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Entrepreneurship, Innovation, and Sustainable Economic Growth in Nigeria: Evidence and Strategic Directions from 2014-2024

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ABSTRACT

This paper investigated how entrepreneurial activity within Nigeria's micro, small and medium enterprise (MSME) sector contributes to job creation, income growth and structural poverty reduction over the period 2014–2024. Drawing on national datasets from the National Bureau of Statistics and SMEDAN, programme evaluations (YouWiN, N-Power and GEEP) and relevant empirical studies, the analysis is grounded in Schumpeterian innovation theory, the Resource-Based View and Institutional Theory to explain how firm capabilities and the enabling environment shape inclusive development outcomes. The evidence indicates that MSMEs account for 46.3% of GDP and 87.9% of formal employment in Nigeria, and that entrepreneurial engagement is positively associated with poverty reduction ($r = 0.62, p < 0.01$). Notwithstanding these contributions, the sector is constrained by a structural financing gap estimated at US\$32.2 billion, with only 4% of firms accessing formal bank credit. Although initiatives such as GEEP and the Development Bank of Nigeria have improved liquidity, persistent institutional fragmentation, limited regulatory coherence and weak monitoring and evaluation systems continue to impede scale and the durability of poverty-reduction gains. While digital and AI-enabled tools are strengthening enterprise capabilities, uneven infrastructure and access risks reproducing existing inequalities. The paper concludes that short-term grants like TraderMoni, farmermoni, conditional cash transfers and other governmental interventions, though important for relief, are insufficient for structural transformation; sustained poverty reduction requires ecosystem-oriented policy that integrates blended finance and fintech partnerships, targeted gender and youth inclusion, and regulatory simplification and evidence-based monitoring and feedback systems.

INTRODUCTION

Despite the prominence of entrepreneurship in contemporary policy discourse, a central analytical question remains unresolved: to what extent has Nigeria's expanding entrepreneurial landscape generated inclusive, scalable, and durable welfare gains? Available evidence indicates that micro, small, and medium enterprises (MSMEs) constitute the backbone of the Nigerian economy, accounting for a substantial share of output and employment. Yet the overwhelming majority of these enterprises remain micro in scale, operate informally, and are constrained by persistent deficits in access to finance, infrastructure, skills, market linkages, and regulatory coherence. Such constraints suppress productivity growth and weaken the channels through which enterprise formation can translate into sustained poverty reduction. In addition, the performance of major entrepreneurship interventions, including YouWiN!, N-Power, the Government Enterprise and Empowerment Programme (GEEP), and the Development Bank of Nigeria (DBN), has been uneven, with recurrent concerns relating to policy discontinuity, fragmented implementation, and weak monitoring and evaluation. At the same time, digitalisation and AI-enabled tools are reshaping entrepreneurial capabilities and widening access to markets and finance, although these gains remain unevenly distributed across

regions, gender categories, and income groups.

Against this background, the present paper offers an evidence-based synthesis of the contribution of entrepreneurship to inclusive economic development and poverty reduction in Nigeria over the period 2014–2024. More specifically, it examines: (i) the extent to which MSME activity and major entrepreneurship interventions are associated with employment creation, income improvement, and poverty outcomes; (ii) the structural, capability-related, and institutional constraints that limit enterprise scale, resilience, and sustainability; and (iii) the strategic directions required to redesign entrepreneurship policy toward an ecosystem-orientated framework that integrates capability development, regulatory simplification, blended finance, and targeted inclusion for women, youth, and underserved regions.

The analysis is anchored in three complementary theoretical perspectives. First, Schumpeterian innovation theory explains how entrepreneurial experimentation, novelty, and innovation can stimulate structural transformation and productivity growth. Second, the resource-based perspective emphasises the value of firm-level resources and capabilities including skills, networks, technologies, and managerial competencies in shaping heterogeneous enterprise outcomes. Third, institutional theory clarifies how regulatory quality,

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infrastructure, and governance arrangements either enable or constrain entrepreneurial performance. By integrating these analytical lenses with national statistics, programme evidence, and relevant empirical studies, the paper contributes to the entrepreneurship and development literature by clarifying the conditions under which entrepreneurship can reduce poverty in a context characterised by pervasive informality and policy volatility, while also translating empirical patterns into practical implications for policy design.

The remainder of the paper is structured as follows. The next section reviews the relevant theoretical and empirical literature on entrepreneurship, MSMEs, and poverty reduction. We then discuss the data sources and analytical approach. Subsequent sections present evidence on MSME contributions, assess major intervention programmes, and synthesise the constraints that shape inclusive outcomes, including finance, infrastructure, regulation, and the digital divide. The paper then advances strategic policy directions and implementation considerations before concluding with the principal implications for scholars, practitioners, and policymakers.

LITERATURE REVIEW

Theoretical Foundations

This study is anchored in complementary theoretical frameworks that explain both the developmental potential of entrepreneurship and the conditions under which entrepreneurial activity can produce inclusive outcomes. Taken together, these perspectives illuminate the mechanisms through which entrepreneurs generate productivity gains, the ways in which firm-level resources and capabilities shape competitive performance, and the role of institutional conditions in enabling or constraining enterprise growth. The synthesis that follows situates Schumpeterian innovation theory, the resource-based view, and institutional theory within a broader inclusive entrepreneurship perspective that foregrounds equity, access, and poverty-reduction outcomes.

Schumpeterian Innovation and Structural Change

Schumpeter's theory conceptualises entrepreneurs as agents of creative destruction who introduce new products, processes, and organisational forms that reallocate resources and raise aggregate productivity (Schumpeter, 1934). Subsequent theoretical and empirical extensions suggest that entrepreneurial innovation can generate dynamic comparative advantage and stimulate structural transformation when innovations diffuse across firms and sectors (Romer, 1990). From a policy standpoint, the Schumpeterian perspective implies the need to reduce the cost of experimentation and strengthen the institutions that facilitate knowledge spillovers, including support for innovation, market entry, business incubation, and linkages between start-ups and larger value chains.

Resource-Based View and Firm Capabilities

The resource-based view (RBV) locates competitive

advantage in firm-specific bundles of tangible and intangible resources, including human capital, managerial capabilities, social networks, and proprietary technologies that are valuable, rare, difficult to imitate, and non-substitutable (Barney, 1991). Within this framework, entrepreneurial policies should extend beyond business creation to capacity formation through skills development, managerial upgrades, access to specialised inputs, and mechanisms that enable firms to appropriate returns from their investments. The RBV also helps explain heterogeneity in entrepreneurial outcomes, since enterprises with similar ideas may follow very different growth trajectories depending on differences in resource endowments, organisational capabilities, and strategic positioning.

Institutional Theory and the Enabling Environment

Institutional theory emphasises that formal rules, informal norms, and supportive organisations jointly shape entrepreneurial incentives and constraints (North, 1990). Regulatory frameworks, cultural expectations, financial intermediaries, training providers, and public infrastructure all influence transaction costs, the predictability of contracts, and the ease with which firms can formalise, obtain credit, and scale their operations. Where institutions are weak or inconsistent, productive entrepreneurship may be displaced by survivalist or subsistence activity with limited developmental effects. In this sense, regulatory complexity, corruption, and unreliable infrastructure can substantially weaken the poverty-reducing potential of entrepreneurship.

Inclusive Entrepreneurship and Distributional Outcomes

Inclusive entrepreneurship extends these frameworks by focusing not only on enterprise creation but also on questions of access, participation, and distributional outcomes. It asks who becomes an entrepreneur, who benefits from enterprise growth, and whether entrepreneurial expansion translates into measurable welfare gains for disadvantaged groups (OECD, 2019). The literature highlights several mechanisms that matter for inclusion, including targeted access to finance, gender-responsive programming, rural outreach, mentorship, and network-building that connect marginalised entrepreneurs to markets and support systems (Ács, et al, 2014; Kabeer, 2015). Inclusive outcomes, therefore, depend not only on expanding opportunities for entry but also on strengthening the capabilities required for sustainable enterprise growth.

Implications for Empirical Analysis and Policy Design

Taken together, these perspectives suggest three general implications for empirical analysis and policy design. First, measurements should move beyond simply counting start-ups to include indicators such as business survival, income growth, formalisation, productivity, and jobs created or retained. Second, entrepreneurship

interventions should be ecosystem-oriented, combining capability development with institutional reform and infrastructure support so that innovation-driven gains can diffuse more broadly. Third, explicit inclusion mechanisms are necessary; otherwise, entrepreneurship programmes may reinforce pre-existing inequalities by disproportionately benefiting better-resourced participants. These implications provide the conceptual foundation for the empirical review undertaken in this paper.

Entrepreneurship, MSMEs, and Poverty Reduction: Empirical Evidence

Empirical studies on Nigeria generally report a positive association between entrepreneurship and poverty reduction, particularly through employment generation, income diversification, and household-level welfare improvements. Survey-based and programme-focused studies suggest that enterprise development can support local economic activity and labour absorption, while evidence from informal sector entrepreneurship points to gains in household income, savings, and welfare where self-employment serves as a buffer against labour market exclusion and income volatility (Olaore, et al, 2021; Madichie, et al, 2021).

However, the literature also demonstrates that the poverty-reducing effects of entrepreneurship are neither automatic nor uniform. For example, evidence from surveys of informal workers shows strong positive correlations between entrepreneurial engagement and welfare gains, yet these outcomes remain highly contingent on access to finance, infrastructure, market opportunities, and supportive institutions. A recurring limitation across the empirical literature is that many studies rely on cross-sectional data, descriptive evidence, or programme reporting without robust counterfactuals, thereby constraining causal inference. The broader implication is that entrepreneurship can contribute to poverty reduction, but its developmental effects depend heavily on enterprise quality, ecosystem conditions, and the continuity of policy support.

Taken together, the reviewed empirical works suggest that entrepreneurship in Nigeria is associated with employment creation, income diversification, and short-term welfare improvements, but that these effects are highly uneven across programmes, sectors, and regions. The evidence also indicates that access to finance, infrastructure quality, managerial capability, and policy continuity remain decisive in shaping enterprise outcomes. At the same time, the literature is constrained by heavy reliance on descriptive surveys, administrative reporting, and limited quasi-experimental evidence, which weakens the strength of causal claims regarding long-term poverty reduction.

Thematic Debates

MSMEs as Engines of Inclusive Growth

Micro, small, and medium enterprises (MSMEs) constitute the dominant segment of Nigeria's private sector and

occupy a central place in the literature on employment creation, income generation, and local value-chain development. National survey evidence consistently shows that MSMEs account for the overwhelming majority of business establishments and a substantial share of employment and output (Small and Medium Enterprises Development Agency of Nigeria & National Bureau of Statistics, (SMEDAN & NBS) 2021; National Bureau of Statistics, 2021). However, the literature emphasises that developmental effectiveness does not solely depend on scale. Persistent productivity gaps, financing constraints, and weak market integration limit the ability of many firms to transition from subsistence-oriented activity to sustained growth. Accordingly, much of the literature argues that the inclusive-growth potential of MSMEs depends on policy measures that enhance productivity, managerial capability, technology adoption, and access to reliable markets and finance.

Gender and Youth Dimensions of Entrepreneurship

Women and young people occupy an increasingly important place within Nigeria's entrepreneurial landscape, yet the literature consistently shows that they face distinct structural constraints. Recent studies indicate that women entrepreneurs continue to experience disadvantages in access to formal credit, productive assets, and support networks, particularly in rural and underserved settings, even where entrepreneurial participation is high (Peter & Orser, 2024). Similarly, youth entrepreneurship programmes offer expanded opportunities for business entry and skill acquisition, but their long-term effects vary considerably. A recurring finding is that training alone seldom produces durable enterprise growth; stronger outcomes are typically observed where training is combined with seed capital, mentorship, and market integration. The literature therefore supports a targeted approach to women's and youth entrepreneurship that addresses both entry barriers and post-entry capability constraints.

Informality, Hybrid Entrepreneurship, and Livelihoods

The literature on Nigeria's informal economy emphasises that entrepreneurship often functions as a livelihood strategy in situations where there is limited formal employment creation. A substantial share of enterprise activity occurs outside formal registration, and many households adopt hybrid strategies that combine wage work with self-employment to manage income volatility and economic risk (Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), 2020; National Bureau of Statistics, (NBS) 2021). While such forms of entrepreneurship can generate immediate welfare gains and support household resilience, they are frequently characterised by low productivity, weak business formalisation, and limited access to financial and growth markets. Recent scholarship on African business development further treats informality as both a source of livelihood opportunity and a major constraint on long-

term enterprise expansion, emphasising the necessity of graduated formalisation pathways and tailored policy support (Madichie, et al, 2021; Akpan & Inyang, 2024).

Access to Finance, Digitalisation, and Innovation

Access to affordable and appropriate finance remains one of the most persistent constraints identified in the literature on Nigerian entrepreneurship. The evidence points to a large MSME financing gap, limited penetration of formal bank credit, and heavy reliance on personal savings, informal borrowing, and microfinance channels (Raimi & Uzodinma, 2020; PwC Nigeria, 2024). At the same time, digital platforms, fintech services, and AI-enabled tools are increasingly discussed as mechanisms for reducing transaction costs, expanding market access, and improving credit assessment. In addition, evidence from MSME-focused scholarship in Gaoat, et al (2023) indicates that internal business capabilities such as inventory management can materially influence financial performance, thereby reinforcing the importance of enterprise-level managerial practices alongside access to finance.

Policy Frameworks and Institutional Support

The literature identifies Nigeria's institutional architecture for enterprise development as both extensive and fragmented. Agencies and policy instruments such as Small and Medium Enterprises Development Agency of Nigeria, the Central Bank of Nigeria credit windows, the National Directorate of Employment, and the National Policy on MSMEs provide important platforms for enterprise support and scaling. Nevertheless, many studies point to overlapping mandates, implementation bottlenecks, policy discontinuities, and weak coordination across institutions (Central Bank of Nigeria, 2016–2023; SMEDAN & NBS, 2021). The consensus in the literature is that entrepreneurial policies are most effective when institutional roles are clearly defined, monitoring systems are standardised, and public interventions are linked more closely to private sector capabilities and market channels.

Measurement Issues and Evidence Gaps

A final recurring concern in the literature relates to measurement and evidence quality. Variations in MSME classification thresholds, poverty lines, labour market definitions, and survey methodologies complicate comparisons across time and studies. In addition, many programme evaluations report outputs, such as beneficiary counts and disbursement volumes, without longitudinal tracking or credible counterfactuals, thereby limiting causal inference. Although recent improvements in enterprise surveys, administrative records, and programme documentation have strengthened the evidence base, the literature continues to call for more rigorous microdata, coordinated indicators, and routine impact evaluation designs capable of distinguishing short-term relief effects from sustained developmental changes.

Given the comparability problems affecting labour

force and poverty statistics across the study period, this article does not rely on reconstructed annual time-series tables as a basis for inference. Instead, it draws on the most methodologically defensible official benchmarks to establish three broad empirical points: first, employment vulnerability remains structurally significant, particularly for young people and urban labour market entrants; second, poverty remains widespread and regionally uneven; and third, MSMEs continue to play a major absorptive role in output and employment despite persistent productivity and scale constraints. This strategy is more consistent with the evidentiary limitations of the available national datasets and publication standards, which prioritise validity over artificial numerical continuity. Interpretations of labour market trends over the study period require caution because Nigeria's labour force statistics are not fully comparable across all years due to methodological revisions and evolving indicator definitions. Accordingly, the values presented in Table 2 should be read as indicative rather than strictly comparable time-series estimates. For the purposes of this article, the labour market evidence is used primarily to illustrate persistent employment vulnerability, especially among young people and in urban labour markets, rather than to support precise trend inferences across the full 2014–2024 period.

The poverty evidence points to persistently high deprivation in Nigeria, but precise comparison across years must distinguish carefully between national poverty lines, international poverty thresholds, and model-based estimates. This article interprets the poverty statistics as indicating broad direction and magnitude rather than exact year-to-year equivalence. The central analytical point is that poverty remains widespread, spatially uneven, and highly sensitive to macroeconomic shocks, inflation, labour market weaknesses, and limited social protection. The evidence from national MSME surveys confirms the macroeconomic significance of the sector in terms of enterprise count, employment absorption, and output contribution. At the same time, the predominance of micro-enterprises indicates that scale and productivity constraints remain substantial. For this reason, the developmental significance of MSMEs in Nigeria should not be inferred solely from their aggregate size; it must also be assessed in relation to enterprise upgrading, survival, formalisation, productivity growth, and integration into broader value chains.

Program Evaluations and Impact Assessments

YouWiN! (Youth Enterprise with Innovation in Nigeria)

The YouWiN! programme, launched in 2011, is one of Nigeria's most rigorously evaluated entrepreneurship interventions. It targeted young entrepreneurs aged 18–40 through a national business plan competition, combining training, mentorship, and grant support for selected participants. Experimental and quasi-experimental evidence indicates that the programme improved business start-up rates, firm survival, profits,

Table 1. MSME Counts, Employment, and GDP Contribution (2014–2024)

Year	Total MSMEs (million)	MSME Employment (million)	MSME % of GDP	MSME % of Employment
2014	41.5	59.6	49	84
2017	41.5	59.6	49	84
2020	39.7	58.0	46.3	87.9
2023	39.7	58.0	46.3	84
2024	39.7 (est.)	58.0 (est.)	46.3 (est.)	84 (est.)

Sources: NBS/SMEDAN MSME Survey 2021

Note That 2014-2020 data and 2023-2024 data used different NBS methodologies.

Table 2. MSME Sectoral Distribution (2020)

Sector	% of MSMEs
Wholesale/Retail Trade	25.3
Manufacturing	22.5
Agriculture	20.9
Other Services	13.1
Accommodation & Food	5.7
Transport & Storage	3.1
Construction	2.2
Professional/Technical	1.8
Health & Social Work	0.6
Education	0.1

Sources: NBS/SMEDAN MSME Survey 2021

Table 3: MSME Financing Gap and Access to Credit (2021–2024)

Indicator	Value
MSME Financing Gap	\$32.2 billion (₦13T)
% MSMEs with Bank Loans	4%
% MSMEs Using Own Savings	48%
% MSMEs Using Microfinance Loans	6%
% MSMEs Using Family/Friends	7%
% MSMEs Never Borrowed	51%

Sources: PwC MSME Survey 2024

sales, and employment outcomes among winners relative to comparable non-winners. (McKenzie, 2017; YouWin Evaluation Reports, 2014–2017).

Evidence on programme outcomes

The strongest available evidence on YouWiN comes from experimental and follow-up evaluation work, which indicates positive effects on business start-up, survival,

profits, and employment among winners relative to comparable non-winners, ~55% represents the baseline survival for unsupported entrepreneurs, while YouWiN support increased survival by over 20 percentage points. (McKenzie, 2017). For the purposes of this article, the significance of YouWiN lies less in any single administrative metric than in the fact that it provides unusually credible evidence that well-designed entrepreneurship support

can improve enterprise outcomes when finance is combined with selection, training, and post-award support. Simultaneously, the program’s limited scale and discontinuities restrict the inferences we can draw about nationwide poverty reduction

N-Power

N-Power was designed as a large-scale youth employment and skills intervention intended to improve employability, temporary income security, and transitions into productive work. Available administrative reporting suggests substantial beneficiary reach, but the published evidence base remains stronger on a programme scale than on long-term entrepreneurial or labour market outcomes. Accordingly, N-Power is best interpreted in this paper as an employment-support and capability-building intervention with plausible short-term welfare effects rather than as a conclusively evaluated entrepreneurship programme with demonstrated long-term enterprise outcomes. National Social Investment Programme (NSIP) independent evaluations and tracer studies have indicated that transition rates into the formal labor market hover between 10% and 20%, largely due to a lack of exit-strategy alignment with private sector demand.

GEEP

The Government Enterprise and Empowerment Programme (GEEP), implemented by the Bank of Industry (BOI), encountered significant repayment problems that weakened its revolving-loan model. Performance audits of GEEP initiatives, including MarketMoni and TraderMoni, indicate that effective repayment rates ranged from 40% to 60%. These challenges were often linked to a “grant mentality” among some beneficiaries, which reduced repayment discipline and affected the programme’s long-term sustainability (Bank of Industry, 2021).

Development Bank of Nigeria (DBN)

DBN has played a pivotal role in bridging the MSME financing gap through wholesale lending, risk-sharing, and capacity-building support to participating financial institutions and enterprises. According to its 2024 impact reporting, DBN had disbursed over ₦1.06 trillion to 711,819 MSMEs, supporting the creation and sustenance of 369,808 jobs, while increasing the share of financing directed at women- and youth-owned businesses (Development Bank of Nigeria, 2024).

Table 4: DBN Impact Metrics (2024)

Indicator	Value
Total Disbursement	₦1.06T
MSMEs Supported	711,819
Jobs Created/Sustained	369,808
Women-Owned MSMEs	₦98B
Youth-Owned MSMEs	₦43B
MSMEs Trained	9,500

Source: DBN Impact Report 2024

Tony Elumelu Foundation (TEF)

The Tony Elumelu Foundation (TEF) has emerged as one of Africa’s most influential private sector actors in entrepreneurship development, with a continent wide programme that combines training, mentorship, and seed capital to support early stage entrepreneurs. According to TEF’s official impact reports, the programme has trained over 2.5 million young Africans through its digital learning platform and entrepreneurial ecosystem (Tony Elumelu Foundation, 2023). Since its inception, TEF has disbursed nearly US\$100 million in seed capital to more than 21,000 entrepreneurs across all 54 African countries, making it one of the largest philanthropic entrepreneurship initiatives on the continent (Tony Elumelu Foundation, 2022, 2024). Impact evaluations further indicate that 84% of funded beneficiaries successfully launched their businesses, with many reporting significant improvements in revenue growth, job creation, and community-level

economic contributions (Tony Elumelu Foundation, 2021). Cumulatively, enterprises supported by TEF have generated over 1.5 million direct and indirect jobs, underscoring the programme’s substantial role in advancing inclusive, private sector-led development across Africa (Tony Elumelu Foundation, 2023).

Policy Implications

The comparative evidence across TEF, YouWiN, GEEP, and N-Power yields several policy-relevant insights. First, program continuity, governance stability, and institutional credibility appear to significantly matter for implementation quality and learning. Sustained initiatives with clearer operational rules and stronger feedback mechanisms are more likely to generate durable outcomes than programmes characterised by discontinuities or politicised implementation. Second, integrated support architectures that combine training, mentorship, finance,

Table 5. Comparative Analysis of Interventionist Programmes

Programme	Type	Scale & Reach	Funding Model	Documented Outcomes	Key Limitations
Tony Elumelu Foundation (TEF)	Private sector, pan-African	2.5 million trained; 21,000 funded across 54 African countries	Philanthropic seed capital (US\$100m commitment)	84% business start-up rate; 1.5 million jobs created; strong revenue and employment growth (Tony Elumelu Foundation, 2021, 2023)	Limited to early-stage entrepreneurs, competitive selection excludes the poorest.
YouWiN	Federal Government (competitive grants)	~3,900 winners across cycles	Grants (₦1–10 million)	Improved business survival and employment among winners (YouWiN Evaluation Reports, 2014–2017)	Limited continuity; small beneficiary pool; high programme cost per beneficiary
GEEP (TraderMoni, MarketMoni, FarmerMoni)	Federal Government (nano credit)	Millions of micro traders reached	Interest-free microloans	Improved short-term liquidity; increased working capital (GEEP Reports, 2018–2023)	Weak repayment; limited long-term business growth; political capture concerns
N-Power	Federal Government (youth employment & skills)	500,000+ beneficiaries (Batches A & B); ~500,000 in Batch C	Stipends + skills training	Short-term income support; improved employability (NSIP, 2017; N Power Reviews, 2016–2023)	Weak transition to sustainable self employment; inconsistent follow on financing
NEDEP / SMEDAN MSME Support	Federal Government (capacity building)	National coverage	Training, advisory services	Improved business registration and skills (SMEDAN, 2021)	Limited funding; weak monitoring and evaluation

and market access appear more promising than isolated interventions. The evidence from YouWiN and leading private-sector models suggests that finance is more effective when accompanied by capability development and network access. Third, inclusion requires more than broad beneficiary counts; it depends on design features that address entry barriers, post-entry constraints, and differentiated needs across women, youth, rural entrepreneurs, and informal operators.

A further implication concerns monitoring and evaluation. Many public interventions continue to report disbursements, enrolment, or beneficiary counts without sufficiently robust longitudinal tracking, comparison groups, or outcome verification. This weakens the evidence available for programme redesign and scale-up. A more effective entrepreneurship policy architecture

would therefore require coordinated indicators, beneficiary tracking systems, and routine impact evaluation embedded in implementation. In addition, stronger public–private coordination could improve targeting, reduce duplication, and align finance, training, digital tools, and market access more effectively within a coherent entrepreneurial ecosystem.

Gender and Youth Dimensions of Entrepreneurship Women’s Entrepreneurship

Women’s participation in entrepreneurship has increased markedly. Survey and program evidence suggests that women now account for a substantial share of Nigerian business ownership while continuing to face barriers in accessing finance, land, productive assets, and business networks, particularly in underserved regions (Peter &

Orser, 2024; PwC Nigeria, 2024). This pattern supports the argument that women's entrepreneurship in Nigeria should be analysed not only in terms of participation rates but also in relation to structural constraints that affect enterprise growth, formality, and resilience.

Youth Entrepreneurship

Youth entrepreneurship occupies a prominent place in the policy discourse because of its potential links to innovation, labour market absorption, and long-term structural change. However, the evidence reviewed in this article suggests that outcomes depend strongly on the programme design and post-entry support. Youth-targeted interventions appear more effective when they combine capability development with finance, mentoring, and market access than when they rely on training or stipends alone. This finding is consistent with the broader argument advanced in the paper: entrepreneurship policy is most likely to yield durable developmental effects when embedded in an ecosystem that supports enterprise continuity rather than entry alone.

Informal Sector Entrepreneurship and Livelihoods

The informal sector remains a critical source of employment and income for millions of Nigerians, particularly those in marginal and low-income groups. Empirical studies consistently show that informal entrepreneurship enhances household welfare, income, and savings, thereby serving as a vital poverty-reduction mechanism (Madichie, et al, 2021). Research from the Niger Delta also indicates that entrepreneurial orientation significantly improves performance among informal enterprises, reinforcing the sector's role in sustaining livelihoods (Akpan & Inyang, 2024). Despite these benefits, informal entrepreneurs face persistent structural constraints, including limited access to finance, inadequate infrastructure, and regulatory challenges that restrict their capacity to scale and fully contribute to inclusive economic development (Madichie, et al, 2021; Akpan & Inyang, 2024).

Access to Finance for MSMEs

Financing Landscape

The financing literature and recent survey evidence converge on a central conclusion: Nigerian MSMEs remain heavily dependent on internal funds and informal finance, while access to formal bank credit remains limited and unevenly distributed. This financing structure has important developmental consequences because it constrains business expansion, technology adoption, inventory accumulation, and shock resilience. The policy implication is not merely that more credit is needed but that more appropriate credit is needed delivered through instruments, guarantees, and intermediation channels that reflect the risk profile and operating realities of micro and small enterprises.

Alternative Financing Channels

Alternative financing channels, including fintech-enabled lending, digital savings products, and platform-based intermediation, may widen access for underserved enterprises, but their developmental value depends on affordability, digital capability, consumer protection, and the quality of underlying infrastructure. In contexts characterised by poor digital literacy and patchy connectivity, technological expansion does not necessarily equate to equitable access. This reinforces the need to treat digital finance as an institutional complement to, rather than a substitute for, broader enterprise support systems.

Digital Platforms, AI, and Entrepreneurship Education

Digital transformation is increasingly reshaping Nigeria's entrepreneurial ecosystem, with digital tools becoming more central to business operations, market access, and entrepreneurial learning. Recent scholarship suggests that digital technology integration can enhance entrepreneurial capability by reducing information asymmetries, improving information flows, and widening access to market intelligence and business support services (Adegboye et al., 2023). In a similar vein, the World Bank (2020) argues that digital platforms increasingly deploy predictive and data-driven tools that can support MSMEs in resource planning, customer targeting, and market entry decisions. Recent MSME survey evidence further indicates that digitalisation, changing consumer behaviour, and technology adoption are becoming increasingly important to enterprise resilience and competitiveness in Nigeria (PwC Nigeria, 2024).

Beyond basic digitalisation, emerging literature highlights the growing relevance of AI-enabled and digital platforms in entrepreneurship education through personalised learning systems, digital business simulations, and adaptive training tools that can strengthen entrepreneurial skills, opportunity recognition, and decision-making capacity (World Bank, 2020; Adegboye et al., 2023). At the same time, the evidence suggests that digital adoption alone is insufficient. Complementary internal capabilities, including stronger management systems, inventory control, and operational discipline, remain important in determining whether firms can translate technological uptake into improved performance and resilience (Gaoat et al., 2023). This implies that the developmental value of digital transformation depends not only on access to technology but also on the organisational capabilities that allow MSMEs to use it effectively.

Challenges:

- Digital divides persist, with rural and marginalised groups facing barriers to access.
- Ethical concerns around algorithmic bias, data privacy, and over-automation require attention.

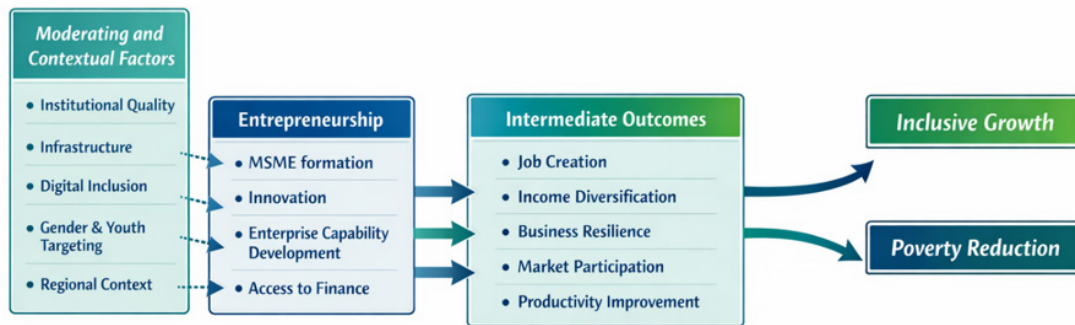
Policy Frameworks, Institutional Support, and Regulation

Nigeria’s enterprise-support architecture includes a wide range of public institutions and policy instruments, but the literature suggests that fragmentation remains a persistent problem. The central issue is not simply the number of programmes in operation but the weakness of coordination across finance, training, market support, and regulation. Where institutional mandates overlap or implementation systems are inconsistent, entrepreneurs face uncertainty and support become less effective. A more coherent architecture would align enterprise promotion with regulatory simplification, infrastructure

provision, digital inclusion, and credible systems for monitoring outcomes over time.

The conceptual framework specifies entrepreneurship as the primary explanatory construct, operationalised through MSME formation, innovation, enterprise capability development, and access to finance. We anticipate these mechanisms to impact intermediate outcomes like job creation, income diversification, business resilience, and market participation. Their developmental effects are moderated by institutional quality, infrastructure, digital inclusion, gender and youth targeting, and regional context. In turn, the interaction of these variables shapes the article’s two core outcome

CONCEPTUAL FRAMEWORK LINKING ENTREPRENEURSHIP, INCLUSIVE GROWTH, AND POVERTY REDUCTION IN NIGERIA



Ecosystem perspective: entrepreneurial outcomes depend on both firm-level initiative and enabling conditions.

Figure 1. Conceptual framework linking entrepreneurship, inclusive growth, and poverty reduction in Nigeria
Source: Researcher’s compilation, 2026

domains: inclusive growth and poverty reduction. The framework therefore reflects an ecosystem perspective in which entrepreneurial outcomes depend not only on firm-level initiative but also on the quality of enabling conditions and inclusion mechanisms.

Measurement Issues and Indicator Definitions Poverty Lines and Unemployment Measures

Nigeria’s poverty and labour indicators rely on standardised national and international definitions. The national poverty line, established by the National Bureau of Statistics, is defined as annual per-capita consumption below ₦137,430, based on the 2018/2019 Nigerian Living Standards Survey (National Bureau of Statistics, 2019).

Extreme poverty follows the World Bank’s international threshold framework used in cross-country poverty analysis (World Bank, 2020). MSME classification in Nigeria is based on enterprise size: micro-enterprises employ fewer than 10 workers, small enterprises employ 10–49, and medium enterprises employ 50–199, with asset-value thresholds applied jointly (SMEDAN & NBS, 2021).

Data Limitations

Despite improvements in national survey systems, several measurement challenges persist. Inconsistent definitions, changes in survey methodology, and varying recall periods complicate trend analysis across years (National

Bureau of Statistics, 2019). Informal sector activity remains underreported, given the prevalence of cash-based transactions and low registration rates (World Bank, 2020). Additionally, regional and sectoral disaggregation is limited in some datasets, constraining granular analysis of entrepreneurship dynamics across Nigeria's diverse economic zones (SMEDAN & NBS, 2021).

State Level and Regional Disparities

Poverty and entrepreneurial activity vary widely across Nigeria's geopolitical zones. According to the National Bureau of Statistics poverty report, states such as Sokoto and Taraba record poverty rates exceeding 80%, while Lagos State reports one of the lowest rates, reflecting stark regional inequalities (National Bureau of Statistics, 2019). MSME concentration is highest in Lagos, Rivers, and Kano, driven by stronger infrastructure, market size, and access to finance (SMEDAN & NBS, 2021).

Sectoral Distribution of Entrepreneurship and MSME Activity

Nigeria's MSME sector is dominated by wholesale and retail trade, followed by manufacturing, which together account for nearly half of all enterprises (SMEDAN & NBS, 2021). Agriculture remains a major entrepreneurial sector, particularly in rural areas, but it faces persistent challenges related to low productivity, limited market access, and infrastructural deficits (World Bank, 2020).

Time Series Analysis and Econometric Approaches

Recent empirical studies employ autoregressive distributed lag (ARDL) models and Granger Causality Tests to examine the relationship between entrepreneurship and poverty reduction. Findings consistently show significant long-run relationships between MSME growth, access to finance, and reductions in poverty levels (Akpan & Inyang, 2024; Olabintan et al., 2023).

COVID 19 and Shock Impacts (2020–2022)

The COVID 19 pandemic had severe implications for Nigerian MSMEs. Surveys indicate that over 70% of MSMEs experienced negative impacts, including revenue losses, supply chain disruptions, and increased operational costs (PwC Nigeria, 2024). Government interventions such as the MSME Survival Fund, payroll support, and targeted credit facilities provided temporary relief but also highlighted the need for greater digital resilience and adaptive capacity (World Bank, 2020).

International Comparisons and Benchmarks

Compared with peer African economies, Nigeria's MSME sector is large in terms of enterprise count and employment but lags in productivity and access to finance. Only 4% of Nigerian MSMEs access formal credit, compared with 16% in Kenya and 2% in Ghana, underscoring structural financing constraints. Productivity gaps between MSMEs

and large firms are also wider in Nigeria than in many emerging economies (World Bank, 2020).

Case Studies of Entrepreneurship Ecosystems and Foundations

Entrepreneurship foundations such as the Tony Elumelu Foundation (TEF) and the FATE Foundation demonstrate the transformative potential of targeted support. TEF's programme has created over 1.5 million jobs and catalysed enterprise growth across Africa, with a strong emphasis on women and youth inclusion (Tony Elumelu Foundation, 2023). These models highlight the value of structured training, mentorship, and seed capital in strengthening entrepreneurial ecosystems.

Key barriers include the following:

- Infrastructure Deficits: Unreliable electricity, poor transport, and limited digital connectivity constrain business operations.
- Regulatory Complexity: Multiple taxes, cumbersome registration, and inconsistent policies increase costs and uncertainty.
- Macroeconomic Volatility: Inflation, exchange rate fluctuations, and fiscal instability undermine business confidence

Financial Inclusion, Savings, and Household Welfare Linkages

Financial inclusion is positively correlated with poverty reduction and household welfare. However, gaps persist, particularly among women, rural populations, and micro-enterprises. Digital financial services and fintech innovations offer promising avenues for expanding access.

MATERIALS AND METHODS

Research Design

This study adopted a non-experimental documentary research design based on secondary evidence. It is structured as a critical analytical review of statistical reports, programme documents, and scholarly literature published between 2014 and 2024, with the aim of examining how entrepreneurship, innovation, and MSME development relate to inclusive growth and poverty-reduction outcomes in Nigeria. The design is appropriate to the study's objectives because it enables triangulation across official datasets, institutional reporting, and peer-reviewed research while acknowledging the limits of causal attribution inherent in secondary synthesis.

Data Sources

The study relied entirely on secondary sources. It included official statistical publications, program monitoring and evaluation reports, peer-reviewed journal articles, conference papers, and institutional reports from development and consulting organisations. In

particular, the analysis drew on labour force surveys, poverty, and MSME reports produced by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), National Social Insurance Organization and the National Bureau of Statistics (NBS), as well as relevant documents from programmes and institutions such as YouWiN!, N-Power, GEEP, DBN, CBN Credit Windows, the World Bank, PwC, Caladium Consulting, and UNDP.

Selection Criteria for Documentary Sources

The documentary materials included in the study were selected purposively. Priority was given to sources that fell within the 2014–2024 study period, provided national or broad regional coverage, and contained relevant evidence on entrepreneurship, innovation, MSME performance, and poverty-related outcomes in Nigeria. The selection process was guided by source relevance, credibility, and adequacy for explaining observed policy, institutional, and economic patterns.

Analytical Framework

The material was analysed through thematic synthesis, descriptive comparisons, and interpretive triangulation. The analysis was guided by Schumpeterian innovation theory, a resource-based view, and institutional theory, which together provided a framework for explaining enterprise formation, capability differentials, innovation behaviour, and the influence of policy and regulatory conditions on entrepreneurial outcomes. When quantitative claims from programme documents were used, they were interpreted conservatively and cross-checked, where possible, against official statistics or independent studies. This approach was intended to distinguish relatively well-supported findings from claims that remain suggestive, partial, or administratively reported.

Analytical approach

As earlier mentioned, each programme is evaluated using a logic model framework and conservative quantitative estimates derived from programme reporting and corroborating sources. Confidence levels (low, medium, high) are assigned to estimates based on data quality.

Discussion

Taken together, the evidence reviewed in this article points to a consistent pattern. Entrepreneurship programmes in Nigeria can generate meaningful short-term gains in enterprise entry, liquidity support, skills acquisition, and, in some cases, job creation. However, structural bottlenecks such as unreliable infrastructure, limited access to affordable finance, weak market integration, regulatory complexity, and inconsistent policy implementation often moderate these gains. The broader implication is that entrepreneurship contributes to inclusive development most effectively when programme-level support is embedded within a functioning ecosystem that enables

firms to survive, formalise, and grow.

- Design: Competitive grants and training for youth entrepreneurs.
- Reported reach: ~22,000 trained; ~3,900 funded.
- Estimated short term impact: business survival at 12 months ~55% (estimate); jobs created ≈ 4,680 (estimate). Confidence: low.
- Design: Large scale youth placements and stipends.
- Reported reach: ~500,000 enrolled.
- Estimated outcomes: temporary income support; transition to formal employment is modest (10–20% estimate). Confidence: low–medium.
- Design: Nano credit to informal traders and farmers.
- Reported reach: ~2,000,000 beneficiaries.
- Estimated outcomes: short-term liquidity and inclusion gains; revolving fund sustainability varied; the effective revolving rate was estimated at 40–60%. Confidence: low.
- Design: Payroll support and grants during COVID.
- Reported reach: ~1,258,183 beneficiaries; ₦66.0bn disbursed.
- Estimated jobs preserved: ~1.26 million (programme reporting). Cost per job preserved: ~₦52,500 (approximate). Confidence: medium.
- Design: Concessional credit and risk sharing.
- Reported reach: large nominal disbursements; beneficiary counts vary.
- Outcomes: increased formal credit flows, but defaults and elite capture reduced net additionality. Confidence: medium.
- Design: Youth finance and incubation.
- Reported reach: ~30,000 funded (NYIF reported).
- Outcomes: positive for a subset of digital startups; limited national poverty impact due to scale. Confidence: low.
- Aggregate beneficiaries (conservative, non exclusive): ~3.8 million across major programmes (note overlap). Confidence: medium.
- Aggregate jobs preserved/created (conservative): ~1.3–1.6 million (non additive). Confidence: low–medium.
- Poverty signals: programmes provided short-term poverty alleviation for beneficiaries; evidence of durable poverty reduction at scale is limited.

Strategic directions for policy and implementation

Based on the foregoing analysis, the following strategic directions appear most defensible for strengthening the developmental impact of entrepreneurship policy in Nigeria.

1. Address binding infrastructure constraints (energy and digital connectivity) in priority MSME clusters.
2. Adopt outcome-based financing linking disbursements to measurable outcomes (business survival, income change).
3. Create integrated enterprise pathways (training → seed finance → market linkages → scale finance).
4. Strengthen financial architecture with blended

finance, guarantees, and fintech partnerships.

5. Institutionalise rigorous M&E and open data with standardised indicators and beneficiary registries (BVN/CAC linkage).

6. Target inclusion explicitly with ring-fenced resources for women, rural entrepreneurs, and individuals with disabilities.

7. Improve public–private coordination through a national entrepreneurship coordination unit.

8. Scale digital market access and logistics solutions for MSMEs.

Limitations of the study

The study is subject to inherent limitations associated with the use of secondary data, including variations in definitional standards (poverty lines, unemployment measures, and MSME thresholds), inconsistent availability and comparability of datasets across 2014–2024, and the absence of consistent counterfactuals or longitudinal tracking in many programme evaluations, which constrains causal attribution. In addition, informal sector activity may be underreported, and beneficiary overlap across programmes complicates the aggregation and interpretation of impacts. Finally, substantial heterogeneity across regions and sectors implies that national averages may mask important local dynamics, whereas the timeline required for structural transformation often extends beyond typical program cycles. Accordingly, findings are presented as conservative, triangulated estimates rather than precise causal claims.

CONCLUSION

This article has argued that entrepreneurship remains an important, but not self-sufficient, pathway for inclusive economic development and poverty reduction in Nigeria. Over the past decade, MSME expansion, youth- and women-focused interventions, and the growing use of digital tools have contributed to enterprise creation, livelihood diversification, and selective employment gains. However, the evidence reviewed also shows that these gains are constrained by persistent structural impediments, including limited access to affordable finance, infrastructural deficits, regulatory complexity, uneven digital access, and sharp regional inequalities. Entrepreneurship therefore matters most as part of a broader developmental ecosystem rather than as an isolated policy remedy.

The evidence reviewed in this article emphasises the necessity of coherent, well-sequenced policy interventions that address both demand-side and supply-side constraints. Strengthening financial inclusion, improving digital and physical infrastructure, and simplifying regulatory processes are essential for enabling MSMEs to scale. Equally important is the expansion of targeted support for women and youth entrepreneurs, who remain disproportionately affected by structural barriers despite their growing participation in the entrepreneurial ecosystem. The success of private sector initiatives such

as the Tony Elumelu Foundation demonstrates the transformative potential of integrated support models that combine training, mentorship, and seed capital, offering valuable lessons for public policy design.

Looking ahead, the developmental contribution of entrepreneurship in Nigeria will depend on whether policy moves beyond episodic support toward coordinated ecosystem building. This requires better sequencing of finance, capability development, infrastructure, market access, and regulatory reform, alongside stronger inclusion mechanisms for women, youth, rural entrepreneurs, and informal operators. It also requires more credible evidence architecture based on coordinated indicators, transparent reporting, and routine impact evaluation. Under such conditions, entrepreneurship can function not merely as a survival response to labour market weakness but also as a more durable channel for productivity enhancement, resilience, and inclusive structural transformation.

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