

Youth Entrepreneurship

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Youth unemployment is one of Africa's biggest challenges, but compulsory entrepreneurship training can turn the continent's job-seekers into job creators, writes Abiodun Egbetokun.

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1. Introduction

Africa faces a huge unemployment burden, particularly among its youth. The African Development Bank estimates that almost one-third of the continent's 420 million inhabitants aged 15 to 35 years are jobless and discouraged. The trouble is growing: each year between 10 and 12 million job-seekers join sub-Saharan Africa's labour market, but only 3.1 million new jobs are created.

One of the most effective ways of reducing this burden of unemployment is by fostering youth entrepreneurship. But efforts to date to achieve this are insufficient, and it can be difficult for governments to know where to start. This is why my colleagues and I undertook a study of state-sponsored entrepreneurship training in Nigeria, and we found three lessons for how such training can make an impact.

2. Three lessons from Nigeria on how to boost youth entrepreneurship

In 2006, Nigeria's government introduced a policy intervention that mandated all universities in the country to teach compulsory entrepreneurship courses in all their degrees. Before then, only business-related disciplines included courses on entrepreneurship. Universities were also made to set up entrepreneurship development centres to serve students and staff.

My colleagues at the National Centre for Technology Management and I surveyed nearly 27,000 undergraduates aged 16 to 25 years from 55 Nigerian tertiary institutions, asking them—among other things—whether they were interested in starting their own business. The surveys were carried out in two years: in 2007 about the same time that the government policy took effect, and in 2011, by which time many, but not all, universities had complied with the policy. We found that there were three ways that the Nigerian government could boost the supply of high-quality youth entrepreneurship.

Lesson 1: Create a facilitating atmosphere

Our study showed that there was high entrepreneurial interest among the youth we surveyed. Of the undergraduates, 84% expressed an interest in starting their own business, and a third actually ran business alongside their studies—illustrating a real opportunity for entrepreneurship development.

But what was lacking, for some, was a facilitating atmosphere that would allow a considerable share of Nigerian youth to become job creators rather than jobseekers. Ways to create such an atmosphere include integrating incubators and science parks in tertiary institutions. These help provide a supportive ecosystem in which business can form and flourish.

Indeed, in 2015, a group of researchers based in Florida in the United States showed that businesses launched inside a university-located incubator have a higher chance to succeed than those launched outside. Best practice examples of such incubators abound that policy makers can learn from.

However, competitive start-up grants will also help. In our survey, a lack of capital was the second most common reason the undergraduates would not start a business. Providing seed capital to support bright ideas would therefore increase these innovators' likelihood to succeed.

Lesson 2: Compulsory training weeds out unrealistic ideas

We found that the rate of entrepreneurial practice fell among students who received compulsory entrepreneurship training. While this might sound like the opposite of what the policy intended to achieve, that is not necessarily the case.

Rather, it seemed to suggest that students that took the training knew more about what it would take for them to succeed, and therefore acted less impulsively about starting a business while in school. In other words, the more an individual learns about entrepreneurship, the more realistic their perceptions and expectations become, and the more accurately they can assess themselves.

But this lesson also emphasises the importance of looking for long-term, rather than short-term, effects on employment rates. A 2012 study of tertiary students in New Zealand stressed the need to distinguish between short- and long-term outcomes, in order to avoid misleading conclusions about the impact of entrepreneurship education.

Compulsory entrepreneurship training will not increase the supply of entrepreneurship in the short term, but because it filters out low-potential individuals the benefits will be felt in the long term. It is therefore necessary that stakeholders, including policy makers and university administrators, remain committed to providing good entrepreneurship education.

Lesson 3: The need for targeted and adaptive curricula

Our survey showed that entrepreneurial interest improved over time among those exposed to compulsory entrepreneurship education. But the level of interest of those who already had an interest in entrepreneurship was unaffected. This implies that different content is required for different groups, depending on their current attitude towards entrepreneurship.

It is therefore necessary to profile students in terms of their baseline interest in entrepreneurship and offer different course options, ensuring that the curricula for entrepreneurship education are targeted and adaptive. Such profiling is easy to achieve these days that most university enrolment and intake procedures are conducted online and most young persons have internet-enabled smartphones. It is relatively easy to include in the online procedures a short survey to determine pre-enrolment entrepreneurship profiles of undergraduates and sort them into the relevant classes.

The three lessons that I highlight here are examples of what governments in Africa can do to boost youth entrepreneurship. Although the lessons are drawn from a study in Nigeria, other African countries will find them relevant because they share problems and opportunities with my country. Implementing actions based on these lessons will help young persons across Africa realise their potential.

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