

Exploring the Influence of Effective Entrepreneurial Education on Youth Employment in Nigeria

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ABSTRACT

In Nigeria, youth employment has remained a persistent challenge for successive governments. Despite numerous entrepreneurship and job creation programmes, the outcomes have been insufficient to reverse the trend, resulting in socio-economic issues such as high unemployment, underemployment, insecurity, and poverty. Data from the World Bank and National Bureau of Statistics (NBS) indicate that youth unemployment fluctuated between 6.3% and 33% from 2010 to 2020, as millions of young people in their twenties entered the labour market annually with limited employment opportunities. Although the decline in unemployment to 4.3% in 2024 appeared promising, it was met with skepticism because poverty levels remained high at 38.3%, underscoring persistent structural and socio-economic challenges.

These socio-economic challenges have produced two distinct categories among Nigerian youths. The first comprises those who, due to unemployment and limited opportunities, resort to criminal activities and contribute to insecurity. The second category includes youths who, driven by necessity, engage in small-scale entrepreneurial activities in line with the Necessity-Based Theory of Entrepreneurship. While these ventures may serve as survival strategies and avenues for poverty reduction, many of these young entrepreneurs lack the requisite skills to establish and sustain viable businesses. This study, therefore, seeks to promote entrepreneurial education with an effective curriculum that strategically equips youths with competencies in innovation, business planning, risk management, and financial literacy, thereby enhancing their capacity for sustainable enterprise creation.

This research utilizes a mixed-methods approach, combining qualitative strategy to critically review existing literature and theoretical concepts of the study; and quantitative strategies to analyze historical statistical data from the World Bank and NBS.

A pilot study was conducted using structured questionnaires distributed to a purposive sample of 90 alumni members of a secondary school, with a focus on identifying those who are self-employed. From this group, 18 valid responses were received. The data from this pilot study are analyzed descriptively to generate preliminary insights into the experiences, challenges, and entrepreneurial trajectories of young entrepreneurs. These findings complement the broader statistical and theoretical analysis by offering micro-level evidence.

The theoretical foundations of this study are grounded in four key perspectives. First, the Necessity-Based Theory of Entrepreneurship explains how limited employment opportunities compel individuals to establish small ventures as a survival strategy. Second, the Psychological Theory of Entrepreneurship emphasizes the role of individual traits—such as self-reliance, risk-taking, and autonomy—that influence entrepreneurial intentions and the pursuit of self-employment. Third, the Human Capital Theory which emphasizes education and skills. Fourth, Institutional Theory which are government interventions to support entrepreneurship. Together, these frameworks provide a lens through which the interplay between structural constraints and individual agency in youth entrepreneurship can be understood.

Keywords: Youth Entrepreneurship, Self-employment, socio-economic challenges, entrepreneurial education, financial literacy, Informal sector, Access to finance, Business creation readiness

INTRODUCTION

Entrepreneurship plays a pivotal role in driving economic growth through job creation and fostering innovation especially in emerging economies with limited formal employment (Osakwe, 2024). It involves individuals taking financial risks to create value through new ventures (Rusu & Roman, 2024). Success depends on competencies such as creativity, problem-solving, financial literacy, and managerial skills, which can be developed through structured entrepreneurial education (Hassan & Sofoluwe, 2022; Ibidunni et al., 2021). Scholars highlight that entrepreneurship education equips youths for sustainability and competitiveness (Omri, 2020; Klimas et al., 2021). Beyond individual success, entrepreneurship also reduces youth unemployment and fosters inclusive economic growth (Oyinlola et al., 2024).

In Nigeria, youth unemployment persists despite interventions like N-Power, SAED, and education reforms (Korter, 2023). A key challenge is the weak integration of indigenous apprenticeship systems—effective for skill transfer into formal curricula (Lawal, 2024; Omosunlade & Gbadamosi, 2022; Agu & Nwachukwu, 2020). While apprentices often lack formal education to scale ventures, university graduates possess theory without practical entrepreneurial skills (Okoro & Nwankwo, 2022). This mismatch leaves both groups underprepared for entrepreneurship. Policy and curriculum gaps further fuel unemployment, frustration, and reliance on informal survival strategies, increasing insecurity and instability (Adewole, 2023).

The primary aim of this project is to investigate how the incorporation of apprenticeship and vocational models into the formal education curriculum would connect practical skills to theoretical knowledge, alongside the establishment of University-Based Enterprises (UBEs) to function through public–private partnerships to provide startup internships to connect theoretical knowledge to practical skills.

The article is structured into two main sections: Section One presents the pilot study conducted on the subject, whereas Section Two provides reflective accounts of the processes and insights gained during the pilot study.

Research Problems

The mismatch between formal education and the need of the labour market in Nigeria has fueled high youth unemployment and underemployment. Government interventions such as N-Power, NYSC SAED, and education reforms have had limited success, as many youths still lack the practical skills required to start and sustain businesses. While traditional apprenticeship provides valuable hands-on skills, it often lacks the formal education needed for scaling ventures. This dual gap—weak integration of apprenticeship into formal education and inadequate vocational training in higher institutions limits entrepreneurial readiness and growth. Addressing this requires examining how entrepreneurial education, formal schooling, and practical training can strengthen youth intentions, promote business formalization, and improve access to finance.

Research Aims / objectives

1. To examine the effect of entrepreneurial education on the readiness and intentions of Nigerian youths to start businesses.
2. To assess how formal education levels influence youth engagement in self-employment and business formalization.
3. To evaluate the role of practical business training in enhancing entrepreneurial skills and sustainability.
4. To investigate the effect of entrepreneurial education and training on youth access to formal financial services.
5. To provide recommendations for integrating entrepreneurship and practical skills into formal and informal education programs to reduce youth unemployment.

Research Questions

1. To what extent does entrepreneurial education enhance the business creation readiness of Nigerian youths?

2. What Factors Influence youths in Nigeria to become Self-Employed?
3. To what extent does the educational level of entrepreneurs affect formal financing?
4. Can the level of formal education impact on the nature and formality of youth enterprises?
5. How would compulsory entrepreneurial education and the integration of practical business training in schools affect the entrepreneurial intentions of young Nigerians?

Research Gaps

1. Integration of Practical Skills: Studies show a gap between formal education and practical entrepreneurship skills in Nigeria, as apprenticeship programs provide hands-on experience but are rarely included in the formal curriculum (Lawal, 2024; Korter, 2023).
2. Sustainability of Youth Ventures: Research shows that youths with practical skills often lack the theoretical knowledge to scale and sustain their businesses, while graduates with formal education lack practical skills to initiate ventures (Agu & Nwachukwu, 2020; Omosunlade & Gbadamosi, 2022). This gap limits understanding of how integrated educational models could enhance entrepreneurial sustainability.
3. Policy Implementation Gaps: Although numerous government initiatives exist, there is insufficient research analyzing why such policies have not fully translated into sustainable employment or entrepreneurship outcomes among the youth (Okechukwu & Adebayo, 2025).

METHODOLOGY

This study adopted a mixed-methods approach to examine youth entrepreneurship in Nigeria, focusing on entrepreneurial education, formal education levels, venture characteristics, and access to finance.

LITERATURE REVIEW

Approach

A comprehensive literature review was conducted to map existing theoretical and conceptual frameworks relevant to youth entrepreneurship. This review helped identify the key factors influencing entrepreneurial intentions, venture formalization, and access to financial resources among Nigerian youths. The insights gained informed the design of the empirical study and helped establish a theoretical grounding for interpreting the findings.

Pilot Study

A pilot study was conducted with 18 young entrepreneurs from one secondary school in Aba, Nigeria. Participants met the inclusion criteria of being aged between 21 and 46 and actively engaged in small business activities. The pilot helped refine the data collection instruments, ensuring that the questions were relevant, clear, and capable of capturing meaningful information on entrepreneurship trends among youths.

Empirical Data Collection

Empirical data were collected from the selected entrepreneurs to explore trends in entrepreneurial education, formal education levels, the nature and duration of their ventures, motivations for starting businesses, sources of capital, and business registration status. These variables were chosen to evaluate the existing interventions and the broader entrepreneurial environment for youth. By analyzing these factors, the study aimed to understand how education and training influence entrepreneurial readiness and formalization.

Rationale and Limitations

Selecting a single secondary school allowed efficient access to a concentrated group of youth entrepreneurs and facilitated practical data collection. While the single-site, small sample size limits generalizability, the findings provide valuable insights to inform policy and larger-scale studies.

Data Analysis

During the data cleaning process, incomplete questionnaires were removed from the dataset, resulting in a final sample size of 18. This procedure was necessary to ensure that only complete and reliable responses were included in the analysis. Data integrity was particularly critical given the application of Structural Equation Modeling (SEM) to evaluate the relationships among variables and to test the fit of the proposed theoretical models. Prioritizing data quality over quantity enhanced the validity and accuracy of the SEM analysis. In light of the small sample size, descriptive statistical techniques—including frequencies, medians, and ranges—were employed as part of the initial analysis. These methods facilitated the identification of patterns and trends within the dataset, thereby providing a foundation for discussion and interpretation in the context of youth entrepreneurship.

FINDINGS AND DISCUSSIONS FROM PILOT STUDY

Age Distribution of the surveyed Entrepreneurs

18 entrepreneurs' respondents drawn from three different age groups from 21 to 50 were received. The findings are presented below:

Figure 1: Respondent's age group

Age Group	Number of responses	Percentage of result
21-30	6	33.3%
31-40	2	11.1%
41-50	10	55.6%

Respondents' Age Group Distribution

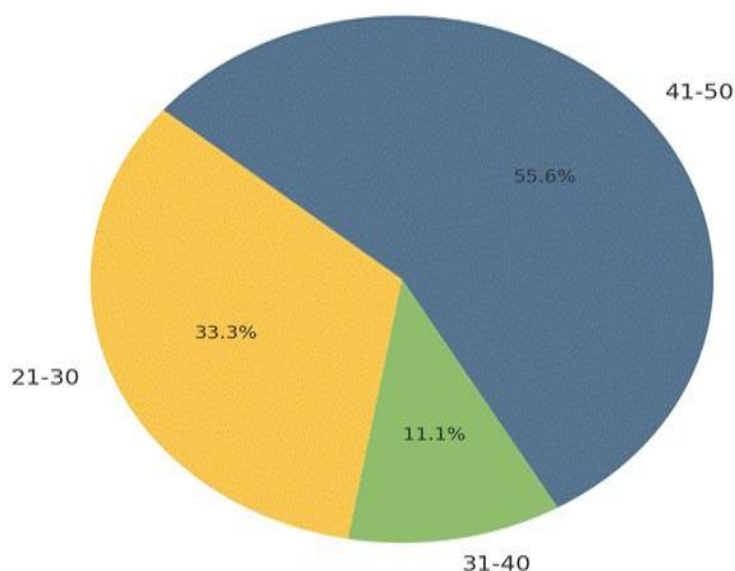


Figure 2: pie chart showing age group distribution

The age group of 31–40 years is underrepresented among respondents, with only 2 participants, accounting for 11.1% of the total responses. This may indicate that entrepreneurs in this age bracket show limited engagement with their ventures, potentially maintaining businesses primarily due to a lack of alternative employment opportunities (Fredström et al., 2021; Ndofirepi, 2020). Many may operate informally or run less profitable ventures due to low level of education (Moyo, 2022), could also contribute to their lower participation in the study.

Dominant Age Group (41–50 years): This group accounted for 10 of the 18 survey responses, representing 55.6% of the surveyed entrepreneurs. While they may lack formal entrepreneurial education, many have gained experience through trial and error, or what Gottschalk & Müller (2022) describe as “learning the hard way,” which can effectively increase knowledge and skills. Similarly, Mayr et al. (2020) suggest that failure can be a critical avenue for skill development and resilience in entrepreneurship. Adelowo & Henrico (2025) further note that even with limited formal education, prior business failures and persistence can foster resilience. However, St-Jean & Tremblay (2020) and Olayemi & Abdul (2023) caution that not all entrepreneurs have the capacity to recover from failure, and initial setbacks may lead some to permanently exit entrepreneurship. This indicates that while many youths might stop trading after early failures, those aged 41–50 tend to remain more engaged and responsive in their ventures, potentially due to professional maturity, lessons learned from previous failures, experience with business cycles, career stability, or personal interest.

Youth Participation (21–30 years): This group accounted for 33.3% of responses, representing a significant portion, though not the majority. Many youths in this age range appear to have entered entrepreneurship through Igbo Apprenticeship Schemes (APS). According to Agu & Nwachukwu (2020) and Iwara & Adeola (2023), the APS involves a mentor taking on a mentee for practical, on-the-job training lasting approximately five years or more, after which the mentee may receive startup capital to launch their own business. This apprenticeship model is largely practical, and many mentees have limited formal education, lacking the theoretical and high-quality educational skills necessary for sustainable enterprise management. This deficiency often contributes to the failure of their ventures (Sallah & Caesar, 2020). These younger categories are relatively new to entrepreneurship and may lack formal entrepreneurial education. Their limited participation in the survey could be attributed to Agu & Nwachukwu, (2020) study of their low awareness of entrepreneurship outside practical. This indicates potential challenges in adapting to changes and managing environmental factors affecting their ventures effectively, due to insufficient entrepreneurial skills and knowledge.

Self-Employment Categories Among Respondents

Job Types and Nature of Ventures: The participants reported engaging in a wide range of entrepreneurial activities across creativity, commerce, modern services, and traditional services. Specifically, these included Fashion Design, Consultancy, Traditional Medicine Practice (Tradi-medicinal), Trading, Maritime Agency, Information Technology Consultancy (ITC), Cosmetics Retail, Electrical Motor Rewinding/Electrical Wiring of Control Panels, Tailoring, Electrical Work, Mechanical Services, Retailing, Car Spare Parts Dealership, Hair and Beauty Services, and App Development. This diversity reflects the varied skill sets and interests of the youth entrepreneurs surveyed. These are shown in the diagram below:

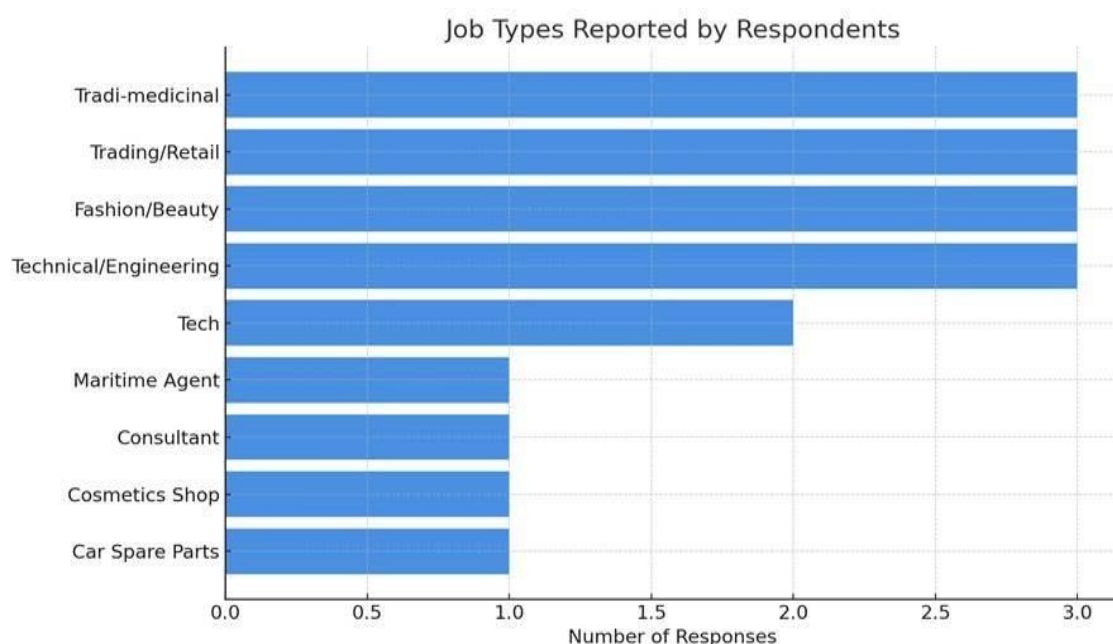


Figure 3: jobs types reported by the participants

The jobs reported by participants show strong representation in both manual and skilled trades, reflecting the continued importance of practical skills as a pathway to self-employment. Occupations such as tailoring, electrical work, mechanical services, electrical wiring, and car spare parts trading demonstrate a heavy reliance on hands-on, technical, and mechanical expertise. Many participants are also engaged in trading, retailing, and cosmetics sales, highlighting commerce as a widely pursued entrepreneurial avenue.

Additionally, a notable number of participants operate in tradi-medicinal practices, underscoring the ongoing relevance of traditional health services, particularly in communities where conventional healthcare is limited or costly. Some participants have ventured into modern service-oriented or technology-driven jobs, such as consultancy, maritime agency, IT consultancy, and app development; however, these remain fewer compared to manual and retail-based enterprises.

Roles in fashion design, hair, and beauty demonstrate that creative industries are significant contributors to youth self-employment. The diverse range of self-employment roles helps reduce unemployment, promote selfreliance, fosters creativity, and strengthens economic resilience (Uwa et al., 2021). It also enhances problem solving, innovation, and confidence among youth (Ndofirepi, 2020).

However, mixed outcomes challenge the sustainability of these ventures, undermining youth-led startups. Key obstacles persist in areas such as access to funding, skills training, mentorship, and supportive policy frameworks (Obaji & Olugu, 2022; Adu & Ojelabi, 2023; Kazeem & Akinyemi, 2024).

To effectively support youth in starting and sustaining ventures, entrepreneurship initiatives must combine well-designed policies, practical mentoring, hands-on training, and reliable access to funding. Such integrated measures are essential to harness the potential of entrepreneurship in reducing unemployment, insecurity, and poverty.

Participant Responses on Receiving Entrepreneurial Education

Three sub-variables were used to assess whether participants received entrepreneurial education in school prior to starting their businesses: “probably not,” “probably yes,” and “might or might not.”

- 13 participants indicated that they did not receive entrepreneuria education.
- 4 participants reported that they had received entrepreneurial education.
- 1 participant was unsure whether they had received such education.

The distribution of responses is illustrated in the figure below:

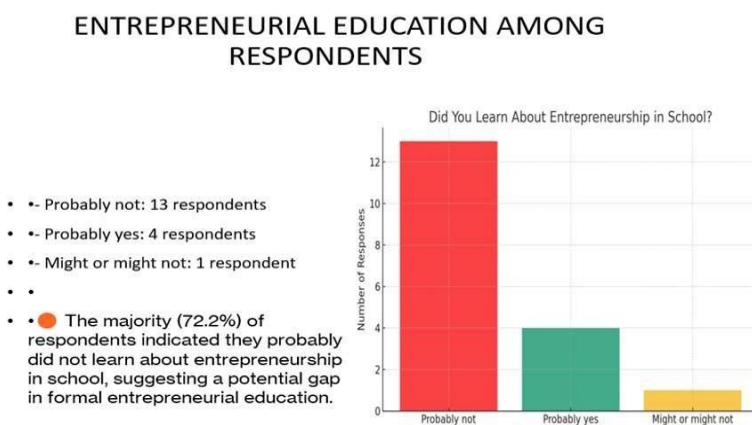


Figure 4: Entrepreneurial education among participants.

The findings indicate that most participants (13 out of 18) did not receive entrepreneurial education or training before starting their ventures, reflecting a major gap in formal entrepreneurial preparation. This lack of training limits business planning, preparedness, and long-term sustainability. Two explanations emerge: first, many entrepreneurs may have entered traditional businesses based on Psychological Theory, which links entrepreneurship to upbringing traits fostering self-reliance (Agu & Nwachukwu, 2020). Second, others may have been pushed into entrepreneurship out of necessity, driven by unemployment, job insecurity, or job loss (Fredström et al., 2021; Sirola, 2020; Sallah & Caesar, 2020; Ibidunni et al., 2021).

From an Institutional Theory perspective, government interventions such as YouWiN, N-Power, and NYSC SAED were designed to equip youths with entrepreneurial skills but have been weakened by political interference, irregularities, and short training periods (Oduwale & Fadeyi, 2020; Ogunmodede et al., 2020; Deebom & Daerego, 2020). The small number of participants who did receive entrepreneurial education (4 out of 18) likely benefited from such programs, underscoring the potential of embedding entrepreneurship more effectively into school curricula. The one unsure response further suggests limited awareness or clarity about entrepreneurial education.

Participants' Highest Educational Qualification

To assess the participants' level of formal education, three categories were used: GCSE/SSCE, Diploma, and Graduate/Postgraduate. The distribution of responses is illustrated in Figure 5 and 6 below:

Educational Level	Number of responses	Percentage of result
GCSE/ SSCE	7	38.9
Diploma	4	22.2
Graduate/post graduate	7	38.9

Figure 5: Responses by Education Level

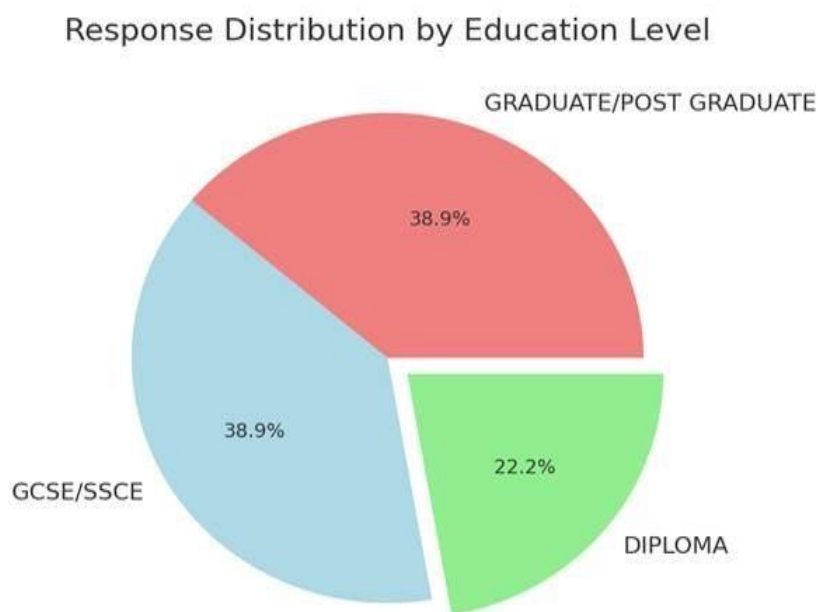


Figure 6: pie chart showing the distribution of responses by education level:

The entrepreneurs were evenly distributed at both the top and bottom of the education scale: GCSE/SSCE holders and Graduate/Postgraduate holders each accounted for 7 participants (38.9%). This suggests that entrepreneurial participation cuts across both foundationally educated and highly educated individuals. For the graduates, entry into business appears to be driven more by the lack of formal employment opportunities after graduation, as the data indicates limited exposure to entrepreneurial education during their studies.

Diploma holders, however, were underrepresented with only 4 participants (22.2%). Their weaker participation may suggest interrupted educational pathways—possibly due to financial constraints—leading them to entrepreneurship more as a necessity than as a planned career choice.

Implications: The findings reveal two contrasting but significant patterns. The Graduate/Postgraduate holders (38.9%), despite possessing high-quality formal education, lack entrepreneurial training and skills, which restricts their ability to transition effectively into business ventures. Conversely, the GCSE/SSCE holders (38.9%) often enter entrepreneurship through apprenticeship systems, gaining practical knowledge and hands-on skills via mentorship. However, they lack the benefits of higher formal education that could enhance the sustainability, innovation, and scalability of their enterprises.

This duality underscores a structural gap: one group has education without entrepreneurial skills, while the other has skills without higher education. As a result, many youths venture into business out of necessity rather than opportunity, which aligns with the Necessity Entrepreneurship Theory (Ndofirepi, 2020; Fredström et al., 2021). This outcome also highlights the limits of Nigeria’s existing interventions, such as N-Power and NYSC SAED, which often fail to bridge the disconnect between theoretical knowledge and practical entrepreneurial readiness.

Crucially, these findings reinforce the research problem: the inadequate integration of apprenticeship and vocational training into formal education systems. Without a strategic blend of formal education and apprenticeship-based practical learning, youths remain caught between underutilized academic qualifications and underdeveloped entrepreneurial skills. Addressing this gap through curriculum reforms and University Based Enterprises (UBEs) could equip youths with both the theoretical foundations and the practical competencies needed to sustain ventures, enhance self-employment, and reduce unemployment.

The findings from the pilot study revealed an even split between entrepreneurs with GCSE/SSCE qualifications and those with Graduate/Postgraduate qualifications (38.9% each). The former typically entered entrepreneurship through apprenticeship schemes, gaining practical skills and mentorship but lacking the benefits of formal higher education. The latter, though highly educated, often ventured into business out of necessity due to limited employment opportunities, without adequate entrepreneurial training. Diploma holders were underrepresented (22.2%), possibly reflecting challenges such as financial constraints and interrupted education, which pushed them into business as a survival strategy.

These results suggest that both groups face limitations in sustaining entrepreneurial ventures. For GCSE/SSCE holders, the absence of higher formal education restricts their capacity for critical thinking, strategic planning, and integrating sustainability principles into their ventures. Verdugo and Villarroel (2021) highlighted that higher levels of education enhance the ability to embed sustainable practices into business models. On the other hand, Graduate/Postgraduate entrepreneurs—while highly educated—lack entrepreneurial education and practical business skills, which weakens their resilience in navigating the business environment. Akinbami (2021), Aaltonen and Kurvinen (2025), and Ibidunni et al. (2021) similarly noted that low exposure to entrepreneurial training undermines the ability to navigate regulatory systems, secure funding, adapt to technological changes, and remain sustainable.

Overall, the evidence suggests that while apprenticeship builds practical knowledge and higher education strengthens analytical capacity, the absence of an integrated approach combining both strands leaves most youth enterprises informal, vulnerable, and unsustainable.

Analysis of Entrepreneurial Education Trends

Figure 7: Showing entrepreneurial education by age group:

Age group	No. of responses	With entrepreneur- rial education	Without entrepre- Neurial education
21-30	6	2	4
31-40	2	0	2
41-50	10	2	8
Total	18	4	14

When analysing the trends across three decades of entrepreneurial education by age group, the respondent who was unsure about receiving entrepreneurial education was classified as not having received it. The results show that within the 21–30 age group, 2 out of 6 respondents reported having received entrepreneurial education, while all 2 participants in the 31–40 age group reported none. In the 41–50 age group, the majority also lacked entrepreneurial education, with only 2 respondents indicating they had received it.

Overall, the findings reveal that 16 out of the 18 respondents had no entrepreneurial education before venturing into business. This strongly suggests that the majority of these entrepreneurs entered business primarily out of necessity, rather than as a result of structured entrepreneurial training.

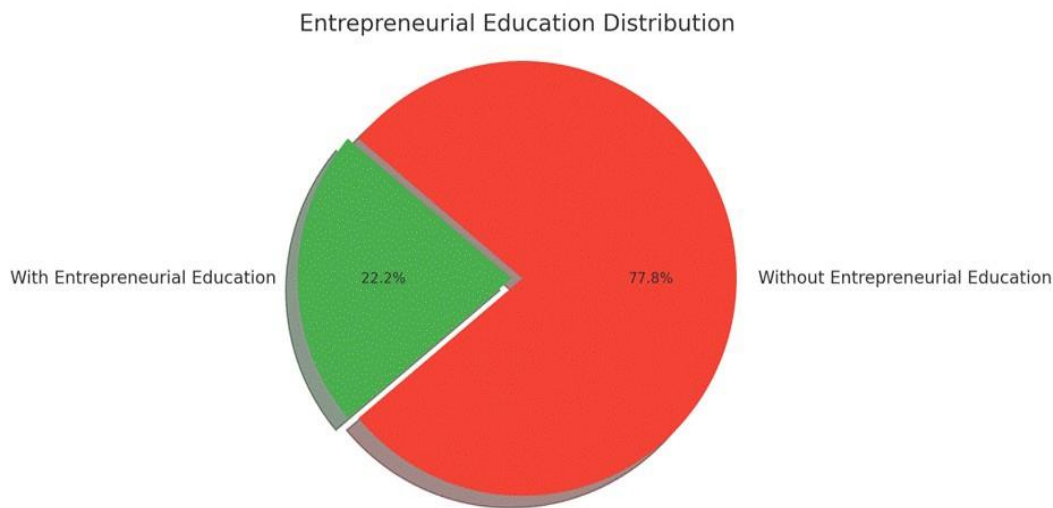


Figure 8: pie chart Showing percentage of entrepreneurial education by age group

From the chart above, 77.8% of respondents reported not having received entrepreneurial education, while 22.2% indicated that they had, as illustrated in the pie chart below. The 22.2% who received entrepreneurial education are evenly distributed between the 21–30 and 41–50 age groups, as shown in the table above. This uneven distribution highlights inconsistencies in Nigeria’s entrepreneurial policy and education framework, a common issue in emerging economies that contributes to high rates of business failure and informality among entrepreneurs (Hagin & Caesar, 2021; Floridi et al., 2020; Okeremi et al, 2021).

Verdugo & Villarroel (2021) and Okeke & Alonta (2022) note that such gaps often promote informal learning channels, such as local apprenticeship schemes, which shape entrepreneurial values, particularly regarding sustainability. This indicates that there is no standardized integration of sustainability or entrepreneurship in Nigeria’s formal education policy. The fact that 77.8% of respondents likely did not learn entrepreneurship in school underscores a substantial gap in formal entrepreneurial education, revealing a critical area for policy intervention and improvement to foster effective and sustainable entrepreneurship.

Factors Influencing the Decision to Become Self-Employed

Participants reported several factors influencing their decision to become self-employed, including personal choice, necessity due to lack of employment, and engagement in apprenticeship programs. The distribution of these responses is illustrated in the chart below, highlighting the diverse motivations behind youth entrepreneurship:

Factors	Number of responses	Percentage of result
Choice and need	9	50
Lack of employment	5	27.78
Through apprenticeship	4	22.2

Figure 9: showing why participants choose self-employment

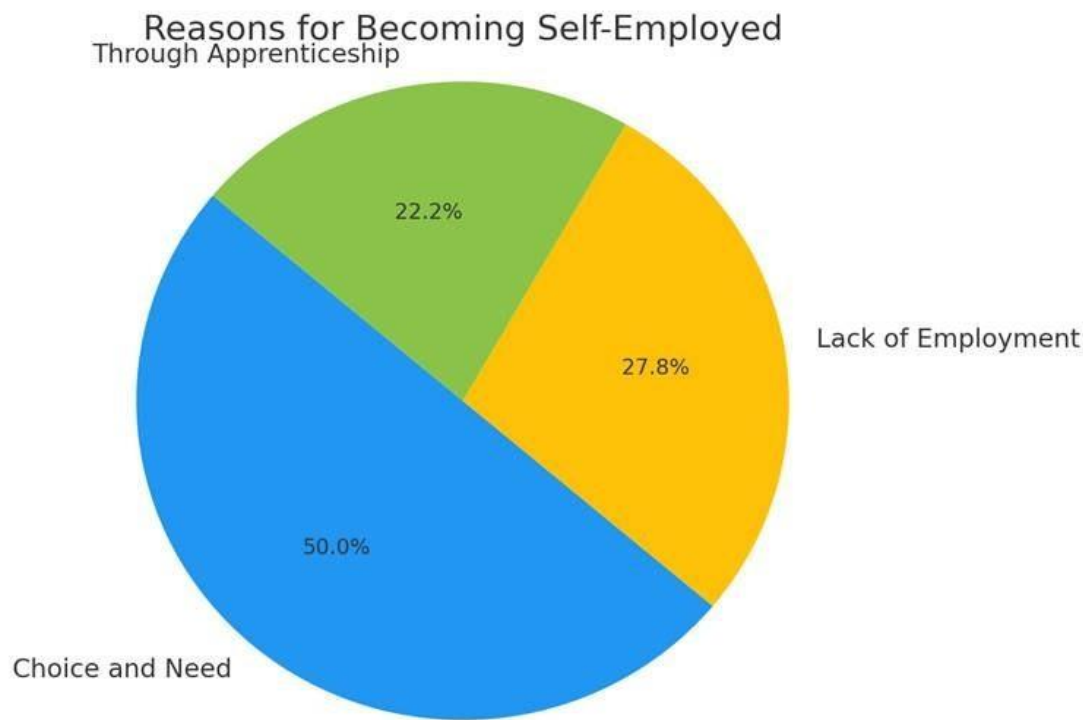


Figure 10: pie chart Showing reasons for self-employment by percentage

Choice and Need: Half of the participants (50%) indicated that they became self-employed based on a combination of personal choice and necessity. This represents the most common motivation among respondents, suggesting that many individuals actively opted for self-employment either due to psychological needs, such as personal aspirations, or economic necessity. This category appears to include many who operate family businesses.

These findings align with Ufua et al. (2022), who noted that entrepreneurial motivations often combine strategic personal choice with socio-economic necessity. Similarly, Sahai et al. (2020) and Kanu (2020) argued that operating family businesses enables entrepreneurs to create jobs that support household income and foster family unity and collaboration.

Overall, this dual motivation indicates that youth entrepreneurship in Nigeria is not purely driven by passion or innovation but also reflects a pragmatic approach to economic survival.

Lack of Employment: About 27.78% of participants indicated that they became self-employed due to limited formal employment opportunities. This highlights structural unemployment in the labor market, where job seekers—particularly graduates and youths—struggle to find adequate work and are consequently pushed into entrepreneurship as a survival strategy.

Adelekan (2021) and Fredström et al. (2021) observed that many Nigerian youth entrepreneurs are compelled to create livelihoods out of necessity due to high unemployment and scarce job opportunities. Similarly, Salawu & Fasakin (2023) affirmed that necessity is a primary driver of youth entrepreneurship in Nigeria.

Through Apprenticeship: About 22.22% of the surveyed participants entered self-employment through apprenticeship, mainly those with GCSE-level education or vocational training. This group possesses practical knowledge and hands-on skills relevant to their businesses but generally lacks high-quality formal education, which can affect the nature and sustainability of their ventures.

Studies by Eze & Okonkwo (2021) and Obioma & Chinwokwu (2020) show that apprenticeship, particularly within the Igbo cultural context, facilitates the transition into entrepreneurship and provides youth with essential business skills. Apprenticeship also fosters self-reliance by equipping participants with practical entrepreneurial

abilities (Iwara & Ojakorotu, 2025; Obioma & Chinwokwu, 2020; Agu & Nwachukwu, 2020). However, the absence of advanced formal education among these youths can hinder business growth, scalability, and longterm sustainability (Agu & Nwachukwu, 2020).

Overall, these findings suggest two main influences on youth entrepreneurship. First, some youths are driven by necessity—lack of employment, underemployment, or job insecurity—which aligns with the Necessity Theory of entrepreneurship (Fredström et al., 2021; Sirola, 2020). Second, others pursue entrepreneurship out of personal choice or through apprenticeships, reflecting Psychological Theory as cited in Agu & Nwachukwu, (2020), where upbringing, self-reliance, and formative traits motivate individuals to create and sustain ventures. Apprenticeship programs provide practical skills and mentorship, bridging the gap for those lacking formal entrepreneurial education. However, gaps in entrepreneurial education and higher-level skills limit the sustainability and growth potential of many ventures.

The motivations for self-employment—choice and need, lack of employment, and apprenticeship underscores the studies of Sirola, (2020) and Sallah & Caesar, (2020) that while Nigerian youths are actively engaging in entrepreneurship, their ventures are largely driven by survival needs and traditional training rather than structured entrepreneurial education. This aligns with the research aim by showing that without formal entrepreneurial education and supportive policies, many youth-led enterprises remain informal, necessity-driven, and unsustainable. Strengthening entrepreneurial education, combining it with apprenticeship systems, and addressing unemployment challenges could therefore enhance youth readiness, enterprise formalization, and long-term employment creation.

Duration of Self-Employment Among Participants

Three age groups (1–3 years, 4–6 years, and 7 years & above) in the Pilot study were used to investigate how long the surveyed entrepreneurs have sustained their entrepreneurial activities. The findings are presented in the figures 11 and 12 below:

Figure 11: Duration of self-employment among participants

Years in business	Number of responses	Percentage of result
7 years and above	12	66.7
4 - 6 years	3	16.65
1 - 3 years	3	16.65

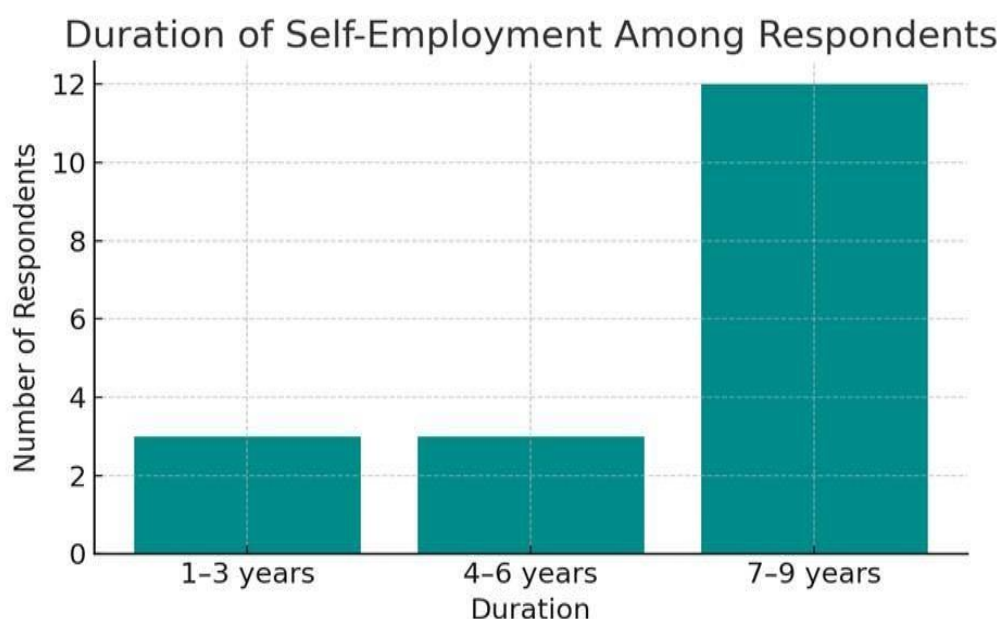


Figure 12: Duration of self-employment among participants

A majority of 66.70% of the businesses have operated for 7 years or more, suggesting resilience, maturity and potential stability. This suggests most of the respondents have established experience in self-employment, possibly making their insights more informed or reflective of sustained challenges and successes. There's a strong upward trend in the number of people who have remained self-employed over time, retention appears high suggesting the longer people stay self-employed, the more likely they continue and that once individuals start and sustain their businesses for the past 6 years, they tend to continue successfully. 66.70% of businesses have operated for 7 years or more without formal entrepreneurial education—reveals a critical insight into Nigeria's entrepreneurial landscape, many of these long-standing businesses may remain informal or microscale.

4-6 years in operation and the 1-3 years in operation shared 16.65% for each which may reflect recent entrepreneurial activity or a higher turnover in youth-led SMEs. This mix of business age could indicate a healthy blend of experienced and emerging youth entrepreneurs. Their venturing into business has helped to reduce official unemployment in Nigeria. However, it seems that the majority of entrepreneurs are contributing to underemployment and low economic productivity despite years of operation. Nigeria's unemployment and poverty index data reveals that while unemployment rate reduced from 5.30% to 4.30% in the second quarter of 2024, the poverty index rose from 36.9% to 38.3% in the same period (NESG, 2024: World Bank, 2024: Nigeria Bureau of Statistics, 2024), which could possibly imply low unemployment but with high underemployment causing an upward shift in poverty rate in Nigeria.

Factors of Self-Employment and Their Relationship to Duration

To further understand the dynamics of youth entrepreneurship, the reasons for self-employment were compared against the duration of business operations. This comparison sought to identify whether motivations for becoming self-employed (choice and need, lack of employment, or apprenticeship) have any observable correlation with the longevity of entrepreneurial ventures.

The results are presented in the table and illustrated in the line graph below.

Figure 13: Factors for self-employment vs Duration

Factors of self-employment	1-3 years	4-6 years	7-9 years	Total
Lack of employment	3	2	3	8
Choice and need	0	0	6	6
Through apprenticeship	0	0	4	4

The survey shows that those who became entrepreneurs due to lack of employment are spread throughout all years, all those who entered entrepreneurship through apprenticeship or choice and need are strongly in their businesses for longer durations of 7 to 9 years and above showing strong correlation. This is represented in the line graph below:

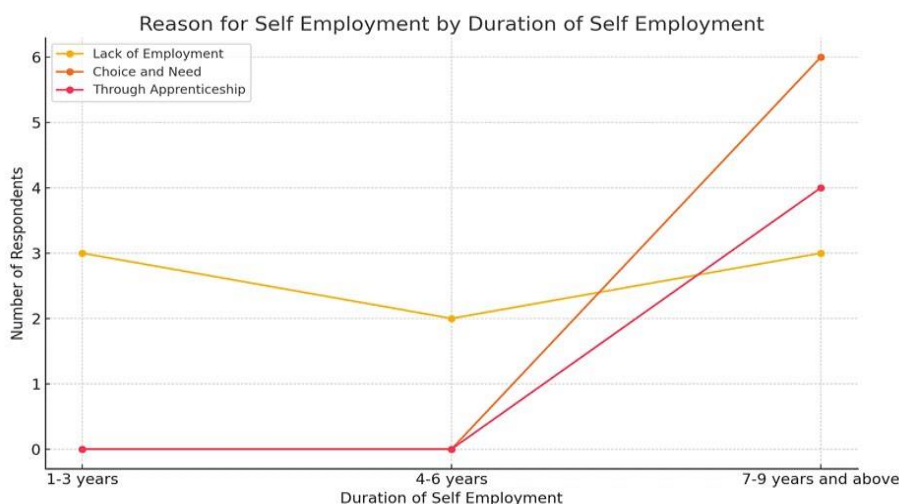


Figure 14: Line graph showing reasons for self-employment vs duration

Lack of employment - The findings reveal that Lack of Employment is the most common reason across all durations with 1–3 years (3 people), 4–6 years (2 people), 7–9 years (3 people). This may imply that many individuals become self-employed out of necessity due to unemployment. Some have sustained their ventures for several years, showing resilience despite the involuntary start.

The findings align with those of Salawu & Fasakin, (2023), and Fredström et al, (2021) that most entrepreneurs in Nigeria started ventures out of necessity. It also corresponds with the study of Ibidunni et al, (2021), Adeoye, (2020), and Sallah & Caesar, (2020) which stated that the harsh Nigeria economic system pushes individuals to learn trade and skills to sustain themselves.

Choice and need - The findings investigated that all 6 participants who stated choice and need as reasons for self-employment are all associated with longer duration of over 7 to 9 years in self-employment. Because they voluntarily choose to be self-employed and it aligns with their personal goals, they are therefore more likely to stay longer in self-employment with stronger commitment and planning (Deebom & Daerego, 2020).

Through Apprenticeship - all 4 respondents who learned through apprenticeship have been self-employed for 7–9 years and above. This indicates that these entrepreneurs who have developed practical skills and talents and may have customer bases even during the training which in turn creates stability resulting in long time in self-employment (Okeke & Alonta (2022)

Classification of Entrepreneurial Activity: Formal vs. Informal

To determine whether the participants' businesses operated in the formal or informal sector, a direct question was included in the survey: "Is your business registered with the Corporate Affairs Commission (CAC)?" Respondents were given two possible options: "Definitely Yes" or "Definitely Not."

In Nigeria, business registration and regulations are the responsibility of The Corporate Affairs Commission (CAC). Their primary roles include business registrations, incorporation and regulations, enforcement of annual returns. (Corporate Affairs Commission, 2025). CAC registration enables businesses to open business accounts, seek loans and grants. It ensures that all business entities are properly registered, making them legitimate and legally recognized. Lack of CAC registration hinders informal enterprises from accessing formal finance and institutional support (Corporate Affairs Commission, 2025).

The response from the participants indicates that 8 businesses representing 44.4% of respondents said their business is definitely registered while 10 businesses representing 55.6% are not registered. This is shown in the pie chart below:

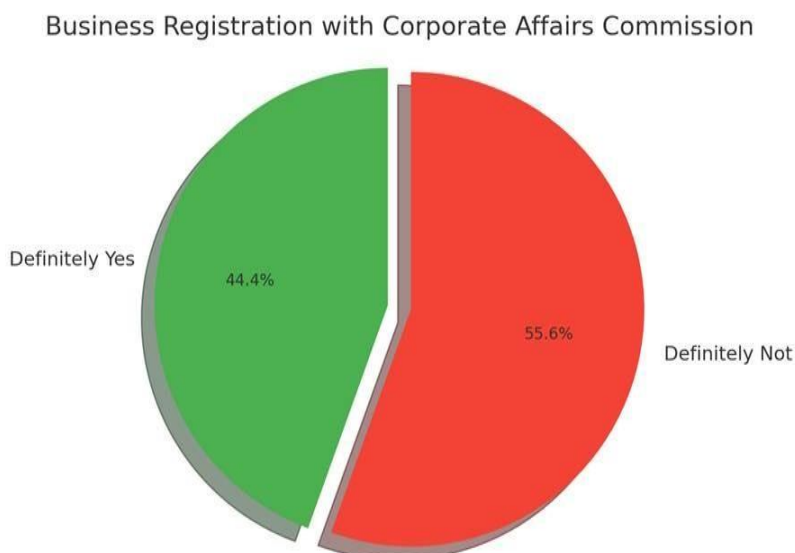


Figure 15: formal and informal entrepreneurial businesses among participants.

The key insight reveals that 55% of participants have not registered their businesses, indicating a strong informal sector presence among youth entrepreneurs. This aligns with wider national trends, as the informal sector accounts for an estimated 57% of Nigeria's economy (World Economics, 2024). Such informality provides immediate opportunities for survival and income generation but poses serious obstacles to sustainable growth. The World Bank (2021) highlights informality as one of the major barriers to youth entrepreneurial development in Nigeria.

Evidence from this study suggests that business informality is closely linked to lower levels of education. Both Akinbami (2021), Shahid et al. (2020), and Floridi et al. (2020) argue that less-educated youth are more likely to operate outside the formal economy. This restricts their access to finance, training, and government support schemes that require formal registration. Conversely, those with higher education, though fewer in number, are more likely to register their businesses formally and leverage institutional support.

This analysis demonstrates that the relationship between education and business formality is critical: while practical skills and apprenticeship may help youths enter self-employment, the absence of higher educational attainment often traps them in informal structures, limiting both business scalability and long-term resilience.

Impact of Educational Level on Business Formality

Analysis of the correlation between education level and business formality, all the 7 participants who are graduates have their business registered, none of the 4 participants at diploma level are registered, only one of the 7 participants in the GCSE level is registered. The table below is a summary of the participants' responses.

Figure 16: Relationship between education level and business formality

Education Level	formality	informality	Total respondents
GCSE	1	6	7
Diploma	0	4	4
Graduates	7	0	7
Total	8	10	18

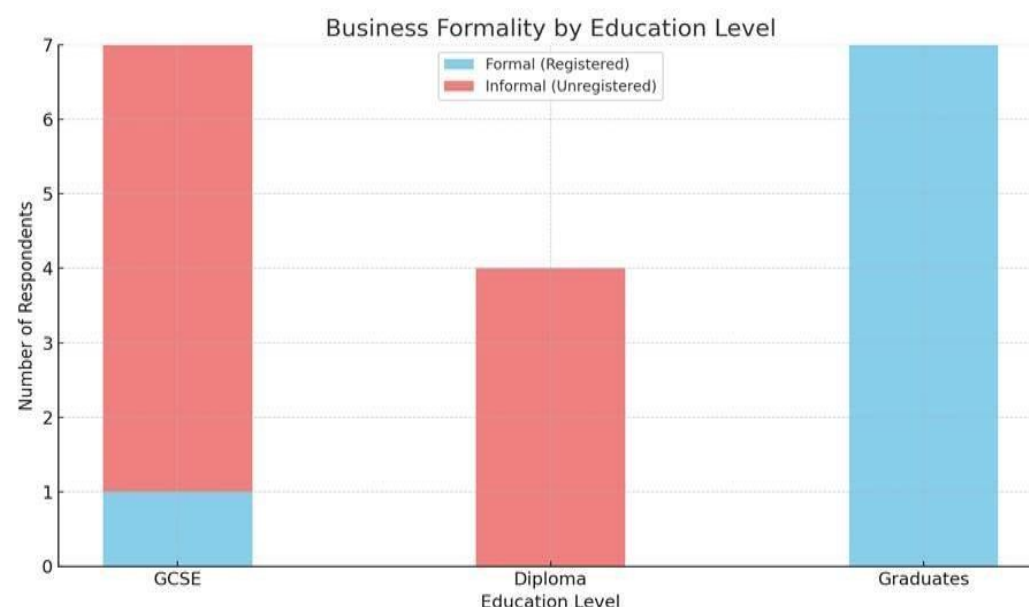


Figure 17: Bar chart: relationship between education level and business formality.

All graduate entrepreneurs (100%) operate formally, indicating a strong link and positive correlation between higher education and business registration. In contrast, none of the entrepreneurs with diplomas have registered their businesses indicating a strong negative correlation. GCSE holders show the highest level of informality,

with only 1 out of 7 registering their businesses indicating a negative correlation. This could possibly imply that most entrepreneurs with a low level of education in Nigeria operate informally while those with higher education operate formally. The findings in this study align with Okeke & Alonta (2022) and Moyo (2022), who emphasized that higher educational attainment significantly facilitates business formalization, as educated entrepreneurs are more likely to understand regulatory processes and the benefits of compliance. Conversely, limited education strongly correlates with reduced access to formal registration, financial services, and institutional support, thereby keeping many youth entrepreneurs confined to the informal sector. This reinforces the evidence that education plays a critical role in shaping entrepreneurial formality and long-term sustainability.

Registered businesses are positioned for growth, 44.4% of the participants who operate formally are more likely to benefit from access to bank loans and government incentives, market trust and legitimacy, easier partnerships and expansion opportunities (Corporate Affairs Commission, 2025; World Bank, 2021).

This study, therefore, supports Human Capital Theory, demonstrating a strong positive correlation between higher formal education and business formality, and conversely, a strong negative correlation between low formal education and business informality. The findings suggest that educational attainment equips entrepreneurs with the skills and ability to navigate formal regulatory systems, access finance, and sustain their ventures, whereas limited education constrains these opportunities, reinforcing informality in youth-led enterprises.

Sources of Capital (formal or informal financing)

When assessing the sources of business capital among the youth entrepreneurs, three sub variables were created which are Family and friends, savings, and bank loans. The findings show that 10 of the 18 participants relied on family and friends (informal financing), 7 participants relied on savings (informal financing), only 1 participant relied on bank loans (formal Financing). This is represented in the diagrams below:

Figure 18: showing Sources of Capital

Sources of capital	Number of respondents	percentage
Family and friends	10	55.6
Savings	7	38.9
Bank loans	1	5.6
TOTAL	18	100

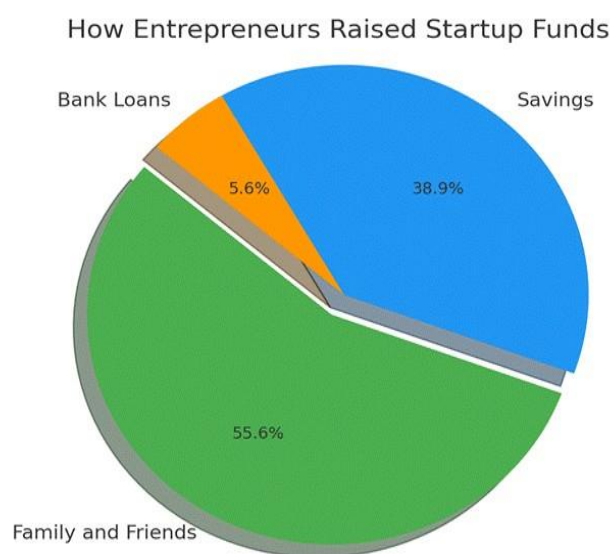


Figure 19: pie chart showing percentages of Sources of Capital

The analysis: 10 of the 18 participants represents 55.6% relied on family and friends. 7 of the 18 participants represented, 38.9% relied on their savings, with only 1 participant or 5.6% who relied on bank loans. The evidence reinforces World Bank (2021) analysis that entrepreneurs dominantly rely on informal lending or support networks likely due to limited access to formal credit, or lack of trust and collateral (Nguyen and Canh, 2021). It further suggests that there exists an intention leading to preparation as the youth embark on savings to create capital. Low access to formal finance aligns with Shahid et al. (2020) and Okeke & Alonta (2022) that young entrepreneurs either may not have collaterals, lack enough education and financial literacy to motivate them to seek formal financing or there are barriers such as high interest rates, lack of credit history, or bureaucratic processes.

Impact of Education Level on Access to Institutional Credit

In analyzing the relationship between the level of education and formal financing. Only 1 of the 18 participants, which also includes 7 graduates, accessed formal financing e.g bank loans.

Although registered businesses are presumed to grow, as they are more likely to benefit from access to bank loans and government incentives, market trust and legitimacy, easier partnerships and expansion opportunities (Corporate Affairs Commission, 2025; World Bank, 2021). However, this study investigates that lack of access to formal financing does not have much to do with the educational level of the entrepreneurs as all the youth entrepreneurs surveyed which includes the graduates except one relied on informal financing and may find informal financing more attractive than formal funding. Rather this study aligns with Adike et al, 2022; Nguyen and Canh, 2021; and Akinbami, 2021; who demonstrated that ambiguity, lack of trust, cost and complexity of registration process, unclear policy are also part of the reasons why most entrepreneurs remain informal and avoid formal funding in their businesses.

This could possibly imply that government funding is unreliable, severe corruption, high interest rates, unrealistic collateral etc. These may hinder young people from accessing formal funding which could also possibly affect their trust with business registration revealing that government policy on entrepreneurship is not effectively implemented.

CONCLUSION

The pilot study of youth entrepreneurship in Nigeria revealed that most participants lacked formal entrepreneurial education, with only 22.2% having received it, despite 38.9% holding graduate or postgraduate degrees. Motivations for self-employment were driven by choice and need (50%), lack of formal employment (27.8%), and apprenticeship (22.2%), highlighting a mix of opportunity- and necessity-driven entrepreneurship. Participants operated across manual trades, commerce, creative industries, traditional medicine, and technology based ventures, with over half (55%) running informal businesses. Higher education correlated with business formalization, while lower education and reliance on informal financing limited business growth and sustainability. The findings underscore the need for standardized entrepreneurial education, improved access to formal finance, and supportive policies to enhance the success, resilience, and formalization of youth-led enterprises in Nigeria.

Connecting to the theoretical framework answered the research questions and closed the identified gaps as the findings align with Human Capital Theory, showing that higher education facilitates formal business practices, and with Necessity-Based Theory, as many youths pursue entrepreneurship out of economic need rather than opportunity. Psychological Theory explains the role of upbringing and self-reliance in driving entrepreneurial intentions, while Institutional Theory highlights how gaps in policy and support programs shape the entrepreneurial environment. Overall, the study reinforced that effective youth entrepreneurship requires both individual preparedness and supportive institutional structures.

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