Entrepreneurial Interventionism and Challenges of Youth Unemployment in Nigeria

By Dr. C.G.E. Salami
Delta State University Asaba, Nigeria

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I. Introduction

Despite its recognized importance as a veritable tool for tackling unemployment, policy makers in Nigeria are yet to give entrepreneurship its deserved attention. Unemployment remains the major cause of poverty particularly among the youths between the 18 to 28 age cohort. Nigeria has one of the highest rates of youth unemployment in sub-Saharan Africa. And despite its alleged strong economic growth, Chukwubuikem (2008) notes that youth's full-time unemployment rate for 2006-2008 was 55.9 percent, four time higher than the national unemployment rate of 19 percent.

Like most developing nations of the world, Nigeria is faced with myriad of problems including diseases, conflicts, poverty, ethnic strife and unemployment. Of the above problems, unemployment seem to be a common denominator to all the problems listed. The situation of unemployment in Nigeria is such that it does not discriminate against the educated youths – the university and polytechnic graduates. The National Universities Commission (NUC) (2004) has noted the alarming unemployment among the Nigerian university graduates. Some writers have attributed the high rate of unemployment of university graduates to a disequilibrium between labour market demands and the lack of essential skills of the university products (Diejomah and Orimolade, 1991; Dabalen, Oni, and Adekola, 2000). Oviawe (2010) argues that the obvious critical skill gaps is capable of inhibiting the development of youths and the nation.

Records from the National Population Commission (2001) indicate that youths under the age of 30 constitute over half of the approximately 150 million Nigerians. One implication of the above is that in another one-to-two decades most of the youths of today will be parents in their mid-life years, and with little or no adequate skills in a fast emerging competitive global economy, it is doubtful how they can propel the needed wheel of development.

Woolflk (1998) argued that the youthful years mark the critical stage of human development when they are amenable to training in entrepreneurship as opposed to self-destructive behaviours. Have Nigerian policy makers been able to see through the connection between entrepreneurship and unemployment? Have they been able to conceive and formulate effective policies aimed at frontally addressing unemployment among the youths? While entrepreneurship may not be the absolute panacea to youth unemployment an enabling environment that nurtures entrepreneurship is capable of reducing youth unemployment by at least half.

II. Purpose

This paper seeks to explore the relationship between entrepreneurship as a platform toward reducing youth unemployment and the promotion of socio-economic growth and development in Nigeria. Specifically, it assesses past government efforts aimed at reducing unemployment, as well as examine the major factors/constraints that hinder entrepreneurship. It concludes by proposing some strategies that can promote effective entrepreneurship culture.

III. Research Methodology

Data for this paper were derived from secondary sources: previous research and analysis of scholars, government documents, newspaper/magazines as well as journals articles that are related to the subject. This study involved an extensive literature review which critically analyzed the present status, problems and prospects of entrepreneurship as part of the roadmap to wealth creation and reduction of unemployment among Nigerian youths. Why have Nigerian policy makers failed to see the connection between entrepreneurship and unemployment? Can Nigeria actualize its vision of being among the top 20 economies by year 2020 as envisaged in its vision 20:2020? As indicated earlier, Nigerian policy makers have not given entrepreneurship
is its deserved attention. In order to address the issues raised, it is necessary to examine the meaning of entrepreneurship.

IV. Entrepreneurship Defined

A definition of entrepreneurship has been debated among scholars, researchers, practitioners, and even policy makers since the concept was first established in the early 1970s. Steinfeld and Burgers (1993) view entrepreneurship as the ability to develop a new venture or apply a new approach to an old business. According to Gana (2001), entrepreneurship is the ability to seek investment opportunities and persisting to exploit that opportunity. On the other hand, Anayakoha (2006) sees the entrepreneur as one who chooses or assumes risks, identifies business opportunity, gathers resources, initiates actions and establishes an organization or enterprise to meet such demand or market opportunity.

Allawadi (2010) describes the carryout of new combinations as “enterprise” and the individual whose function it is to carry them out as “entrepreneur”. He further tied entrepreneurship to the creation of five basic “new combinations” of introduction of a new product, a new method of production, opening a new market, conquest of new source of supply and creating a new organization. Stevenson (2002) defines entrepreneurship as the pursuit of opportunity through innovative leveraging of resources that for the most part are not controlled internally. Though, the idea that entrepreneurs are innovators is largely acceptable, it may be difficult to apply the same theory to less developed countries (LDCs). Allawadi (2010) argued that LDCs rarely produce brand new products; rather they imitate products and production processes that have been invented elsewhere in developed countries. He refers to this practice as “creative imitation”.

Frequently, entrepreneurship is thought to apply only to the management of small businesses such as the roadside furniture maker, cobbler, tyre vulcanizer, hairdresser and so on, but recent giants like Dell computers and Microsoft have shown how a small business that started small can grow into a conglomerate if given an enabling environment. Drucker (1998) proposes that entrepreneurship is a practice. What this means is that entrepreneurship is not a state of being nor is it characterized by making plans that are not acted upon. One argument may be that entrepreneurship may not be self-sustaining, nor earn significant revenue. Regardless of the outcomes, when an individual creates a new organization, he has entered the entrepreneurship paradigm. Some individuals apply the concept of entrepreneurship to the creation of any new business, while others focus on intentions believing that entrepreneurs merely seek to create wealth. This is different from starting a business as a means of “working for yourself” rather than working for others. Others tend to confuse managing a small business with entrepreneurship. But Stevenson and Grousbeck (1999) argued that not all small business managers are entrepreneurs because they don’t innovate. On the otherhand, Stoner et. al. (2000) note that the function that is specific to entrepreneurs is the ability to take the factors of production – land, labour and capital and use them to produce new goods and services. However, they argue that entrepreneurs perceive opportunities that other business executives do not see or care about. Creativity and entrepreneurship promote the birth of new firms which is critical to economic development efforts. Therefore, a definition which seem to fully capture the true meaning of entrepreneurship is the one provided by Stevenson and Gumperts (2002) as a process in which individuals pursue opportunities, fulfilling needs and wants through innovation together with the attendant risks. Based on the above definitions, it can be concluded that entrepreneurship is the process of carefully determining and analyzing unmet needs through creatively satisfying those needs by bearing the related risks. By combining the above thoughts, it can be argued that entrepreneurs are risk bearers, coordinators, organizers, gap-fillers, leaders and innovators.

V. Basic Types of Entrepreneurship

Two types of entrepreneurship may be classified as:

(1) Opportunity-Based Entrepreneurship: This occurs when an entrepreneur perceives a business opportunity and chooses to pursue it. Ernst and Young (2009) in a survey found that majority of entrepreneurs said they saw economic slowdown as the perfect time to pursue new market opportunities. In addition, economists, academics and industry leaders agree that recession tend of favour the naturally innovative temperament of entrepreneurs.

(3) Necessity-Based Entrepreneurship: This occurs when an entrepreneur is left with no other viable option to earn a living. It is borne not as a choice but compulsion which makes him or her choose entrepreneurship as a career. An example is the Nigerian Civil War of 1967-1970 when the economic embargo introduced by Federal Government forced the secessionist Biafra to develop fuel pump from coconut and palm oil.

VI. Brief Examination of Youth Unemployment in Nigeria

Youth unemployment across the world has reached a new high and is likely to climb further. The youth population in Sub-Saharan Africa was estimated at
138 million people in 2002-2003, with 28.9 million, or 21 percent of them unemployed (ILO, 2004b). There are notable differences in youth unemployment with regard to gender. The unemployment rate for young women in Sub-Sahara Africa is 18.4 percent – lower than the unemployment rate for young men (23.1 percent) even as young women’s labour force participation rate is lower.

Youth unemployment in Africa also has a geographical dimension: it is generally higher in the urban areas than in rural ones. Several factors account for higher youth unemployment rate in Africa, most notably low economic growth, low economic activity and low investment. These related factors contribute to low job creation and because of sustained (increased in some cases) population growth the small labour market is unable to absorb the resulting army of job seekers. Youth unemployment has been increasing because most graduates lack relevant marketable skills. The federal government recently acknowledged that about 80 percent of Nigeria’s youth are unemployed and 10 percent underemployed (Daily Trust, 2008). According Depo Oyedokun (2010) Chair of the House Committee on Youth and Social Development, of the over 40 million unemployed youths in the country, 23 million are unemployable and therefore susceptible to crime, hence the need to articulate what could be done to salvage the situation. He therefore, suggests creating the enabling legislative framework that would ensure the total emancipation of the Nigerian youths.

A national survey jointly sponsored by NUC and the Education Trust Fund (ETF) in 2004 sought to determine the labour market needs. The study revealed that 44 percent of the 20 organizations rated Nigerian science graduates as average in competence, 56 percent rated them as average in innovation, 50 percent rated them average in rational judgment, 63 percent as average in leadership skills and 44 percent as average in creativity. On needed skills like literacy, oral communication, information technology, entrepreneurship, analytical, problem-solving and decision making, 60 percent rated them as poor. By any standard, the above statistics reflect a poor assessment of Nigerian university graduates and further buttress the argument that Nigerian university graduates are unemployable.

As should be expected, the lack of employment potential make crime a more attractive option for some Nigerian university graduates. It is common to find some graduates still roaming the streets, five years after graduating in search of jobs that either are not there or for which they are not qualified. It is therefore no coincidence that crimes such as kidnapping which is now a new and attractive industry is thriving especially in the South-Eastern part of Nigeria. Other crimes include armed robbery, car snatching, pipeline vandalism, oil bunkering, prostitution and so on. Furthermore, high competition for economic resources and services, over-dependence on a single natural resource (oil) and the neglect of other crucial sectors of the economy also contribute to youth unemployment in Nigeria. It was argued earlier that entrepreneurship is capable of providing the platform towards efforts aimed at reducing unemployment as well as promoting economic growth and development.

VII. FACTORS WHICH HINDER ENTREPRENEURSHIP

Entrepreneurship has been hindered by three major factors: structural, cultural and the lack of political will by policy makers.

a) Structural Factors

Structural inhibitors in the growth of entrepreneurship has its origin in the Nigerian education policies since independence in 1960. Between then and now Nigeria has introduced and implemented not less than three policies: the 7:5:2:3, 6:3:3:4 and now the 9:3:3:4 (elementary, secondary and university). There is now a clamour for a reintroduction of Higher school Certificates (HSC) program which was a two-year post-secondary program that prepared students for university education. This reaction followed the very poor performance of secondary school leavers (87% failure rate) in the West African Examination Council (WAEC). One of the major problems of past education policies stems from the fact new policies are not allowed to run their full course before they are changed. What this means is that some of the past policies were not well thoughtout before introduction.

Another related structural problem is the low budgetary allocation to the education sector, particularly the vocational and technical education sub-sector (See Table 1). Poor leadership, corruption and mismanagement of resource have contributed to the gross under-finding of education. A review of the table show Nigeria’s unimpressive allocation of only 1.3 percent of the GDP to education.
Table 1: Selected African Nations: Education Spending as Percentage of GDP

<table>
<thead>
<tr>
<th>Country</th>
<th>%GDP</th>
<th>Country</th>
<th>%GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>2.7</td>
<td>Mozambique</td>
<td>2.4</td>
</tr>
<tr>
<td>Algeria</td>
<td>4.3</td>
<td>Namibia</td>
<td>8.6</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>4.6</td>
<td>Nigeria</td>
<td>1.3</td>
</tr>
<tr>
<td>Cameroon</td>
<td>3.2</td>
<td>Rwanda</td>
<td>2.8</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>4.8</td>
<td>Senegal</td>
<td>3.2</td>
</tr>
<tr>
<td>Eritrea</td>
<td>4.8</td>
<td>Sierra Leone</td>
<td>2.7</td>
</tr>
<tr>
<td>Egypt</td>
<td>4.5</td>
<td>South Africa</td>
<td>5.7</td>
</tr>
<tr>
<td>Kenya</td>
<td>6.4</td>
<td>Sudan</td>
<td>1.4</td>
</tr>
<tr>
<td>Libya</td>
<td>3.8</td>
<td>Uganda</td>
<td>2.3</td>
</tr>
<tr>
<td>Madagascar</td>
<td>3.2</td>
<td>Zambia</td>
<td>1.9</td>
</tr>
<tr>
<td>Mali</td>
<td>2.8</td>
<td>Zimbabwe</td>
<td>4.7</td>
</tr>
<tr>
<td>Morocco</td>
<td>5.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


One possible explanation for the low budgetary allocation is the perception by some policy makers that education does not provide immediate return on investment (ROI) compared to the real sectors like oil, telecommunication, etc. Because of the low sectoral budgetary allocation, educational institutions are characterized by frequent strikes which those in government don’t consider as priority in terms of resolving the issues that led to the strikes. As Salami (2010) has argued elsewhere, strike by workers in oil and gas (NUPENG) industry are usually resolved with three days of the strike action. Apart from the possible social and political implication of a delayed resolution any NUPENG strike, it is believed that the real motivation for the usual quick response by government may be the need to safeguard the economic interest of those in authority. In other countries, products of vocational and technical education constitute the middle class which no longer exist in Nigeria.

Another related structural problem seem to be the general bias of educational curricula towards science and liberal arts education with little regard to vocational and technical education. This is attributed largely to the belief that the educated stand a better chance of occupying top positions in the economy. It is a known secret that top government officials have the hidden agenda to position their children for succession in government. This is achieved by clandestinely ensuring that their children attend the best schools abroad, and walk into lucrative jobs in Nigeria when they graduate, while their mates that schooled in Nigeria are yet to graduate due to incessant strikes university lecturers.

In Nigeria, graduates of polytechnics with Higher National Diploma (HND) are discriminated against. Apart from pay disparity between a B.Sc./BA degree holder and HND, the latter cannot rise beyond Grade level 14, while their counterparts with B.Sc./BA can rise to the position of Permanent Secretary in the Civil Service. Additionally, the Nigerian educational curricula appear to be designed as a “factory” for producing graduates who are made to believe that the only employer of labour is government – federal, state and local government. Consequently, many of the graduates of Nigerian tertiary institutions tend to limit their job search to government establishments.

b) Cultural Factors

Culturally, it can be argued that entrepreneurship has been hindered by two major factors: society’s perception about the socioeconomic status of artisans and the value system which is fast being eroded. There is the general perception that artisans and technicians are “never-do-wells”, dropouts, societal rejects or even failures who should perpetually remain at the bottom of the socio-economic ladder. This is reflected in a lack of respect in the part of the public for manual labour (Asby, 1960).

Another related factor is the general Nigerian value system which appear to have cultivated a new value system just like the larger society in their quest for making fast money as well as generally living on the fast lane. For example, the apprenticeship system of the olden days are fast disappearing. Gone are the days when a master automechanic would have about three to five apprentices under his tutelage. While many youths would sign up to learn a trade, a great majority of them quit apprenticeship and opt for motorcycle taxi business (popularly called Okada) to start making money while some who remain to learn the trade don’t stay long enough to acquire the necessary skill. One implication is that in a few years’ time Nigeria will begin to experience an acute shortage of artisans. Youths are not motivated to choose vocational and technical education (See Table 2). Table 2 shows that although the number of technical colleges have increased since 1991, the number of students enrolled has been declining since 1997. Conversely, enrolment in secondary schools have been increasing during the
same period. For example, it is common to find many legislators donate motorcycles to youths in their constituencies under the name of “youth empowerment”.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Technical Colleges</th>
<th>Student Enrollment</th>
<th>Number of Secondary schools</th>
<th>Student Enrolment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>208</td>
<td>46,083</td>
<td>3,854</td>
<td>1,653,891</td>
</tr>
<tr>
<td>1992</td>
<td>202</td>
<td>40,878</td>
<td>5,840</td>
<td>1,814,000</td>
</tr>
<tr>
<td>1993</td>
<td>190</td>
<td>72,136</td>
<td>5,948</td>
<td>1,865,189</td>
</tr>
<tr>
<td>1994</td>
<td>300</td>
<td>72,136</td>
<td>5,948</td>
<td>1,865,189</td>
</tr>
<tr>
<td>1995</td>
<td>240</td>
<td>76,434</td>
<td>5,991</td>
<td>2,934,349</td>
</tr>
<tr>
<td>1996</td>
<td>252</td>
<td>89,536</td>
<td>5,859</td>
<td>2,901,993</td>
</tr>
<tr>
<td>1997</td>
<td>261</td>
<td>1,179</td>
<td>6,001</td>
<td>2,923,791</td>
</tr>
<tr>
<td>1998</td>
<td>261</td>
<td>1,426</td>
<td>5,860</td>
<td>2,901,993</td>
</tr>
<tr>
<td>1999</td>
<td>261</td>
<td>1,425</td>
<td>6,008</td>
<td>3,123,277</td>
</tr>
<tr>
<td>2000</td>
<td>261</td>
<td>1,835</td>
<td>6,009</td>
<td>3,600,204</td>
</tr>
<tr>
<td>2001</td>
<td>261</td>
<td>1,835</td>
<td>5,959</td>
<td>4,032,083</td>
</tr>
</tbody>
</table>


**IX. Entrepreneurship and Youth Unemployment**

Former president Umaru Yar’Adua’s administration formulated a seven-point agenda aimed at transforming Nigeria into one of 20 global economies by the 2020. The seven-point agenda include “power and energy, food security, wealth creation and employment, transportation, security and functional education and the pursuance of the rule of law. Nigerians have heard similar policy pronouncements in the past, only to be disappointed by inaction. The vision 2020 program and the seven-point agenda may not be achieved without infrastructural technological capability. According to Mohan (2003) no society has become an industrialized nation without technological capability. It is believed that an effective technological culture must take its roots from a functional vocational/technical curricula which will serve as a “watering ground” for entrepreneurship and economic growth and development. This means that Nigeria needs a new paradigm for effective transformation of its economy and educational institutions, particularly vocational and technical education. As Dike (2009a) has argued, technical and vocational education holds the key to Nigeria’s economic development.

The way forward is for society to start changing their perception about technicians, vocational education and other “hand-workers” in general which include entrepreneurs. The worth of any worker should depend on the person’s skills and knowledge as opposed to number of academic degrees as the sole criterion for career advancement. For any individual to compete effectively in a rapidly evolving knowledge-based global economy, he or she must possess relevant job competencies, including technical, business, cultural, decision-making and intellectual competencies which could be obtained in a well-conceived functional vocational curricula.

If the Nigerian government must revitalize its economy some shift in policy that are critical to effective entrepreneurship programmes become imperative and they include the following:

- **Embrace External Competition to Promote Innovation:** Many governments show a tendency toward preventing external competition as a way of protecting local industries especially during economic downturn. Another policy action may involve granting subsidies to both failing and inefficient industries. But Ernst and Young (2009) argue that such fiscal policy may not only invite greater inefficiency but also deter innovation which is critical to economic growth. In other words, innovators depend on society’s appetite for constant improvement.

- **Give Newcomers Equal Opportunity with the Old:** Some leaders erroneously believe in the dictum of “old reliable” or “tested hands” much to the discomfiture
ent of beginners. It can be argued that motivated entrepreneurs may want to be challenged to show success if given a chance. Past performance may not always be a good predictor for tomorrow. In other words, the market leaders of today may not necessarily be the market leaders of tomorrow.

- **State Governments Should Develop Its Own Innovative Strategies to Promote Entrepreneurial Activity in Its Area:** Although many law makers and top government officials realize the potential of new enterprises in promoting employment growth, a centralized administration of entrepreneurial activities have tended to impede their effectiveness. Governments should discontinue entrepreneurial policies that seem to suggest a one-size-fits-all approach. For example, school curricula are the same across the country even though there is marked difference in academic achievement between the North and South and even between the East and West of Nigeria. Due to the socio-cultural diversity inherent in developing countries like Nigeria, entrepreneurial policies that are unique and indigenous to the respective states should be vigorously pursued.

- **Government Should Recognize and Reward Innovation:** Records by the American Executive Office (1983) show that new business with less than ten employees have a little less than a 75 percent chance of surviving the first year, and only about one chance in three (33%) of lasting four years or more. Therefore, given the likelihood of failure, government should offer regulations, a tax system and adequate protection for intellectual property to spur more desire for innovation. Society’s support for entrepreneurship should continue because support is critical in providing motivation. The media can play a powerful and constructive role through appropriate reportage on entrepreneurial spirit by highlighting success cases. Similarly, big companies should promote a strong nexus in entrepreneurship-intrapreneurship through functional research and development efforts.

**X. Conclusions**

Entrepreneurship is a process by which individuals pursue opportunities, fulfilling needs and wants through creativity and innovation, without regard to the resources they currently have. The concepts of risk-taking, innovation and creation of wealth constitute the web around which entrepreneurship have been woven. The decision to start a venture consists of several steps including the decision to leave a present career or life style, the conviction that the venture is desirable and worthwhile, and the belief that both external and internal factors can make the venture creation possible.

Allawadi (2009) has suggested that there are both “pushing” and “pulling” influences active in the decision to leave a present career: the “push” resulting from dissatisfaction or even layoff, and the “pull” towards entrepreneurship of seeing an unfulfilled need in the market. Any of these factors can function as a source of encouragement for entrepreneurship together with support from government, relations, family or role models.

The study of entrepreneurship helps entrepreneurs to better fulfill their personal needs as well as the economic contribution they make. Beyond increasing the national income through job creation, entrepreneurship acts as a positive force in economic growth by serving as a bridge between innovation and the market place. Although an entrepreneur frequently lacks both technical and business skills, they nonetheless serve as the major link in the process of innovation, development and economic growth. The literature suggest that success in highly competitive business environment depends on entrepreneurship. And managing a small business is different from entrepreneurship, just as not all business managers are entrepreneurs.

**References**


