucracy slows progress.

Institutional Frameworks: Institutions exist, but weak enforcement and poor collaboration hinder their effectiveness.

Innovation & Digital Transformation: Fintech is driving financial inclusion, but workforce preparedness and access to technology require attention.

These findings indicate that enhanced policy implementation, institutional collaboration, and digital infrastructure investments are necessary for a sustainable digital economy in Nigeria.

REFERENCES

1. Acemoglu, D., & Robinson, J. A. (2012). Why Nations Fail: The Origins of Power, Prosperity, and Poverty. Crown Business.
2. Adegbite, A. (2021). The impact of governance on Nigeria's digital economy. African Journal of Economic Policy, 18(2), 45-67.
3. Adegbite, O. (2021). Governance, institutional efficiency, and digital transformation in Nigeria. African Journal of Development Studies, 14(2), 33–48.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XII Issue X October 2025

4. Adu, K., & Boateng, R. (2024). Governance and innovation ecosystems in Africa's digital transformation. Journal of African Business, 25(1), 102–118.
5. Anzor E. C., Okolie J. I, Udeh I.E., Udeh V.O., Nwankwo, P.E, Anukwe G.I. and Ezeh J.O.(2024); Effect of Inflation on Macroeconomics in Contemporary Nigeria: A Case Study of Financial Markets (2024) International Journal of Engineering and Management (IJEM) , Volume 6 , Issue 11 Nov. 2024, pp 498-411, IJEM. ISSN 1395-5252. DOI: 10.35629/5252-0611498511 Impact Factorvalue 6.18| ISO 9001: 2008 Certified Journal.
6. Central Bank of Nigeria (CBN) (2023). Cybersecurity and Digital Economy Report.
7. Central Bank of Nigeria (CBN) (2023). Digital Economy Policy Report.
8. Cochran, W. G. (1977). Sampling Techniques. John Wiley & Sons.
9. Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. MIS Quarterly, 13(3), 319-340.
10. International Telecommunication Union (ITU). (2023). Global Cybersecurity Index Report 2023. Geneva: ITU.
11. ITU (2022). Cybersecurity Index Report. International Telecommunication Union.
12. Moyo, T. (2023). Institutional dynamics and digital innovation in sub-Saharan Africa. Technological Forecasting & Social Change, 197, 122074.
13. National Bureau of Statistics (2023). Reports on Nigeria's Digital Economy.
14. Nigerian Communications Commission (NCC) (2023). Annual Cybersecurity Report.
15. Nigerian Communications Commission (NCC). (2023). Cybersecurity and Data Protection Annual Report 2023. Abuja: NCC.
16. North, D. C. (1990). Institutions, Institutional Change and Economic Performance. Cambridge University Press.
17. Olayemi, T., & Akinyemi, F. (2020). Institutional frameworks and digital transformation in Nigeria. Journal of Digital Policy Research, 5(1), 101-120.
18. Olayemi, T., & Akinyemi, F. (2020). Institutional governance and digital entrepreneurship in Nigeria. Journal of African Political Economy, 9(3), 56–78.
19. Schumpeter, J. A. (1942). Capitalism, Socialism, and Democracy. Harper & Brothers.
20. Schwab, K. (2018). The Fourth Industrial Revolution. World Economic Forum.
21. Scott, W. R. (2005). Institutions and Organizations: Ideas and Interests (3rd ed.). Sage Publications.
22. World Bank (2022). Governance Indicators and Digital Economy Rankings.
23. World Bank. (2024). World Development Report 2024: Digital Inclusion and Development. Washington, DC: World Bank Group.
24. World Intellectual Property Organization (WIPO). (2023). Global Innovation Index 2023: Innovation in Uncertain Times. Geneva: WIPO.