

## **NAVIGATING NEW WATERS: BLUE ECONOMY DEVELOPMENT AND ENTREPRENEURIAL DYNAMICS IN NIGERIA**

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### **Abstract**

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**Background:** The Blue Economy paradigm presents emerging economies with transformative opportunities for sustainable development through ocean resource utilization. Nigeria, with extensive marine endowments, seeks to diversify its oil dependent economy through blue growth, yet empirical understanding of entrepreneurial dynamics within this nascent sector remains limited.

**Methods:** This mixed-methods study employs sequential exploratory design, combining 32 semi-structured interviews with blue economy stakeholders and a survey of 187 entrepreneurial ventures across Nigeria's coastal states. Quantitative data were analysed using structural equation modelling, while qualitative data underwent thematic analysis using NVivo 12.

**Findings:** Three distinct entrepreneurial archetypes emerge: (1) Necessity-driven informal operators (42.8%), primarily in artisanal fisheries; (2) Transitional opportunity-seekers (38.5%) in aquaculture and coastal tourism; and (3) Innovation-oriented ventures (18.7%) in marine biotechnology and waste vaporization. Key constraints include fragmented regulatory frameworks ( $\beta = -0.67$ ,  $p < 0.01$ ), limited blue finance mechanisms ( $\beta = -0.59$ ,  $p < 0.01$ ), and infrastructural deficits in cold chains and port facilities. Entrepreneurial success correlates strongly with social network embeddedness ( $\beta = 0.48$ ,  $p < 0.05$ ) and digital technology adoption ( $\beta = 0.52$ ,  $p < 0.01$ ).

**Policy Implications:** Findings suggest Nigeria's blue entrepreneurial ecosystem operates in institutional voids, with formal policies poorly aligned with grassroots realities. We propose a tripartite framework for blue entrepreneurial development: regulatory coherence through a single maritime authority, innovative blue financing instruments, and hybrid public-private infrastructure development.

**Keywords:** Blue Economy, Sustainable Entrepreneurship, Institutional Voids, Marine Policy, Nigeria, Resource-based Development, Coastal Communities, Circular Economy, Marine Governance

## **1. Introduction**

The contemporary discourse on sustainable development has increasingly centered on ocean-based economic opportunities, conceptualized as the "Blue Economy." Originally articulated at the 2012 UN Conference on Sustainable Development (Rio+20), this paradigm emphasizes the sustainable use of marine resources for economic growth, improved livelihoods, and ecosystem health (World Bank, 2017). For emerging economies, particularly in coastal Africa, the Blue Economy represents a promising avenue for economic diversification, job creation, and achieving Sustainable Development Goals (SDGs), especially SDG 14 (Life Below Water).

Nigeria exemplifies both the immense potential and complex challenges of blue growth in emerging economies. With a coastline of 853 kilometers, exclusive economic zone of 200,000 km<sup>2</sup>, and strategic position in the Gulf of Guinea, Nigeria's marine assets include fisheries, hydrocarbons, minerals, shipping routes, and biodiversity (NIMASA, 2020). The 2020 National Blue Economy Strategy outlines ambitions to harness these resources, targeting 5% GDP contribution and 5 million jobs by 2025 (FMOT, 2020). However, persistent challenges including marine pollution, overfishing, piracy, and institutional fragmentation constrain this potential.

Despite growing policy attention, critical gaps remain in understanding how entrepreneurial actors navigate this complex terrain.

This study addresses three research questions:

- (1) What forms of entrepreneurship are emerging in Nigeria's Blue Economy?
- (2) How do institutional and infrastructural factors shape entrepreneurial dynamics?
- (3) What pathways can enhance the contribution of entrepreneurship to sustainable blue growth?

## **2. Literature Review**

### **2.1 Conceptual Evolution of the Blue Economy**

The Blue Economy concept has evolved through three distinct phases. Early formulations emphasized sectoral development of marine resources (Pauly et al., 2002), followed by integrated ecosystem approaches recognizing ecological limits (UNCTAD, 2014). Contemporary frameworks embrace transformative sustainability, positioning oceans as drivers of climate resilience, circularity, and inclusive growth (OECD, 2016; Lee et al., 2020). This evolution reflects broader shifts in development thinking from extractive to regenerative economic models.

In the African context, the Blue Economy gained prominence through Agenda 2063 and the 2015 Lomé Charter. Country approaches vary significantly: Mauritius emphasizes ocean innovation clusters (Mannan, 2019), Kenya focuses on coastal tourism (Okemwa, 2018), while South Africa integrates ocean economy into industrial policy (DEA, 2018). Nigeria's approach remains predominantly sectoral, with limited integration of sustainability principles beyond rhetoric (Ebeggulem, 2021).

## 2.2 Entrepreneurial Dynamics in Emerging Economies

Entrepreneurship theory distinguishes between necessity-driven and opportunity-driven ventures (Acs et al., 2008). In emerging economies, institutional voids absence of market supporting institutions profoundly shape entrepreneurial behaviour (Khanna & Palepu, 2010). Entrepreneurs develop "institutional workarounds" through social networks, informal arrangements, and political connections (Webb et al., 2020).

Recent scholarship identifies sustainable entrepreneurship as a distinct category, where ventures simultaneously pursue economic, environmental, and social value creation (Schaltegger & Wagner, 2011). In marine contexts, this manifests as "blue entrepreneurship," characterized by dependence on common-pool resources, vulnerability to ecological change, and complex regulatory environments (Kerr et al., 2021).

## 2.3 Nigerian Context: Potentials and Constraints

Nigeria's blue resources are substantial but underexploited. Fisheries production remains below potential at 1.1 million metric tons annually (FAO, 2021), while aquaculture grows at 12% annually. Maritime transport handles 90% of international trade but suffers from port inefficiencies (UNCTAD, 2021). Offshore renewables and marine biotechnology remain nascent.

Institutional analysis reveals a "governance mosaic" with overlapping mandates among NIMASA, NIOMR, FMARD, and state agencies (Nwilo et al., 2020). This fragmentation creates regulatory uncertainty, increasing transaction costs for entrepreneurs. Simultaneously, infrastructural deficits particularly in cold storage, processing facilities, and monitoring systems limit value addition (Adekunle & Tella, 2022).

Environmental pressures compound these challenges. The Niger Delta experiences approximately 240,000 barrels of oil spills annually (NOSDRA, 2021), while plastic pollution affects 80% of coastal waters (Ololade et al., 2022). Climate change impacts, including sea-level rise and ocean acidification, present additional long-term risks.

## 2.4 Research Gap

Existing literature exhibits three limitations: (1) Policy-centric focus with minimal attention to enterprise-level dynamics; (2) Sectoral silos treating fisheries, tourism, and transport separately; (3) Methodological homogeneity relying on secondary data and elite interviews. This study addresses these gaps through primary mixed-methods research centered on entrepreneurial actors across multiple blue sectors.

### **3. Theoretical Framework**

This study integrates three theoretical perspectives:

Institutional Theory (North, 1990) explains how formal rules (laws, regulations) and informal constraints (norms, practices) shape entrepreneurial behaviour. In Nigeria's Blue Economy, institutional voids and contradictions create both barriers and "gray spaces" for entrepreneurial action (Roy, 2005).

Resource-Based View (Barney, 1991) illuminates how entrepreneurs leverage marine resources as strategic assets. We extend this through natural resource-based view (Hart, 1995), emphasizing pollution prevention, product stewardship, and sustainable development as competitive advantages.

Effectuation Theory (Sarasvathy, 2001) explains entrepreneurial decision-making under uncertainty. Blue entrepreneurs often practice effectual logic starting with available means, forming partnerships, and leveraging contingencies rather than predictive planning.

Figure 1 presents our integrated conceptual framework, showing how institutional, resource, and cognitive factors interact to shape blue entrepreneurial outcomes.

### **4. Methodology**

#### **4.1 Research Design**

We employed sequential exploratory mixed-methods design (Creswell & Plano Clark, 2017). Phase 1 (qualitative) informed Phase 2 (quantitative) instrument development and sampling.

#### **4.2 Data Collection**

Phase 1 (March-June 2022): 32 semi-structured interviews with:

- Blue entrepreneurs (n=15) across fisheries, aquaculture, tourism, waste management
- Policy officials (n=8) from federal and state agencies
- Industry association representatives (n=5)
- Development partners (n=4)

Interviews averaged 45 minutes, conducted in English or Pidgin with translation, and followed informed consent protocols.

Phase 2 (July-September 2022): Survey of 187 entrepreneurial ventures across Lagos, Rivers, Akwa Ibom, and Cross River states. Sampling combined purposive (sector representation) and snowball techniques. Response rate: 68%.

#### **4.3 Measures**

Survey instrument included validated scales adapted to context:

- Institutional environment: 7-item scale ( $\alpha=0.84$ ) from Busenitz et al. (2000)
- Entrepreneurial orientation: 8-item scale ( $\alpha=0.88$ ) from Covin&Slevin (1989)
- Sustainability performance: 12-item triple-bottom-line scale ( $\alpha=0.91$ ) adapted from Muñoz and Dimov (2015)
- Control variables: venture age, size, sector, founder characteristics

#### 4.4 Analytical Approach

Qualitative data underwent thematic analysis using NVivo 12, following Braun and Clarke's (2006) six-phase approach. Quantitative analysis included descriptive statistics, correlation analysis, and structural equation modeling (SEM) using AMOS 28. Measurement model validation included CFA, reliability tests, and discriminant validity assessment.

### 5. Findings

#### 5.1 Entrepreneurial Typology and Characteristics

Analysis revealed three distinct entrepreneurial archetypes:

##### Type 1: Necessity-Driven Informal Operators (42.8%)

- Primarily artisanal fishers and petty traders
- Average monthly revenue: ₦85,000 (\$200)
- Limited formal education (78% secondary or less)
- High dependence on kinship networks
- Representative quote: "I inherited this canoe from my father. The sea is our farm." (Artisanal fisher, Ibano)

##### Type 2: Transitional Opportunity-Seekers (38.5%)

- Small-medium aquaculture, coastal tourism, transport services
- Average monthly revenue: ₦450,000 (\$1,070)
- 62% have tertiary education
- Utilize both formal and informal institutions
- Representative quote: "We saw the demand for clean fish and started with three tanks. Now we supply supermarkets." (Aquaculturist, Lagos)

##### Type 3: Innovation-Oriented Ventures (18.7%)

- Marine biotechnology, waste valorization, digital platforms
- Average monthly revenue: ₦1.2M (\$2,850)
- 89% have tertiary education, 42% with STEM backgrounds
- Actively seek external financing and partnerships
- Representative quote: "We're converting sargassum seaweed into organic fertilizer and cosmetics." (Biotech entrepreneur, Port Harcourt)

#### 5.2 Institutional Constraints and Entrepreneurial Adaptation

SEM results ( $\chi^2/df=2.13$ , CFI=0.93, RMSEA=0.06) indicate significant negative effects of institutional constraints on venture performance ( $\beta=-0.67$ ,  $p<0.01$ ). Regulatory fragmentation emerged as the most severe constraint, with entrepreneurs navigating an average of 4.2 agencies for permits.

Entrepreneurs developed four adaptation strategies:

1. Bundling compliance: Using agents to handle multiple permits
2. Spatial arbitrage: Operating across jurisdictions with varying enforcement
3. Formal-informal hybridity: Maintaining partial registration
4. Collective action: Forming associations for lobbying and information sharing

### 5.3 Resource Access and Innovation Patterns

Access to marine resources followed distinct patterns: Type 1 entrepreneurs relied on traditional access rights (67%), Type 2 on leases/licenses (58%), and Type 3 on research permits/partnerships (72%). Innovation adoption correlated strongly with digital literacy ( $r=0.61$ ,  $p<0.01$ ) and network diversity ( $r=0.54$ ,  $p<0.01$ ).

Notable innovation cases included:

- Blockchain-based fish traceability system (Lagos)
- Plastic waste-to-paver tiles enterprise (Calabar)
- Solar-powered cold storage units using IoT monitoring (Uyo)

### 5.4 Sustainability Performance and Trade-offs

Triple-bottom-line performance varied significantly across types ( $F=18.34$ ,  $p<0.001$ ). Type 3 ventures demonstrated strongest environmental performance but faced financial viability challenges in early stages. Type 1 ventures showed high social embeddedness but minimal environmental stewardship.

Common sustainability trade-offs included:

- Short-term livelihood needs versus long-term resource conservation
- Cost of sustainable technologies versus competitive pricing
- Formal compliance costs versus informal operation flexibility

## 6. Discussion

### 6.1 Theoretical Contributions

Our findings extend institutional theory by revealing how blue entrepreneurs navigate not just voids but contested institutional spaces where multiple, often contradictory, logics coexist. The concept of "marine institutional complexity" better captures this reality than traditional void frameworks.

We contribute to entrepreneurship literature by identifying blue effectuation as a distinct approach: starting with available marine resources, co-creating with coastal communities, and adapting to ecological variability. This extends Sarasvathy's theory to natural resource contexts.

## 6.2 Policy Implications

Immediate actions (1-2 years):

1. Establish a single digital portal for blue business registration and permits
2. Launch pilot blue enterprise zones with infrastructure bundling
3. Create a blue innovation challenge fund with tiered support for different venture types

Medium-term reforms (3-5 years):

1. Develop integrated marine spatial planning with entrepreneurial zones
2. Establish blue credit guarantee scheme targeting SMEs
3. Reform fisheries co-management to include entrepreneurial representation

Long-term transformation (5+ years):

1. Mainstream blue entrepreneurship in education curricula
2. Develop regional blue value chain corridors
3. Establish ocean accounting framework integrating entrepreneurial metrics

## 6.3 Practical Implications for Entrepreneurs

For necessity-driven entrepreneurs, incremental formalization through producer cooperatives offers the most viable path. Transitional ventures should pursue certification (e.g., MSC, ASC) for market differentiation. Innovation-oriented ventures require strategic partnerships with research institutions and impact investors.

## 7. Conclusion

This study provides empirical evidence that Nigeria's Blue Economy development is fundamentally an entrepreneurial challenge. While substantial potentials exist across sectors, realizing them requires moving beyond conventional sectoral planning to ecosystem-building that supports diverse entrepreneurial pathways.

Three cross-cutting insights emerge: First, informality is not a temporary phase but a rational adaptation to institutional complexity; policies must engage rather than condemn informal operators. Second, sustainability cannot be an add-on but must be integrated into business models from inception. Third, place-based approaches that account for local ecological and social conditions outperform one-size-fits-all policies.

Limitations include geographic concentration in four states and cross-sectional design. Future research should examine longitudinal venture trajectories, gender dimensions of blue entrepreneurship, and comparative studies across African coastal states.

As Nigeria and similar emerging economies navigate their blue transitions, fostering entrepreneurial ecosystems that balance economic opportunity, social inclusion, and ecological regeneration will determine whether the Blue Economy delivers on its transformative promise or replicates historical patterns of resource extraction and exclusion.

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