

Entrepreneurship: A Tool for Building a Viable Economy and Reducing Youth Unemployment in Nigeria

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Abstract

The development and transformation of Nigerian economy is highly dependent on youth empowerment through entrepreneurship. They are the backbone of economic development all over the world and play important role for employment, income and societal changes, particularly in a transition economy like Nigeria. The paper is concerned with how entrepreneurship helps to reduce unemployment and as well help build a viable economy. In Nigeria today, unemployment among youths is one of the biggest challenges confronting the country. Nigerian youths constitute the most part of the entire population but today, they are experiencing youth decay manifesting in many social vices as a result of unemployment and idleness. This has been a major concern to the government and the entire citizenry of the country. The paper looks at some of the challenges of entrepreneurship in employment creation and also looked at the major causes of unemployment among the youths in Nigeria. Thus, conclusions and recommendations were made that youths should be well equipped with entrepreneurial skills that will enable them to be self-reliant and that government should strive to reduce the cost of doing business in Nigeria to the benefit of both entrepreneurial firms and other small businesses.

Keywords: *Entrepreneurship, Youth Unemployment, Viable economy, Economic Transformation.*

Introduction

Entrepreneurship is necessary for any country to become developed. Presently, youths' unemployment is very high in Nigeria with its attendant social vices such as kidnapping, arm robbery, prostitution and hired assassination and so on. In view of this, Nigerian youths should be re-oriented to embrace entrepreneurship in order to create more employment opportunities. Entrepreneurship education equips graduates with the right skills that will enable them to engage in a life of work in office as well as for self-employment and job creation for others. Nigerian Youths need to go beyond being educated. They should be exposed to skills acquisition in order to prepare them for life after school. The need for entrepreneurship development in the country today is necessitated by the fact that entrepreneurship development is a major factor in economic growth and development and also the permanent cure for extreme hunger and poverty. Entrepreneurship is the act of being an entrepreneur. Abdullahi (2008), states that entrepreneurship is a vehicle to improve the availability of life for individuals, families,

communities and to sustain a healthy economy and environment. Nigeria has human resources which should be capable of retrieving, processing and utilizing her natural resources for the general well-being of her citizens and development of her economy, given that they have appropriate skills. For these needed skills to be acquired, emphases should be directed towards entrepreneurship education which serves as a strategy for transforming the Nigeria economy in to one of the twenty largest economics in the world by the year 2020. This high rating which we want Nigeria economy to attain in the next five years cannot be possible at the present low level of unemployment. Entrepreneurship is also described as the ability of an individual or a group of individuals to create or discover an opportunity and utilize it to the benefit of the society, which, in turn, will bring success to the innovators and their organization. According to Dau and Cuervo-Cazurra (2014), the authors take a legalistic view of entrepreneurship and define it ‘as the creation of fresh businesses a stable collection of people who coordinate their efforts to produce fresh value-added economic activity’. According to Sarkar (2014), this interest has been fueled by the desire to understand how entrepreneurship influences the economy of a country. Both the economists and policy makers recognize the effect of entrepreneurship on the economy of a country. In fact, entrepreneurship has been considered as the engine of economic growth and it has come to be perceived as a catalytic agent for expansion and promotion of productive activities in every sphere of economic life all over the world. The role and significance of entrepreneurship development in numerous nations worldwide were quite significant. Numerous countries leaders and scholars have proposed that entrepreneurship can be a remedy for empowerment, job creation, economic transformation, and poverty eradication.

Nigeria presently, youths’ unemployment is very high in Nigeria with its attendant social vices such as kidnapping, arm robbery, prostitution and hired assassination and so on. In view of this, Nigerian youths should be re-oriented to embrace entrepreneurship in order to create more employment opportunities. Entrepreneurship education equips graduates with the right skills that will enable them to engage in a life of work in the office as well as for self-employment and job creation for others. Nigerian Youths need to go beyond being educated. They should be exposed to skills acquisition in order to prepare them for life after school. According to Okeke, (2021), Nigeria needs workforces that have the right skills, knowledge and attitudes of the workplace in order to develop industrially. The workforce being referred to here comes from the products of entrepreneurship education which is the master key that can alleviate poverty, promote peace and improve the quality of life for all.

Entrepreneurship

Entrepreneurship is the willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on the identified opportunities so as to meet the ever changing needs of the society, (Gana in Onwuegbune, 2009). According to Watson, (2011) entrepreneurship is a process through which individuals identify opportunities of un-met needs or change, allocate resources and create value through solutions. This idea implies that problems are seen by entrepreneurs as opportunities to take strategic and innovating business decisions to initiate and maintain a profit oriented business unit. Igbo (2009) views entrepreneurship as the process of planning and organizing a small business venture, through the use of resources to create, develop and implement solution to problems, to meet people’s need. In view of the above, entrepreneurship through small and

medium scale industries will help to transform the economy from a dependent one to a viable and independent one.

The entrepreneur has been seen as an actor, innovator or a developer of technology. However, the summary of what entrepreneurship means will reflect the individual definer's point of view. For Inegbeborin Akanwa and Akpanabia (2012), entrepreneurship is the willingness and ability of an individual to seek out investment opportunities, establish and run an enterprise successfully. Esomonu (1998) defined entrepreneurship as the effective manipulation of human intelligence, as demonstrated in a creative and innovative performance. The National Directorate of Employment (NDE) in Onyebueke and Ochnongo (2012) views entrepreneurship as an art which involves recognizing a business opportunity, mobilizing resources and persisting to exploit that opportunities. Tijani-Alawiye (2004), defines entrepreneurship as the process of adding to the stock of existing small, medium and big enterprises available to a country by creating and promoting many capable entrepreneurs who can successfully run innovative enterprises, nurture them to growth sustain them, with a view to achieving board socio-economic development goals. Nnebe (2017), states that it is the process of bringing together creative and innovative ideas with management and organizational skill in order to combine people, money and resources to meet an identified need and thereby create wealth. Shepherd and Douglas in Akanwa and Akpanabia, (2012) observe that entrepreneurship development is the ability to envision and chart a course for a new business venture by combining information from the functional disciplines and from the external environment in the context of the extraordinary uncertainty and ambiguity which faces a new business venture.

Entrepreneurial development has been found to be capable of making positive impacts on the economy of a nation and the quality of life of the people (Fajaryati, Budiyono, Akhyar & Wiranto, 2020). However, it has to be noted that only business that have been able to adopt and actually practice the principles of creativity and innovation that are positively impacting the economy and adding value to the life of the people. The only thing that is constant in this world is change. So, if one wants to meet one's with the rest of the world then in this scenario it is imperative for him or her to adopt new phenomenon, new methodologies and new technology. In this regard, the phenomenon of innovation and creativity is very important. Nowadays, businesses, entrepreneurs and individuals, are adopting the concepts of innovation and creativity. These concepts of innovation and creativity are becoming the central part of the strategies of the business and individuals (Uru & Yozgat, 2009).

Entrepreneurship Development Programme in Nigeria

Entrepreneurship development programme is increasingly recognized as important driver of economic growth, generating employment, fostering innovation and poverty reduction through the empowerment of young men and women (UNCTAD, 2010). Entrepreneurship development programmes (EDPs) have been described by Whetten and Cameron (2011) as a purposeful intervention by an adult (the teacher) in the life of a learner to impart entrepreneurial qualities and skills to enable the learner to survive in the world of business. Its aim is to equip learners with skills, knowledge and disposition that can help them develop or implement innovative social or business plans. Accordingly, Suleiman (2010) defines EDP as the process of enhancing entrepreneurial skills and knowledge through structured training and institutional building programmes. Entrepreneurship Development Programme in the context of this study refers to the process of enhancing the capacity of recipients through structured training and institutional building programme.

Challenges of Entrepreneurship

The following are challenges of Nigeria entrepreneurs:

Inconsistent Government Policies: Government inconsistency is really a challenge an entrepreneur will have to tackle if he must succeed. Governance is something entrepreneur have to control over, all entrepreneurs can do is to influence government policy with respect to enacting favorable business law. The entrepreneur must have political clout and massive resources to be able to influence government's law and he should keep a keen eye on government laws and swiftly adjust your business to align with the policies.

Multiple Taxations: One of other challenge encountered by Nigerian entrepreneurs is multiple taxations. Although entrepreneurs in a country have a responsibility of funding the government through paying taxes most of the taxes charged on entrepreneurs are not lawful and have effect on increasing cost of doing business.

Lack of credit facilities: Potential entrepreneurs go through many hardships when trying to access credit for their business. Though there is wide range of financial institutions that offer business loans, they usually charge high interest rates deterring aspiring entrepreneurs.

Poor state infrastructure: The Nigeria's infrastructure can be deemed to be a nightmare to both entrepreneurs and the rest of the country's population, with the existing tremendously gone up cost of doing business due to the deteriorating infrastructures.

Low standard of Education: There is no gain saying the fact that education is the key to knowledge and that it plays a strong role in farming the burgeoning entrepreneur. Based on today's world, the entrepreneur require education that will empower him to meet the require quality.

Poor product or service: The entrepreneur must understand the needs of his customers and seek ways to meet these needs via the product and services which he or she offer to the market for efficiency. Constant political turmoil in the country greatly limits foreign investors who would

be willing to provide resources for entrepreneurship in the country, which is widely agreed that the entrepreneur is the prime driver of economic progress.

Challenges of Entrepreneurship in the Creation of Employment

Constraints of entrepreneurship development could either be economic resources or human resources. Economic resources are made up of labour, land capital and entrepreneurial abilities, which when combined produce a great output. The key roles of entrepreneurship include mobilization of domestic savings for investment, significant contribution to Gross Domestic Product (GDP) and Gross National Income (GNI), harnessing of local raw materials, employment creation, poverty reduction and alleviation, enhancement in standard of living, increase in per capita income, skills acquisition, advancement in technology and expert growth and diversification. Irrespective of the benefits associated with entrepreneurship, there are lots of barriers that have prevented youths from fully realizing their potentials and assuming responsibilities in the society. These barriers are however differently grouped by different authors and scholars in the literature, but According to Onwubiko (2011) the barriers to entrepreneurship were grouped under the following sub-headings:

Absence of Infrastructural Facilities: It is a universal belief that certain basic infrastructural facilities aid the development of the mind and body and assist productivity in any environment. These facilities have been identified as good roads, good water supply, constant power, access to information and communication technology and other tools of trade. A case where these are lacking in a country, the growth of the economy will be adversely affected. In Nigeria, these basic work tools as well as the enabling environment is lacking. All these put together have made entrepreneurial activities cost intensive, unprofitable and uninteresting thereby dissuading the youths from assuming entrepreneurial leadership positions.

Inadequate Working Capital: Even though many scholars such as Onugu (2005) have argued against non-availability of capital as the prime problem of entrepreneurship development, the availability of capital, as viewed by Onwubiko (2011) is central to the establishment and continued existence of any enterprise irrespective of the size, focus and objective. It has been observed that for an entrepreneur in Nigeria to start a business, he /she must have adequate funds. In a situation where the working capital is inadequate or unavailable, it becomes a problem. This is one of the major, if not the major problem that young people encounter when opening a business. Banks are reluctant to give out loans to intending entrepreneurs especially when they are young people. The procedures for accessing such credits are often rigorous and dependent on the provision of collaterals which the potential entrepreneur may not possess. Therefore, intending entrepreneurs often fall back on their personal savings or on loans from family members and friends.

Low Standard of Education: The world today is a global village and since an intending entrepreneur must be conversant and in tune with events around and about him, education becomes a critical factor in preparing and empowering the entrepreneur with the qualities required of him. Unfortunately, the role of education in forming young people to become change agents it seems, have been ignored. Year after year, the quality of education in the Nigerian institutions has gradually been on the decline, due to strikes and unqualified teachers. While those who stay in the system is as a result of the unavailability of alternative jobs. Government

policy or lack of one has been a major bane of education in Nigeria. The schools are not adequately funded, equipped, regulated and managed to bring out their optimum potentials in youths and potential entrepreneurs.

Lack of Adequate Training: Absence of adequate training for students such has made it difficult to them to meet up the transformation question. This challenges the future of the youth as entrepreneurs. It has been observed that the educational curriculum in Nigeria focuses more on the theoretical without a corresponding practical approach. Most employers are always compelled to retrain their employees due to lack of knowledge of basic work ideas or familiarity with the area of study of the employee. Technology has been used to improve the quality of life through the use of the computers and other technological discoveries such as the internet. Where the youth does not have the knowledge or skill of the latest technology, it affects their outlook to life. This also results in low morale, inefficiency and lack of confidence. According to Ile (2003) there are factors that could shape the success or failure of a potential entrepreneur. They include the following, political, legal, ethnical, economic, cultural, social and physical. They play a role in stifling the dreams and aspirations of the youth towards assuming entrepreneurship positions. Economic factors such as policy reversals, high and double taxations, difficulty in procuring business approvals, high inflation and unstable exchange rates are some of the areas of concern for the potential entrepreneur who is in most cases a green horn basically there are three major factors that hinders entrepreneurship: structural, cultural and the lack of political will by policy makers. Structurally, structural inhibitors in the growth of entrepreneurship have its origin in the Nigerian education policies since independence in 1960. Another related structural problem is the low budgetary allocation to the education sector, particularly the vocational and technical education sub sector. Poor leadership, corruption and mismanagement of resource have also contributed to the gross under-funding of education. Culturally, it can be argued that entrepreneurship has been hindered by two major factors: society's perception about the socio-economic status of artisanship 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 that should perpetually remain at the bottom of the socio-economic ladder.

Major Causes of Unemployment Among Youths in Nigeria

Nigeria has a population of over two million people and is one of the most populous Countries in Africa. This has made the concentration of unemployed youths to be very high. Given the population density, some unemployed youths find solace in gangs where it is a daily routine to spend the day at street corners chatting, smoking Indian hemp or any illicit drugs including alcohol usually with a feeling that such drugs help them to momentarily forget the problems that confront them. Prolonged unemployment would make the youths to be so entrenched in the wrong things to a level that even when job opportunities arise in future, they will not be employable and the nation would have lost the contribution from this age group for good.

- i. Bad leadership could be a major contributor to the growing rise in unemployment in Nigeria. Unemployment continues to soar higher because our leaders have continued to be selfish and considering the people that voted them in office.
- ii. Misuse of the youth talents. Very many of the youths are talented but instead of developing the talents endowed in them, they are being wasted on things that are not important.

Entrepreneurship and Youth Unemployment Reduction

Entrepreneurship is a key driver of the economy in Nigeria, wealth and a high majority of jobs are created by small scale businesses started by entrepreneur usually – minded individuals, many of whom go on to create big businesses. This is more creative freedom for people who are exposed to entrepreneurship education. Entrepreneurship education is an attribute that enables a person to identify business opportunities, together with capacity to organize needed resources with which to profitably take advantage of such opportunities in the face of calculated risks and uncertainty (Odia & Odia, 2013). Thus, reduction of unemployment could be possible through some of the following ways:

- a. **Transfer of Technological Facilities:** Asogwa and Dim (2016) claim this prospect for developing and employing suitable technological approaches is given by entrepreneurs for the sustainability of youth in our society and reduce youths' unemployment.
- b. **Increase in Productivity through Innovation:** Innovation is the creation of better or more effective products, processes, technology and ideas which aid comfort convenience and efficiency in everyday life. So is the means by which entrepreneur convert ideas into marketable solution. Innovation has to do with changes leading to improvement in the quality and quantity of products and processes. In other words, innovation is dynamic.
- c. **Encouragement of large-scale creativities and public enterprises:** Entrepreneurs as the key factors of production principally produce raw materials in the form of some processed goods for the use of largest/biggest enterprises.
- d. **Effective and competent use of individual potentials and energies:** Most successful jobs today in Nigeria started small. Entrepreneurship is making individual to use their potential and energies to create wealth, independence and status in society.
- e. **Job generation:** Unemployment is a major issue facing all nations of the world and solving this issue is the quest of all nations. Entrepreneurship has remained the most relevant equipment for solving youth's unemployment problem/issues/challenges. Odia and Odia (2013) opined that who take to entrepreneurship immediately, succeed in providing jobs for themselves, as well as other nations.
- f. **Competent use of individual potentials and energies:** Most successful jobs today in Nigeria started small. Entrepreneurship is making individual to use their potential and energies to create wealth, independence and status in society.

Economic Growth and Entrepreneurship

Schumpeter(1951), disputed with numerous authors who in various perspective have elaborated only on the necessity of entrepreneurship to Economic growth but they never agreed on the actual part that entrepreneurs engage in recreation of economic growth. A nation economic development depends on the successful entrepreneurship combined with the forces of established corporation. Martin (2002) wrote that "In the theory of Economic Development" Schumpeter stated the responsibility of the entrepreneurs as prime cause of economic development. He explained how large firms outstands the smaller firm in innovation and appropriation process through strong feedback loop from innovation to increased research and development activities. In developed economy, the higher education system needs to play important role in research and development, technology, commercialization and education. Also to focus on high value added high technology, innovation and technology (Zoltan,2007).

Okpara and Wynn (2007), confirmed in Odia and Odia(2013) that economic growth and development is constantly used as regards to explaining the betterment in social well-being of a nation.

Conclusion

It is very obvious, that when the Nigerians youths are ill equipped they tend to make little or no change in the economic development of their country. The rate of youth unemployment in Nigeria is alarming. Most importantly the outcome of unemployment has led to security challenges, kidnapping, poverty, and many other social vices. It is a pity that these youths and graduate who are qualified, willing and able to work cannot find a job and as such earns nothing. Entrepreneurship as a tool for building a viable economy and reducing youth unemployment in Nigeria should be pursued with every vigor so that its objectives of overall economic transformation will be attained. To this regard, entrepreneurship units should be introduced in our institutions of learning which should be focused on skills acquisition and entrepreneurial training that would encourage mass job creators and not youths searching for white-collar jobs. Our youths should be equipped with entrepreneurial skills to enable them operate successful businesses. Government should therefore, genuinely recognize the essence of entrepreneurship training, job creation and innovation to unemployment reduction by providing the enabling environment for the youths to be gainful empowered

Recommendations

1. Unemployed youths in Nigeria should be strengthened to embrace entrepreneurship devoid the imitation and vocational inclinations.
2. Adequate financial, physical and human resources should be provided by various stakeholders not only for potential but also for existing entrepreneurs.
3. Government should strive to reduce the cost of doing business in Nigeria, to the benefit of both entrepreneurial firms and other small businesses.
4. Government should also attend to the nagging issue of infrastructural deficits in the country especially that of power supply. The national economy need a strategic diversification from oil and gas to agriculture, aviation, tourism, manufacturing and these should become the real engine of growth of the economy.

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