

Entrepreneurship Support Interventions and Youth unemployment in Nigeria: Lagos on Focus

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Abstract

This study is primarily motivated by the persistent unemployment rate in Nigeria which is further compounded by low level of vocational/entrepreneurial skills, the consequential effects of which have hindered youth employment in Nigerian. Hence, the pertinent concern of this paper is to investigate the entrepreneurship support intervention mechanism and youth unemployment in Lagos Nigeria. The study employed a survey technique and found that one hundred and nineteen (119) representing 35.5% of the total respondents within the age range of 21-25 and 26-30 years are unemployed in Lagos State also, 116 representing 34.6% of respondents consent that programmes and strategies by government such as NEEDS, better life for rural women and family support programme has helped to reduce the rate of unemployment, although the rate of employed youths in Lagos is still on the high side as youths have failed to guzzle innovation and recognize viable business opportunities in Lagos State.

Keywords

Entrepreneurship, Support Intervention, Youth Unemployment, Nigerian

JEL Codes: E29, H53, E24

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1. Introduction

For several decades' unemployment has been a major challenge facing youths in developing countries most especially Nigeria. This has become particularly acute after the eruption of global financial crisis at the tail end of 2008. However, due to this financial-cum-capital backdrop, formal /private sectors have not been able to meet the employment demand of the growing population in Nigeria. The aftermath of the crises contributed to the shrink in the demand for labor. Unemployment in Nigeria has been persistently high for the past four decades (1970-2018) in the 1970s and 1980s it maintained a single-digit value of about 5.52 % and 9.67 % respectively. It further rose to a double-digit value of 13.46 average between 1990-2011 and 23.1 per cent in third quarters of 2018 from 18.8 per cent in the third quarters of 2017 (CBN 2002, 2007; NBS 2010, 2009, 2012; 2018; World Bank 2005). Similarly, the number of people in the labor force increased from 75.9 million in 2015 to 90.5 million in 2018. The total number of people employed increased from 68.4 million in 2015 to 69.54 million in 2018 while the people classified as unemployed increased from 17.6 million in 2017 to 20.9 million in 2018 (NBS, 2018). The rising youth unemployment is the grease that has heightened poverty rate, crime and insecurity in Nigeria (Mohammed, 2012). However, the ability to tackle the problem of unemployment among the youth will help combat poverty and crime rate to an extent. Even though the unemployment rate is becoming alarming, the country still record improved economic growth. National Bureau of statistics, (NBS, 2010), posits that if a country's witness economic growth when there is high unemployment, is an indication of social-economic dislocation in the country.

1.1. Major causes of Unemployment in Nigeria and its aftermath effect on the economy

Youth unemployment most times is dependent on the state of the country's economy. A country with low or negative GDP, low investment, economic meltdown/recession are mainly affected by mass unemployment because there will definitely be low demand of labor. For instance, during the period of recession in the 1980s and 1990s and in 2008 (during the global financial crises), the country's human resources were greatly affected. Hence, the workforce was reduced by 40 per cent (ILO, 2005) due to low demand for labor by both state and private sectors. The youth and the women were mostly affected by the recession.

In the light of the above, the last resort for most youth was to fight poverty and unemployment from the street by hawking, okada riding, trading among others. These jobs are less likely to grow the economy. The persistent nature of youth unemployment in Nigeria has also contributed to losses in human capital (Lawanson, 2007). Therefore, Human capital is relative to the number of times one has been engaged working. Youth unemployment always make youths vulnerable and

aggrieved, hence they fall prey to warlords, terrorists, criminal gangs, prostitution, area boys among others (Argenti, 2002). Suffice to say all violence in Nigeria are mainly driven by mass unemployment and high poverty rate in the country.

In this regard, government has adopted several policies and programs aimed at addressing unemployment issues in the country which include; the National Directorate of Employment (NDE), established in 1986 to create jobs in order to Combat the high unemployment rate; the Small and Medium Scale Enterprise Development Agency of Nigeria (SMEDAN); the National Poverty Eradication Programme (NAPEP), the National Economic Emancipation and Development Strategy (NNEDS) established in 2004, People's bank, Better Life for Rural Women, vocational skill acquisition policies which was included in the school curriculum among others. Despite all these programs and policies taken to combat poverty and mass unemployment rate, the programs had no significant and sustainable positive effect in addressing the menace. The unemployment and poverty rate has incessantly been on the increase and this disparity varies across states in the country.

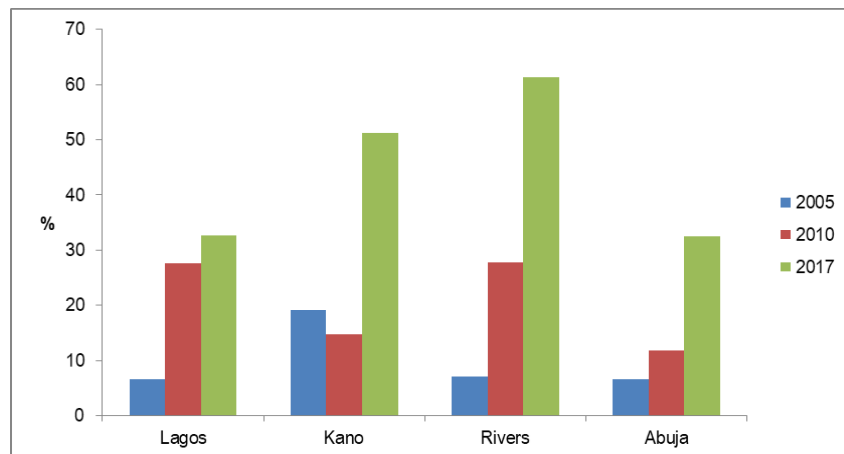


Figure 1. Comparison of Unemployment % in the states

Source: Authors computation from National Bureau of statistics, 2005; 2010; 2018

Figure 1 shows the disparity in unemployment rate across some selected states in Nigeria which have been masked by the national unemployment. The incessant increase in unemployment rate for several decades has become worrisome. For instance, when the national unemployment rate was 18.8 % in 2017, unemployment rate for Lagos was 32.7%, while Kano, Rivers and Abuja recorded 51.2%, 61.4 per cent and 32.5 % respectively. The Unemployment rate across the states has become alarming in recent time, hence the need for the study. It is pertinent to examine the rate of youth unemployment in Lagos Nigeria and to investigate the effect of entrepreneurship support intervention mechanism in reducing unemployment rate in Lagos state. Beyond the introduction, the remaining part of the study include; empirical review, intervention mechanism, methodology, findings, conclusion and finally policy recommendations.

2. Empirical review

The concept unemployment has been well advanced in the literature. Several studies have empirically investigated the effect of persistent unemployment on the economy. Hence, the study will do a brief review of literature to avoid repetitions.

Lee *et al.* (2001) examined the persistence of unemployment in 17 OECD countries within the period 1955-1999 using Lagrange Multiplier (LM) unit root test. The study found a strong persistence of unemployment rate in these countries. In the same vein, Leon-Lesdesma, (2002) using unit root test, assessed unemployment behavior in European Union countries and found that unemployment is persistent. Cheng *et al.* (2011) using a panel date of 51 US states for the period 1979 to 2010 investigated the nature of unemployment rate. They revealed there was a significant evidence of persistence in unemployment. Wu, (2003) using a panel data regression technique examined the persistent rate of unemployment rate in Chinese. The study revealed that total unemployment is more persistent that youth unemployment. Hence, the private sectors absorb more job seekers and this has helped to reduce unemployment rate. Ayinde (2008), Morphy, (2008) and Awogbenle & Iwuamadi (2010) in their studies also identified the causes of unemployment in Nigeria.

Pant, (2015) examine the impact of family in entrepreneurship development in 125 ethnic communities in Nepali. The study found that family has some role to play in entrepreneurship, but their finding was not back up with strong statistical test. Osemeke (2012) investigated the role of interventionist agencies in entrepreneurship development in Nigeria and found that the agencies role of the agencies is not felt in entrepreneurial skills in Nigeria.

A review of literature shows that empirical evidences on unemployment and its effect on youths has been widely discussed in the literature. As it were, literature and debates on mass unemployment are growing rapidly but the dimensions of entrepreneurship as a supportive intervention mechanism in Nigeria most especially Lagos state is still budding. This however, avail this study the opportunity to fill in the most existing gap in the literature. Hence, the study examines the intervention support mechanism for available for youths in Lagos state in Nigeria. The study used a well-structured questionnaire collate information from unemployed youths.

2.1. The entrepreneurship support intervention mechanism

The major life line for any economy is employment. Therefore, it is pertinent to note that the earlier Nigeria sets to address the menace of mass unemployment and poverty depends to a large extent on how it is able to develop its human capital (labourforce). In this 21st century, entrepreneurship and self-empowerment has become the core interest of most youth since formal/private sectors job employment opportunities keeps shrinking by the day. Youth however, have devised other ways of empowering themselves. According to Kew, (2015) entrepreneurship is the only avenue open to millions of youths to create employment for them. Hence, the way out for increased employment in Nigeria is through entrepreneurship Intervention. Studies have shown that countries like Brazil, Russia India, China and some emergent Asian countries have witnessed rapid growth as a result of entrepreneurial initiatives. Studies like Earle and Sakova, (2000) Audretsch & Keilbach (2006) have shown that high unemployment rate leads to rise in enterprising activities.

Nigeria is not left out as they have devised means of tackling the mass unemployment rate through entrepreneurship support interventions mechanism. One of the known support intervention mechanism in Nigeria is the entrepreneurship development program which was specifically designed to create awareness for Nigerian youths of the opportunities to own their own businesses. There are several reasons for youth entrepreneurship; first, it makes them self-employed and also enables them to young people like them. Second, addresses some socio-psychological issues that may have been prompted by joblessness. Third, helps in acquiring skills that can be applied in other field of life. More so, it also helps to promote innovation. Finally, makes youth to have sense of belonging by bringing them back to the economic mainstream.

Entrepreneurship Development Program is a learning entrepreneurship institution set up to address unemployment crises and carter for youths in particular. It is basically a short term approach of combating joblessness which will invariably bring about growth and development in the long-run. It is designed to give new entrepreneurs basic training tools on how to start and manage a new business. Helping new entrepreneur to explore more about business ideas and the feasibility of making their business ideas a profitable one. Base on this, the major goal of this program is to see the trained youth have asses to capital to set-up their own business. However, the major challenged faced by Entrepreneurship Development Programmes is finding support fund for trainees to start-up their own business.

3. Methodology of research

The study employed a questionnaire surveys technique among young people in Lagos from three different areas (Ajegunle, Bariga and Makoko) in three different local government (Ajeromi-Ifelodun L.G., Shomolu L.G. and Mainland L.G.) respectively. A survey technique was used in data gathering for the three local governments. However, six hundred questionnaires were administered, two hundred in each local government. Only three hundred and thirty-five were successful collected.

4. Results and analysis of results

4.1. Demographic characteristics of respondents

Table 1. Socio-Demographic Characteristics of Respondents

Variable	Characteristics	Freq.	%	Mean	SD
Age	17 – 20	63	18.8	1.44	0.497
	21– 25	112	33.4		
	26– 30	109	32.5		
	31and Above	51	15.2		
	Total	335	100.0		
Gender	Male	189	56.4	2.44	0.964
	Female	146	43.6		
	Total	335	100.0		
Religion	Christianity	81	24.2	2.49	0.941
	Islam	166	49.6		
	Others	88	26.3		
	Total	335	100.0		

Variable	Characteristics	Freq.	%	Mean	SD
Status	Employed	56	16.7	2.02	0.711
	Self-Employed	110	32.8		
	Unemployed	119	35.5		
	Underemployed	50	14.9		
	Total	335	100.0		

Source: Field Survey 2019. Sample size N = 335

This section deals with the bio-data information from the respondents such as gender, age, religion and status. The analysis and the interpretation of the demographics section of the questionnaire are shown in Table 2. As presented in Table 1, one hundred and eighty-nine (189) participants are recorded in the male group representing 56.4% while one hundred and forty-six (146) respondents are recorded in the female group representing 43.6%. Age distribution indicates that 63(18.8%) participants are reported in the age group (17-20) years, 112 (33.4%) participants are recorded to be between 21-35 years of age, 109 (32.5%) participants are between 26-30years and 51 (15.2%) respondents are between 31 years and above. The average mean age for the participants is 1.44 while the standard deviation is 0.409. Furthermore, the average mean and standard deviation for gender participants is 2.44 and 0.964 respectively. In addition, the percentage for religion for Christianity, Islam and others are 24.2% (81), 49.6% (166), and 26.3% (88) respectively. The average mean for religion is 2.49 while the standard deviation of 0.941. Furthermore, the percentage of status for employed, self-employed, unemployed, and underemployed are 16.7% signifying 56 respondents, 32.8% representing 110 participants, 35.5% signifying 119 respondents and 14.9% representing 50 respondents. This implies that more respondents came from unemployed youths.

Table 2. What determines the rate of youth unemployment?

Variable	Characteristics	Freq.	%	Mean	SD
Lack of adequate managerial skills depends on how an unemployed youth manages entrepreneurship	SA	50	14.9	2.56	0.961
	A	112	33.4		
	D	110	32.8		
	SD	63	18.8		
	Total	335	100.0		
Different programmes by the government such as better life for rural women, family support programme, and NEEDS has helped to reduce the unemployment rate	SA	61	18.2	2.46	0.978
	A	116	34.6		
	D	101	30.1		
	SD	57	17.0		
	Total	335	100.0		
Unemployment increases because youths are not able to innovate and recognize viable business opportunities.	SA	52	15.5	2.48	0.931
	A	120	35.8		
	D	112	33.4		
	SD	51	15.2		
	Total	335	100.0		
The ineffectiveness of the vocational and entrepreneurship courses in the school curriculum to address youth unemployment has been the root course of youth unemployment	SA	51	15.2	2.56	0.949
	A	104	31.0		
	D	122	36.4		
	SD	58	17.3		
	Total	335	100.0		

Source: Field Survey 2019. Sample size N = 335

Based on the first objective of the study, what determines the rate of youth unemployment is analyzed by employing percentage and frequency distribution. Table 3 affirmed that 33.4% representing 112 respondents agreed that lack of adequate managerial skills depends on how an unemployed youth manages entrepreneurship, although 110 respondents representing 32.8% disagreed that Lack of adequate managerial skills, depends on how an unemployed youth manages entrepreneurship. In the same vein, 34.6%(116) of the respondents agreed that different programmes by government such as better life for rural women, family support programme, and NEEDS has help to reduce unemployment rate, while 101 representing 30.1% respondent disagreed that programmes implemented by government in different dispensation have not helped in reducing the rate of unemployment in Lagos State. Furthermore, 35.8% (120) participant consent that unemployment rate increases because youths have not been proactive and innovative when it comes to recognizing viable business opportunities, although 33.4% (112) disagreed to that effect. In addition, 36.4% representing 122 respondents disagreed that the ineffectiveness of the vocational and entrepreneurship courses in the school curriculum to address youth

unemployment has been root course of youth unemployment, although 104 (31.0%) agreed that ineptitude of vocational and entrepreneurship courses in the school is the root course of unemployment in Lagos State. Considering the proportion of respondents choosing to agree (A) amounting to $\frac{3}{4}$ (75%) of the respondents confirm that the rate of unemployment in Lagos State is high in spite the effort by the government to addressing.

Table 4. What is the Social Intervention Mechanism?

Variable	Characteristics	Freq.	%	Mean	SD
Government entrepreneurial strategies such as NEEDS, LEEDS and SEEDS have helped in improving entrepreneurial businesses	SA	55	16.4	2.46	0.921
	A	115	34.3		
	D	120	35.8		
	SD	45	13.4		
	Total	335	100.0		
There are government directives for private organizations to support local entrepreneurship	SA	74	22.1	2.33	0.961
	A	118	35.2		
	D	100	29.9		
	SD	43	12.8		
	Total	335	100.0		
There are available government loans through the Bank of the industry for growing entrepreneurship business in Nigeria	SA	56	16.7	2.50	0.963
	A	113	33.7		
	D	109	32.5		
	SD	57	17.0		
	Total	335	100.0		
The government provides infrastructural facilities to society to aid entrepreneurship development.	SA	55	16.4	2.48	0.947
	A	118	35.2		
	D	109	32.5		
	SD	53	15.8		
	Total	335	100.0		
The government provides youths with insights into entrepreneurship and enterprise which aim at helping them in start up a small business	SA	51	15.2	2.52	0.941
	A	114	33.4		
	D	115	34.0		
	SD	55	16.4		
	Total	335	100.0		
Promoting innovation and resilience in youth is a way of promoting entrepreneurship among youths	SA	61	18.2	2.41	0.956
	A	126	37.6		
	D	97	29.0		
	SD	51	15.2		
	Total	335	100.0		
Entrepreneurship and vocational skills' training is receiving greater attention as many centres have been established	SA	65	19.4	2.46	0.981
	A	110	32.8		
	D	106	31.6		
	SD	54	16.1		
	Total	335	100.0		

Source: Field Survey 2019. Sample size N = 335

Table 4 above reveals that 35.8% (120) of the respondents disagree that government entrepreneurship strategies such as National Economic Empowerment Development Strategies (NEEDS), Local Economic Empowerment Development Strategies (LEEDS) and State Economic Empowerment Development Strategies (SEEDS), have helped in improving entrepreneurship business in Lagos State. This implies that the strategies introduced by the government to help propel the growth of business have not been that effective, although 34.3% of the respondents agreed that government strategies have helped in improving entrepreneurial business. More so, 35.2% representing 118 participants consent that there are government directives for a private organization to support local entrepreneurship, likewise, 33.7% (113) respondents agreed that there are available government loans through Bank of Industry for growing entrepreneurship business in Nigeria. In addition, 34% (115) of the respondents disagree that government provides youths with insights into entrepreneurship and enterprise which aim at helping them to start up a small business. 126 (37.6%) of the respondents' consent that promoting innovation and resilience in youth is a way of promoting entrepreneurship among youths. Also,

32.8% (110) of the participants agreed that entrepreneurship and vocational skills' training is receiving greater attention as many centers have been established.

5. Conclusions

This study investigates the entrepreneurship support intervention mechanism and youth unemployment in Lagos by focusing on three local government areas in Lagos State where the rate of youth unemployment and the crime rate is high. The study employed a multistage sampling technique based on the area of coverage and more so to divide the population into groups. In the course of the study, two hundred questionnaires were administered in each of the local government areas, amounting to a total of six hundred questionnaires distributed. The socio-demographic result affirmed that one hundred and nineteen (119) representing 35.5% of the total respondents within the age range of 21-25 years and 26-30 years are unemployed in Lagos State, implying that more effort should be geared towards empowering youths within the aforementioned range. Also, 116 representing 34.6% of respondents consent that programmes and strategies by government such as NEEDS, better life for rural women and family support programme has helped in reducing the rate of unemployment in Lagos State, although the rate of employed youths in Lagos is still on the high side as youths have failed to guzzle innovation and recognize viable business opportunities in Lagos State.

6. Policy Recommendations

Based on the findings, the study suggests that;

- i) Government policies should aim at reducing relative unemployment and this can have impact when they are substantial. These include huge investment in infrastructural facilities such as electricity, road, rail network, telecommunication among others. As well as improving the business environment.
- ii) Polices targeting development of entrepreneurial skills among the youth should be put in place and government should assist private businesses with start-up grant or loans.
- iii) Away from trader monies given to support micro investors, Lagos State government should also partner with a bank of industry and other private firms in the area of training and entrepreneurship development, especially in the densely populated areas where the survey was done.
- iv) Entrepreneurship as a subject should be included in the school curriculum at all levels (primary, secondary and tertiary) just like other emerging countries like China and Japan do, and also monitoring and evaluation techniques should be put in place to ensure its functionality.

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