

The discourse of Entrepreneurial Ecosystems (EEs) as essential for explaining productive entrepreneurship in regions has gained significant attention from policy, theory and practice. But no two ecosystems are alike, and each region must cultivate their own. The entrepreneurial output of this configuration, challenges and interactions of each ecosystem also differs. Based on this, the study explored the structures of startups to scaleup entrepreneurship in Lagos State, the transitional challenges, and the leader-feeder interactions among actors within the ecosystem as they affect productive entrepreneurship.

The study adopted a qualitative research method based on an interpretivist philosophy and an inductive approach. The research strategy adopted was a case study considering Lagos as a region. The units of analysis were the various ecosystem actors within the space. Primary data were collected through semi-structured interviews with 40 experienced ecosystem actors, including startup founders, academia and research institutions, investors, financial institutions, service providers, NGOs (local and international) and the government. Supplementary data were collected using participant observation. The data collected were analysed using thematic analysis.

Findings indicate that Lagos's EEs comprises actors (entrepreneurs, markets, financial providers, network and support organisations, government, corporations, academia, and research institutions) and factors (infrastructure, population, culture, historical strategic positioning, unemployment, urbanization). These configurations produce an output of necessity and opportunity-driven entrepreneurship, which indicates the suboptimal performance of the ecosystem. Transitional startups face unique scaleup challenges at varying degrees and multiple levels: micro-level (corporate governance, competence, business model), meso-level (finance, markets, information, supports and networks, talent, competition), and macro-level challenges (tax, regulation, infrastructure, security, and cost of doing business). Four types of interaction prevalent in the Lagos entrepreneurial ecosystem are collaborative, stratified, clustered, and unleveraged interactions. These interactions are interconnected and reflect an untransparent network of interactions within the ecosystem.

The study concluded that the configurations of an EE can influence the quality of the entrepreneurial output in a region. The components and configurations of an entrepreneurial ecosystem can influence the quality of the entrepreneurial output. From the findings, it appears that the entrepreneurial ecosystem of Lagos State is still in its developmental phase, and the output produced from the interaction of the actors and factors in the ecosystem is a mix of necessity and opportunity-driven entrepreneurship. Startups are faced with multileveled challenges that prevent them from scaling operations. Notably, the prevalence of information asymmetry challenges the ability startups to plugin to the ecosystem and extract value for growth. The leader-feeder interaction in the ecosystem is not transparent and can be described as fogey. Based on this, it appears that only startups with higher social capital can plugin into the ecosystem to extract value. In contrast, those with less social capital are confronted with blockages and distortions preventing them from extracting value from the ecosystem.