



## ADDRESSING UNEMPLOYMENT THROUGH ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

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### **ABSTRACT**

*Youth empowerment through entrepreneurship development has emerged as a critical strategy for addressing unemployment and fostering economic growth in Nigeria. With over half of the country's population under the age of 30, there is an urgent need to equip young people with entrepreneurial skills to enhance their capacity for self-reliance and economic contribution. This paper explores the role of entrepreneurship in empowering Nigerian youth by providing them with the tools, knowledge, and opportunities necessary to start and sustain their own businesses. It highlights key government initiatives, private sector involvement, and international partnerships aimed at promoting entrepreneurship and funding for young entrepreneurs. Despite these efforts, challenges such as inadequate infrastructure, limited access to finance, and insufficient policy implementation persist. The paper argues that by addressing these barriers and creating an enabling environment for youth-led enterprises, Nigeria can harness the full potential of its young population, reducing unemployment and contributing to national development. The study recommends a comprehensive approach to entrepreneurship development that includes mentorship, improved access to credit, and enhanced technical education tailored to the needs of real sector.*

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### **1.0 Introduction**

The persistent unemployment among Nigerian youth is one of the most pressing socio-economic challenges the country faces today. With a growing population, the labor market is unable to absorb the increasing number of graduates, leaving millions without viable employment opportunities. Each year, approximately 500,000 young people graduate from higher institutions but the formal sector can only absorb a fraction of them. According to Adebayo (2018), this unemployment crisis has long-term implications for the country's stability and development. It contributes to high poverty levels, increased crime rates, and a rise in youth disillusionment. According to the

National Bureau of Statistics (2023), youth unemployment in Nigeria has reached alarming levels, hovering around 42.5%, with underemployment exacerbating the problem. This situation has not only led to economic strain but has also fueled social unrest, crime, and migration issues. In response to these challenges, entrepreneurship development has emerged as a potent tool for empowering the youth and fostering sustainable economic growth.

Given these realities, it is evident that traditional employment models cannot provide a sustainable solution. Entrepreneurship, however, offers an

alternative pathway. By developing the entrepreneurial potential of Nigeria's youth, the country can tap into an underutilized reservoir of creativity, innovation, and energy. As noted by Nwoye (2016), entrepreneurship not only alleviates unemployment but also fosters economic resilience by diversifying income sources and reducing dependency on external factors like foreign aid or oil revenue.

Entrepreneurship involves identifying and seizing opportunities, creating businesses, and solving problems through innovation. In the Nigerian context, the need to promote entrepreneurship is increasingly recognized as an effective means of tackling unemployment, poverty, and socio-economic inequality. The idea is that by fostering a spirit of innovation and self-reliance, young people can become job creators rather than job seekers. Youth empowerment through entrepreneurship development entails not only equipping young individuals with the necessary skills and resources to launch and sustain businesses but also providing a conducive environment that encourages innovation and risk-taking.

Youth empowerment is a multidimensional process that involves providing young individuals with the skills, knowledge, and opportunities to make meaningful contributions to society. Entrepreneurship plays a pivotal role in this process by enabling young people to achieve economic independence and improve their socio-economic standing. According to Okoli and Okoli (2013), entrepreneurship helps bridge the gap between formal education and employability, equipping young people with practical skills that are directly applicable to the labor market.

The Nigerian government has recognized the importance of youth entrepreneurship in addressing unemployment and has introduced several programmes to promote entrepreneurial development. Initiatives like the Youth Enterprise with Innovation in

Nigeria (YOUWIN), N-Power, and the Nigeria Youth Investment Fund (NYIF) are designed to provide young entrepreneurs with access to finance, training, and mentorship. These programmes aim to reduce the barriers that prevent youth from starting and sustaining businesses, such as lack of capital, inadequate business skills, and regulatory constraints (Nigerian Ministry of Youth Development, 2023).

Despite these efforts, many challenges persist. The World Bank (2020) notes that youth entrepreneurs in Nigeria still face significant obstacles, including limited access to finance, poor infrastructure, and an unfavorable business environment. According to Ukanwa and Akpanabia (2019), these challenges are compounded by corruption and inefficiencies in government programmes, which limit the reach and effectiveness of youth empowerment initiatives. However, with the right policy reforms and continued investment in entrepreneurial education and infrastructure, the potential for youth entrepreneurship to drive economic growth is immense.

## 2.0 The Current State of Youth Unemployment in Nigeria

Youth unemployment in Nigeria has become one of the most pressing challenges, with grave implications for the country's economic and social stability. As of 2023, unemployment figures for Nigerian youth-defined as individuals between 15 and 34 years old- remain alarmingly high. According to the National Bureau of Statistics (NBS), youth unemployment is estimated to exceed 42%, and underemployment further compounds the problem, reaching up to 21% in some estimates (NBS, 2023). The current situation is driven by a combination of demographic, economic, and structural factors, all of which converge to limit job opportunities for the country's growing youth population.

Nigeria has one of the highest youth populations in the world, with an estimated

60% of the population being under 35 years old (World Population Review, 2023). The country produces hundreds of thousands of graduates each year, but the labor market is unable to absorb them at the same rate. The World Bank (2020) attributes this saturation to the mismatch between the supply of labor and the demand for workers in the formal sector, particularly in industries requiring specialized skills.

Nigeria's economy is heavily reliant on oil, which makes it vulnerable to fluctuations in global oil prices. Economic recessions, most notably those in 2016 and 2020, severely hampered job creation efforts. The non-oil sectors, such as agriculture and manufacturing, have grown sluggishly due to insufficient investment, poor infrastructure, and inadequate government support (Adebayo, 2018). These factors have collectively slowed down economic diversification, limiting the number of new jobs available for the youth.

There is a significant gap between the skills acquired by Nigerian graduates and the needs of the labor market. Many educational institutions focus on theoretical knowledge without adequate emphasis on vocational and technical skills. According to Okoye and Okojie (2015), the inability of Nigerian youth to meet labor market requirements leads to increased unemployment, as many graduates are either unemployable or inadequately prepared for self-employment.

The country's infrastructural deficits, such as poor electricity supply, bad road networks, and inadequate internet connectivity, further limit job creation. These factors not only affect large businesses but also prevent young entrepreneurs from launching and sustaining small enterprises, which could be a significant source of employment for the youth (Enyindah & Ronald, 2021). Moreover, bureaucratic challenges, corruption, and policy inconsistencies add to the difficulty of doing business in Nigeria.

The high levels of youth unemployment in Nigeria have far-reaching consequences. Economically, it exacerbates poverty and income inequality, as many young people remain financially dependent on their families. Socially, unemployment has contributed to increased crime rates, drug abuse, and mental health issues. The situation has also fueled migration, with many Nigerian youths seeking opportunities abroad, often through illegal and dangerous routes (Ukanwa & Akpanabia, 2019).

Additionally, youth unemployment is a major contributor to social unrest. The "End SARS" protests in 2020 highlighted the deep frustration of Nigerian youth with unemployment and police brutality, among other issues. Unemployed young people are more vulnerable to being recruited into violent activities, including insurgency, militancy, and organized crime (Aigbokhan, 2018).

### **3.0 Entrepreneurship as a Vehicle for Youth Empowerment**

Entrepreneurship has emerged as a powerful vehicle for youth empowerment in Nigeria, offering young people the opportunity to gain financial independence, foster innovation, and contribute to national economic growth. Given Nigeria's high youth unemployment rates, which hover around 42% (National Bureau of Statistics [NBS], 2023), entrepreneurship provides an alternative pathway for self-employment and skill development. Empowering youth through entrepreneurship is not just about creating jobs but also about equipping them with the knowledge, skills, and resources they need to drive societal change and economic development.

One of the critical ways entrepreneurship empowers Nigerian youth is by creating employment opportunities. According to the World Bank (2020), small and medium enterprises (SMEs) are responsible for over 80% of jobs globally, and in Nigeria, they are a key driver of employment. Young people who engage in entrepreneurial activities can

either work for themselves or create jobs for others. This self-sustaining job creation model helps mitigate the pressure on the formal labor market, which is saturated and unable to accommodate the growing number of university graduates (Adebayo, 2018).

Entrepreneurship fosters innovation, enabling young people to develop new products, services, and business models that respond to market needs. In Nigeria, sectors like agriculture, information and communication technology (ICT), and creative industries are ripe for youth-driven innovations. For instance, platforms like Farm Crowd have enabled young Nigerian entrepreneurs to transform traditional agricultural practices through technology, helping to create jobs and boost food security (Akande, 2019).

In addition to innovation, entrepreneurship provides youth with critical skills such as problem-solving, leadership, financial management, and adaptability. These skills are transferable and prepare young people for success, whether they choose to continue running their own businesses or pursue other career paths. As argued by Kew et al. (2015), entrepreneurship education should be integrated into school curricula to provide young people with the skills they need to thrive in an increasingly competitive and dynamic global economy.

Beyond economic benefits, entrepreneurship can also serve as a tool for social empowerment. Through entrepreneurship, young people can address societal challenges, such as poverty, gender inequality, and environmental sustainability, by developing businesses that provide solutions to these issues. For instance, social enterprises that focus on providing clean energy, affordable education, or healthcare access have the potential to uplift marginalized communities while also generating economic value.

In this context, entrepreneurship is not just about making profits; it is about creating businesses that have a positive social impact. For example, initiatives like She Leads Africa, which focuses on empowering young African women to become entrepreneurs, illustrate how entrepreneurship can be a powerful tool for promoting gender equality and women's empowerment (Okoye&Okojie, 2015).

#### **4.0 Government Policies and Initiatives Supporting Entrepreneurship in Nigeria**

In response to the growing youth unemployment crisis, the Nigerian government has launched several initiatives aimed at job creation and entrepreneurship. Programmes such as the N-Power initiative, Youth Enterprise with Innovation in Nigeria (YouWiN), and the Nigeria Youth Investment Fund (NYIF) provide training, financial support, and job placement opportunities to Nigerian youth. However, despite these efforts, the impact has been limited by funding challenges, poor coordination, and corruption. According to a World Bank report (2021), the structural and institutional weaknesses in the implementation of these programmes have significantly reduced their effectiveness in addressing the unemployment crisis.

One of the key criticisms of these interventions is their focus on short-term solutions rather than addressing the root causes of unemployment. Many government programmes lack the sustainability needed to create long-lasting employment opportunities, and they are often hampered by inconsistent policy implementation (World Bank, 2021).

The private sector and non-governmental organizations (NGOs) have also played a significant role in addressing youth unemployment in Nigeria. Companies such as Andela, Tony Elumelu Foundation, and Google Nigeria have introduced initiatives aimed at training young people in digital skills, entrepreneurship, and other job-ready

capabilities. These efforts, while commendable, are still limited in scale and impact compared to the size of the problem.

### **5.0 Challenges Facing Youth Entrepreneurs in Nigeria**

Youth entrepreneurship in Nigeria holds great potential for reducing unemployment and fostering economic growth. However, young entrepreneurs face numerous challenges that hinder their ability to launch and sustain successful ventures. These challenges are multifaceted, ranging from infrastructural issues to financial constraints and policy-related hurdles. Addressing these barriers is crucial for enabling youth entrepreneurship to reach its full potential as a driver of economic development and social empowerment. Below are some of these challenges:

#### **A. Lack of Access to Finance**

One of the most significant challenges facing youth entrepreneurs in Nigeria is inadequate access to capital. Many young entrepreneurs struggle to secure the necessary funding to start or scale their businesses. Banks and financial institutions often require collateral and extensive credit histories, which many young people lack. According to a report by the World Bank (2020), only about 5% of Nigerian small and medium-sized enterprises (SMEs) have access to adequate financing. This lack of access to finance prevents many youth-led businesses from getting off the ground or expanding operations.

Microfinance institutions and government initiatives such as the Nigeria Youth Investment Fund (NYIF) have sought to address this issue. However, these programmes are often limited in reach and impact due to insufficient funding, bureaucratic hurdles, and corruption (Aigbokhan, 2018). Consequently, many young entrepreneurs turn to informal sources of funding, such as family and friends, but these sources are often insufficient to cover the costs of running a business.

#### **B. Inadequate Infrastructure**

Poor infrastructure is another significant challenge for youth entrepreneurs in Nigeria. The country suffers from unreliable electricity, poor road networks, inadequate water supply, and limited access to high-speed internet, all of which negatively impact businesses. For instance, constant power outages increase the cost of doing business, as entrepreneurs must invest in generators and fuel to sustain operations. A report by the Global Entrepreneurship Monitor (GEM) noted that infrastructure issues disproportionately affect small businesses, particularly those run by young entrepreneurs with limited financial resources (Kew et al., 2015).

In the digital economy, internet connectivity is vital for business success, especially for entrepreneurs in e-commerce and technology sectors. However, internet access in rural areas remains poor, limiting the opportunities for young entrepreneurs outside urban centers to leverage online platforms for business growth. This digital divide further exacerbates the challenges facing youth entrepreneurs in Nigeria (Akande, 2019).

#### **C. Limited Entrepreneurial Education and Training**

A lack of entrepreneurial education and training is a persistent challenge in Nigeria. Many young people graduate from tertiary institutions without the practical skills required to start and manage a business. The Nigerian education system places more emphasis on theoretical knowledge than on hands-on, vocational training, leading to a mismatch between the skills acquired by graduates and the needs of the labor market (Okoye&Okojie, 2015).

Entrepreneurship training programmes exist, but they are often inaccessible to many youth, particularly those in rural areas. Additionally, these programmes are sometimes limited in scope, failing to address critical business skills such as financial literacy, business planning, and

marketing. According to Enyindah& Ronald (2021), without proper entrepreneurial training, young people are less likely to succeed in building sustainable businesses, as they may lack essential skills for overcoming challenges in the competitive business environment.

#### **D. Bureaucracy and Regulatory Hurdles**

Navigating Nigeria's complex regulatory environment is a major challenge for young entrepreneurs. The process of registering a business can be time-consuming and costly, involving numerous bureaucratic steps and interactions with multiple government agencies. For youth entrepreneurs with limited resources, these procedures can be overwhelming, discouraging many from formalizing their businesses (Adebayo, 2018).

In addition to registration challenges, youth entrepreneurs often face difficulties complying with tax regulations, licensing requirements, and other legal obligations. Regulatory inconsistencies and corruption within government agencies further complicate the process, with some entrepreneurs having to pay bribes to expedite approvals or avoid unnecessary delays (Aigbokhan, 2018). The cumbersome regulatory environment increases the cost of doing business, especially for young entrepreneurs who lack experience and connections.

#### **E. Limited Access to Mentorship and Business Development Services**

Mentorship and business development services are critical for helping young entrepreneurs navigate the complexities of starting and running a business. However, access to these resources is limited in Nigeria, particularly in rural and underserved areas. Many youth entrepreneurs lack access to experienced mentors who can provide guidance on business strategies, marketing, and financial management. According to a report by Tony Elumelu Foundation (2019), mentorship plays a vital role in helping young

entrepreneurs overcome challenges, yet many do not have formalized networks to tap into for support.

Business incubators and accelerators that offer training, mentorship, and networking opportunities are concentrated in major cities like Lagos and Abuja, leaving a significant portion of the youth population without access to these resources (Olawoyin, 2021). Expanding access to mentorship and support services is essential for empowering young entrepreneurs, especially those in underserved regions.

#### **F. Cultural and Societal Attitudes**

In many parts of Nigeria, cultural and societal attitudes toward entrepreneurship can be a barrier to youth empowerment. Traditionally, formal employment in sectors like the civil service or multinational corporations has been seen as more prestigious than starting a business. As a result, young people may face discouragement from their families or communities when choosing entrepreneurship as a career path. According to Okoye and Okojie (2015), these societal pressures can lead many youth to abandon entrepreneurial ventures in favor of more "stable" employment options, even if those options are scarce or underpaid.

Youth entrepreneurs in Nigeria face significant challenges, including lack of access to finance, poor infrastructure, limited entrepreneurial education, bureaucratic hurdles, and cultural barriers. These obstacles prevent many young people from realizing their full potential as entrepreneurs and contributing to national economic growth. Addressing these challenges will require coordinated efforts from the government, private sector, and civil society to provide young entrepreneurs with the resources, skills, and support systems they need.

#### **6.0 Conclusion**

Youth empowerment through entrepreneurship development in Nigeria

presents a viable solution to the challenges of unemployment and economic instability. By equipping young people with the necessary skills, knowledge, and access to resources, entrepreneurship can foster innovation, create jobs, and drive sustainable development. However, to fully harness the potential of youth entrepreneurship, there must be a concerted effort from the government, private sector, and civil society to address existing barriers. This paper concludes that with the right policies, infrastructure, and support systems, Nigerian youth can become drivers of economic growth and self-reliance.

### 6.1 Recommendations

The paper made the following recommendations:

1. Government should incorporate practical entrepreneurship training into the educational system at all levels, with a focus on developing creativity, critical thinking, and business management skills tailored to the Nigerian context.
2. Government should expand microfinance programmes, government-backed loans, and grants tailored for young entrepreneurs. Simplify the loan application processes and create low-interest rates to encourage youth participation in business.
3. Government should create mentorship programmes that link young entrepreneurs with experienced business leaders to guide them through the challenges of starting and sustaining enterprises. This will foster business growth and help reduce early-stage failures.
4. Government should encourage the use of technology in entrepreneurship by offering training programmes in digital tools and e-commerce platforms. This will help young entrepreneurs leverage technology to scale their businesses and access larger markets.
5. Government should strengthen the implementation of entrepreneurship policies and ensure that initiatives aimed at supporting young entrepreneurs are effectively monitored and evaluated. Also, reduce bureaucratic hurdles that stifle small business growth.

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