

Small and Medium Enterprises as Catalysts for Reducing Unemployment in Nigeria

OLUYEMISI OBE

Prothrive Astute Heights Ltd, Lagos, Nigeria

Abstract -Small and Medium Enterprises (SMEs) are crucial in combating unemployment and addressing the pervasive socio-economic challenges faced by Nigeria. This article looks into the transformative potential of SMEs as dynamic catalysts for job creation, poverty alleviation, and sustainable economic growth, with a particular emphasis on innovative strategies and visionary leadership in overcoming structural barriers. Through a comprehensive and in-depth analysis of persistent challenges, including limited access to financing, burdensome regulatory constraints, and inadequate infrastructure, the study identifies practical and actionable solutions that can significantly enhance SME contributions to employment generation and economic resilience. Furthermore, the paper emphasizes the pivotal role of innovation-driven approaches in SME operations, spotlighting areas such as workforce skill development, the integration of advanced technologies, and strategic capacity building to ensure competitiveness and scalability. Detailed case studies, including PZ Wilmar's trailblazing leadership in the food processing sector and FarmCrowdy's impactful use of agricultural technology to boost employment, provide compelling evidence of SMEs' ability to thrive and drive meaningful change. These companies noteworthy achievements in revolutionizing local food processing methods, while simultaneously creating extensive employment opportunities along the value chain, serve as a practical and inspiring model for promoting sustainable development and fast growth within the SME sector.

Indexed Terms- SMEs, Unemployment, Innovation, Job Creation, Economic Growth, Nigeria, Food Processing, FarmCrowdy, PZ Wilmar, Policy Recommendations, Infrastructure Development.

I. INTRODUCTION

Unemployment is a major socio-economic issue in Nigeria, significantly hindering the country's development and exacerbating poverty. According to the Nigeria Economic Summit Group (2024), Nigeria's misery index, which combines the rates of unemployment and inflation, rose from 30.5 percent in the third quarter of 2023 to 36.9 percent in the first quarter of 2024. According to Trading Economics (2024a), in Q2 2024, Nigeria's unemployment rate decreased to 4.30 percent from 5.30 percent in Q1 2024, averaging 4.25 percent from 1991 to 2024, with a peak of 6.00 percent in Q4 2020 and a low of 3.70 percent in Q4 2013 (National Bureau of Statistics, Nigeria). Subsequent report from Trading Economics (2024b) in Q2 2024, Nigeria's youth unemployment rate dropped to 6.50 percent from 8.40 percent in Q1 2024, averaging 21.40 percent from 2014 to 2024, with a peak of 53.40 percent in Q4 2020 and a record low of 6.50 percent in Q2 2024 (National Bureau of Statistics, Nigeria). In 2022, the National Bureau of Statistics reported that 53.40% of young people were unemployed (National Planning Commission, 2022). These figures represent millions of individuals who are actively seeking employment but are unable to secure it, reflecting the structural and systemic barriers within the labor market. The situation has also been worsened by limited industrialization, inadequate infrastructure, and the overreliance on oil revenues, leaving significant gaps in job creation across key sectors. Against this backdrop, Small and Medium Enterprises (SMEs) have emerged as a potential solution to curbing unemployment, given their capacity to absorb labor, stimulate entrepreneurship, and drive inclusive economic growth.

Small and medium-sized enterprises (SMEs) significantly contribute to the Nigerian economy, accounting for 48% of the country's GDP and employing 84% of the workforce (AFSIC, 2024).

These enterprises are essential for ensuring innovation, generating employment, and alleviating poverty. Despite their importance, SMEs in Nigeria face numerous challenges, including limited access to finance, unstable power supply, and poor infrastructure. However, when strategically supported, these businesses have proven their potential to catalyze job creation and address the unemployment crisis.

This article seeks to critically examine the transformative potential of SMEs in addressing Nigeria's unemployment challenges. Specifically, it will explore how innovation, strategic leadership, and policy reforms can empower SMEs to act as catalysts for reducing unemployment. By analyzing examples, including food processing business, the article emphasizes the importance of targeted interventions that rely on SMEs' unique strengths to tackle labor market inefficiencies.

The relevance of this discussion is emphasized by the example of the food processing businesses, which exemplifies the job-creating potential of SMEs. In a labor-intensive sector, food processing businesses provide direct employment opportunities and ensure linkages across the agricultural value chain, indirectly engaging farmers, transporters, and vendors. Scaling operations, adopting innovative practices, and leveraging supportive policies enable such businesses to significantly reduce unemployment while enhancing economic stability and food security in Nigeria.

II. LITERATURE REVIEW

- Unemployment in Nigeria

The issue of unemployment in Nigeria has been extensively studied, with numerous researchers highlighting its multi-faceted socio-economic implications. Nigeria's unemployment rate has steadily increased over the past decade due to weak industrial growth and a mismatch between education and labor market needs (Nigeria Economic SummitGroup, 2024). Similarly this, Okuneye et al. (2023) found that there is a long-term relationship between inclusive growth, unemployment, and health outcomes. Their study also showed that unemployment and health outcomes negatively and

significantly affect inclusive growth in Nigeria during the study period. Similarly, Akwara et al. (2024) highlighted the relationship between high unemployment and rising poverty, social unrest, and crime. In contrast, Nwaonuma and Ebubechima (2023) found that both inflation and unemployment have a long-term relationship with economic growth. Specifically, a one percent increase in GDP led to a 0.019% decrease in the unemployment rate, with unemployment inversely correlated to economic growth and inflation positively correlated. Abdurazaq & Lambe (2024) identified that unemployment in Nigeria is deeply rooted in systemic challenges, including inadequate policy implementation and economic overdependence on oil revenues. While these studies emphasize different causal factors, there is a consensus on the urgent need for diversified economic policies to address unemployment sustainably.

- Role of SMEs in Economic Development

Research supports the critical role of SMEs in promoting economic development and job creation. According to a study by Mokuolu & Oluwaleye (2023), SMEs in Nigeria contribute significantly to the labor market by providing employment opportunities for semi-skilled and unskilled labor. On a global scale, the United Nations' 2024 report states that small and medium-sized enterprises (SMEs) makeup 90% of businesses, provide over 70% of employment, and contribute 50% to global GDP, highlighting their central role in the economies of most societies, particularly in developing economies. The Nigerian context mirrors this global trend, as SMEs are responsible for over 80% of jobs in Nigeria (PwC, 2024). However, Abur (2020) argues that the impact of SMEs in Nigeria has been limited by structural inefficiencies, emphasizing the need for better policies focused on infrastructure development aimed at providing entrepreneurs with better access to essential facilities, reducing costs and improving the performance of small and medium-sized enterprises (SMEs).

- Innovation in SME Operations

Innovation is widely regarded as a key driver of SME growth and success. Research by Alake et al. (2024) indicates that SMEs adopting innovative business models and technology solutions are more resilient

and better equipped to tackle unemployment challenges. The synergy between technological innovation, business model innovation, and SMEs' resilience underscores the importance of technology in strengthening their resilience. Additionally, a comparative study by Inda et al. (2023) on SMEs found that innovation in supply chain management and product development significantly enhanced employment. Abubakar and Hussaina (2020) similarly emphasized that innovation is crucial for enhancing the performance of SMEs, as it drives employment growth and positively affects overall SME performance. Technological innovation has significantly contributed to the growth and development of SMEs in the global market. Lee (2023) highlighted that business feasibility has a notably positive impact on the longevity of innovative SMEs in the service sector. SMEs often perceive innovation as risky due to traditional and generational contexts, and factors like the age, gender, and nature of their leaders and businesses can influence their openness to innovation (Marinho & Melo, 2022). However, the extent to which Nigerian SMEs leverage innovation remains limited, with factors such as inadequate funding and low technical capacity often cited as barriers.

- **Barriers to SME Growth**

Despite their potential, SMEs in Nigeria face numerous barriers that hinder their growth and job creation capabilities. An empirical study by Ajayi et al (2021) identified inadequate access to credit as the most significant constraint, with over 77.56% of SMEs struggling to secure financing for expansion. Enhancing access to funding from financial institutions will boost success and growth, reduce unemployment, and stimulate socio-economic development, aligning with the goals of the Nigerian federal government (Babandi & Barjoyai, 2021). A vast majority of SMEs, 88.9%, highlighted that Nigeria's infrastructure is in poor condition, while 79.1% noted that the inadequate infrastructure has led to increased operational costs post-COVID-19 (Abur, 2020). Policy inconsistencies and bureaucratic challenges obstruct the growth of SMEs. Igben & Ojoboh (2024) indicate that overcoming these issues with targeted policy reforms and infrastructure investments is critical for realizing the full potential of

SMEs in Nigeria, despite the significant but manageable regulatory constraints they face.

III. CASE FOR SMES AS CATALYSTS FOR REDUCING UNEMPLOYMENT

- **Job Creation Potential**

Small and Medium Enterprises (SMEs) possess a unique capacity to generate employment across various sectors, making them indispensable in the fight against unemployment. Adeosun & Shittu, (2022) reveal that the positive and significant employment elasticity indicates that the employment generated by entrepreneurial activities is the most critical factor driving economic growth and reducing unemployment. As per the World Economic Forum 2022 report, SMEs are responsible for over 70% of global employment, and 67% of SME executives identify survival and expansion as their primary challenges. These businesses have proven particularly effective in sectors such as agriculture, manufacturing, and retail, which are labor-intensive and offer opportunities for large-scale employment. A report by Food Security Network Africa (2022) reveals that typical SMEs, which include micro-enterprises with fewer than 10 employees, small enterprises with 10 to 49 employees, and medium-sized enterprises with 50 to 99 employees, constitute over 90% of businesses globally and contribute more than 50% to GDP. This creates a ripple effect of indirect jobs in supply chains and distribution networks. With appropriate policies and access to capital, SMEs can significantly bridge the employment gap, particularly in underserved regions of Nigeria.

- **Diverse Opportunities**

One of the strengths of SMEs is their ability to provide diverse employment opportunities across demographics, including youth, women, and individuals with limited formal education. Statista revealed that in 2023, Nigeria's youth unemployment rate was close to 5.84 percent, underscoring the importance of SMEs in addressing youth unemployment (Statista, 2024). Similarly, SMEs often create jobs for women, particularly in sectors such as textiles, retail, and agribusiness. Initiatives like the SheTrades program have enabled women-led SMEs in Nigeria to expand their businesses, creating both direct and indirect employment opportunities (ITC, 2023;

Nigerian Export Promotion Council, 2024). Furthermore, SMEs often provide an entry point for unskilled and semi-skilled workers, contributing to workforce inclusivity and reducing socio-economic disparities (Umadia, 2020).

- Sustainability of SME Models

Beyond immediate job creation, SMEs contribute to long-term economic stability and resilience. Unlike large corporations that may centralize operations, SMEs are often rooted in local communities, ensuring a steady distribution of economic benefits. SMEs in Nigeria are more likely to reinvest profits locally, ensuring regional development and creating sustained employment opportunities (UDO, 2022). Additionally, the decentralized nature of SMEs makes them less susceptible to macroeconomic shocks, as observed during the COVID-19 pandemic, when many SMEs adapted their business models to survive. Xiao & Su (2022) observed that external support resources have a more significant influence on SMEs' capacity to innovate and sustain themselves than on their overall performance. Both internal factors like openness, mindset shift, problem-solving, social exchange, and resource optimization, and external factors such as market changes, technological advancements, stakeholder influence, policies, and institutions, are crucial in facilitating SMEs' transition to SBM adoption (Ciro et al., 2023). The adaptability of SMEs emphasizes their ability to promote economic resilience. The focus on innovation and entrepreneurship within SMEs ensures their relevance in evolving markets, driving sustained growth and employment over time.

IV. INNOVATIVE SME-DRIVEN SOLUTIONS

Leadership in Food Processing

Prothrive, a food processing business describes how SMEs can drive innovation and address unemployment through transformative solutions. With the transition of traditional Nigerian pap, a fermented maize product, into a dry and portable form, the company has modernized an age-old staple, improving its shelf life, portability, and appeal to a wider consumer base. This innovation has preserved cultural heritage and created new market opportunities domestically and internationally. For International Women's Day 2023, the SUN Business Network

spotlighted a thriving women-led, nutrition-focused business in Nigeria (Prothrive Astute Heights) and how its managing director, has been empowered to tackle various challenges (Scaling Up Nutrition, 2023). Wangarau Foods, similar to Prothrive's innovation in food processing, excels in transforming traditional Nigerian staples into convenient, shelf-stable products for both local and international markets (Wangarau Foods, 2024). Also, Dantata Foods & Allied Products Limited, established in 2005, specializes in producing, processing, and marketing agro-allied products. As one of Nigeria's largest privately owned agricultural and food companies, Dantata Foods operates a leading oil mill in West Africa (Dantata Foods, 2021). The business's integration of local farmers into its supply chain demonstrates a commitment to community-driven growth. By sourcing raw materials directly from smallholder farmers, the companies actively engage with local producers, enhancing the agricultural value chain and offering farmers a reliable source of income. Additionally, the supply chain employs local workers across various stages, from production to packaging, further boosting job creation. Expanding into the U.S. market has ensured international job linkages, creating indirect employment in logistics, marketing, and retail distribution. This positions SMEs' ability to transcend local boundaries to achieve meaningful global influence.

Scaling SMEs with Technology

Technology has become an indispensable tool for enhancing SME productivity and scalability. Digital platforms such as Enterprise Resource Planning (ERP) systems streamline operations, optimize supply chains, and improve inventory management (IBM, 2024). E-commerce platforms enable SMEs to reach a broader audience, breaking geographical barriers and expanding market access. Noluthando et al. (2024) emphasize that digital platforms drive innovation, inclusivity, and sustainable economic growth in Africa. These platforms increase market access by linking urban and rural entrepreneurs with global customers, and e-commerce enables businesses to overcome geographical barriers and thrive. Social media has brought substantial benefits to Nigerian SMEs, significantly boosting their revenue and customer base. However, the extent of these benefits

depends largely on how effectively and efficiently SME owners use these platforms (Margaret, 2022).

The adoption of technology in the food processing businesses, such as automated production lines and online sales channels, has reduced operational costs and improved efficiency (Javaid et al., 2024; Pascucci et al., 2024). Miying et al. (2021) highlight the significance of technological intelligence and supply chain cooperation as key factors. Embracing digital transformation has helped SMEs scale their operations, compete in larger markets, and create sustainable employment opportunities.

- Skill Development

SMEs also play an important role in skill development, equipping workers with the expertise needed to thrive in the labor market. Although SMEs face unique challenges in developing and retaining skilled talent, there are effective strategies to help them nurture workforce skills and competencies, driving growth and success (HR Experte, 2024). Unlike large corporations, SMEs often provide hands-on training, ensuring technical and entrepreneurial skills among employees. In the client's business, workers are trained in food safety standards, packaging, and export procedures, enhancing their employability both within and beyond the organization (Evans et al., 2021). Investing in workforce development, SMEs contribute to a more skilled labor pool, which, in turn, drives broader economic growth. Training initiatives also ensure employee loyalty and productivity, creating a cycle of mutual benefit between SMEs and their workers (Forbes, 2024).

V. CHALLENGES TO SME SUCCESS IN REDUCING UNEMPLOYMENT

- Access to Funding

Limited access to financing remains one of the most significant barriers to SME success in Nigeria (Ajayi et al., 2021). Despite their critical role in job creation, SMEs often struggle to secure loans due to limited access to financial institutions, inadequate education, skills, and experience among owners and managers, high interest rates, gender discrimination, stringent lending requirements, and a lack of financial products tailored to their needs (Huerta, 2021; Babandi & Barjoyai, 2021). Olorunsola and Ndudi (2023) noted

that the performance and growth of small and medium-sized enterprises (SMEs) in Nigeria are significantly influenced by their access to credit. However, they also pointed out that SMEs in Nigeria have less access to credit compared to large corporations. Many SMEs resort to informal financing, which is unreliable and insufficient for large-scale operations. This lack of capital inhibits their ability to invest in innovation, expand operations, and hire more workers, undermining their potential to reduce unemployment (Almeida, 2024).

- Regulatory Barriers

SMEs in Nigeria face significant regulatory and bureaucratic hurdles, which reduce their growth and reduces their capacity to create jobs. Complex registration processes, inconsistent tax policies, and frequent changes in business regulations often discourage entrepreneurs from formalizing their businesses (Okeagu, 2022). According to SMEDAN's criteria for formality, which includes business registration with the Corporate Affairs Commission (CAC), only 3 percent of all Micro, Small, and Medium Enterprises (MSMEs) in Nigeria are considered formal (World Bank, 2023). This could be partly due to the burdensome nature of compliance requirements. This informality limits access to government support programs and financial institutions, further perpetuating their vulnerability. Also, delays in obtaining necessary legal backing, permits, or licenses can slow down operations, reducing the efficiency and scalability of SMEs (Ufua et al., 2020).

- Infrastructure Gaps

The lack of reliable infrastructure is a pervasive challenge for Nigerian SMEs, significantly hampering their productivity and ability to create sustainable employment. The unreliable power supply is one of the most pressing issues, with businesses often relying on costly alternatives such as diesel generators. The study Adanlawo & Makhosazana. (2021) emphasizes that electricity outages greatly impact SMEs in Nigeria and suggests that state and local governments collaborate with the federal government to generate stable electricity, while also recommending cost-effective backup generators to maintain business operations. In SMEs around the world, poor transportation and logistics systems have been a major

challenge disrupting supply chains, increasing costs, and causing delays in delivering goods and services (Nadezhda, 2020). For SMEs in rural areas, these infrastructure gaps are even more pronounced, limiting their access to larger markets and reducing their growth potential. Chiyem and Etomi (2024) found that supply chain techniques, including strategic partnerships with suppliers, information sharing, and collaborative governance, significantly and positively impact the performance of SMEs in Nigeria.

VI. CASE STUDIES OF SUCCESSFUL SMES IN NIGERIA

- Case Study 1: PZ Wilmar Case Study

The case study describes PZ Wilmar's significant contributions to the Nigerian agricultural sector and its commitment to promoting healthy living through its range of products and investments in palm oil plantations. According to the Access to Nutrition Initiative (2023), PZ Wilmar, a joint venture between PZ Cussons International and Wilmar International Ltd, was established in December 2010 and is headquartered in Singapore. It is the largest palm oil refinery in Nigeria, holding over 41% of the market share in 2021. The company processes and packages up to 1,000 metric tons of crude palm oil daily. Its edible cooking oils, branded as Mamador and Devon Kings, led the Nigerian market with a 40% share in 2021. Recently, PZ Wilmar expanded its product line to include bouillon seasoning cubes, which captured over 2% of the market share in 2021. The company emphasizes the importance of healthy living and acknowledges the significant role of food in achieving this. PZ Wilmar, a subsidiary of PZ Cussons, manages almost 26,500 hectares of palm oil plantations in Cross River State, having invested approximately \$150 million in these plantations. This includes 5,549 hectares at Calaro Estate and 2,369 hectares in Calaro Extension. Additionally, they own 5,595 hectares in Ibiae plantations, 7,805 hectares in Ibad plantations in Akampa, 2,014 hectares in Kwa Falls (Akampa Akpabuyo), and 2,986 hectares in Oban plantations (Akampa). PZ Cussons has also established two palm oil processing plants at Calaro Estate (PZ Wilmar, 2020).

- Case Study 2: FarmCrowdy

Matthias (2021) provides a case study on FarmCrowdy Limited, a for-profit crowd-funding platform established in Lagos, Nigeria, in September 2016 by Onyeka Akumah and three partners. It connects smallholder farmers, who meet specific criteria, with sponsors, providing investment opportunities in agriculture. The platform, accessible via a mobile app, started with poultry farming and now offers various farming options. Sponsors undergo background checks and receive regular updates, while FarmCrowdy provides agronomic advice and necessary inputs to farmers using the funds from sponsors. FarmCrowdy secures its sponsoring arrangements through offtake agreements, which involve a buyer purchasing the produce at a pre-agreed price negotiated by FarmCrowdy. Once sponsors' initial capital is repaid, FarmCrowdy retains 20% of the profits, with the remaining 80% being split between the farm sponsors and the farmers. This business model combines the role of an agent with a two-sided platform. After a successful launch, FarmCrowdy quickly expanded, registering 3,000 smallholder farmers in the first year, 7,000 in the second, and 25,000 in the third year. Collaboration with community leaders and associations helped build trust and encouraged more farmers to join. Feedback from these groups was used to refine the model. Unlike many other platforms, FarmCrowdy maintained high farmer engagement from the start, thanks to the positive return expectations.

- Other Notable SME Examples

Another noteworthy example is Lifebank, a healthcare-focused SME leveraging technology to solve logistical challenges in medical supply delivery (LifeBank Cares, 2024). Lifebank connects hospitals with blood banks and other medical resources, Lifebank enhances healthcare delivery and creates jobs in logistics, data management, and customer support. Similarly, Flutterwave, a fintech SME, has revolutionized payment systems across Nigeria and beyond, creating employment in technology development, customer relations, and business expansion efforts (McKinsey & Company, 2020). These case studies describe the potential of SMEs across diverse sectors to drive economic growth and reduce unemployment in Nigeria. Each demonstrates how innovation, strategic planning, and the effective

use of technology can amplify impact and sustainability.

VII. POLICY RECOMMENDATIONS

• Improved Access to Financing

Addressing the funding gap for SMEs requires innovative financial solutions planned to their unique challenges. Policymakers, as noted by Sarah (2024), suggest planning subsidy programs to address specific needs, improving access to finance, strengthening entrepreneurial ecosystems, enhancing regulatory frameworks, promoting inclusive entrepreneurship, and encouraging innovation and risk-taking. Implementing these recommendations aims to create a supportive environment where entrepreneurs can thrive, ensure innovation, and drive economic growth and development. Santos et al. (2024) found that access to finance positively impacts innovation and growth, while grants have the greatest effect on employment growth. Establishing government-backed credit guarantee schemes can mitigate lenders' risk and encourage financial institutions to extend loans to SMEs (Song et al., 2021). Collaboration with development finance institutions, private investors, and other SMEs to create specialized funds for SME growth could also bolster their financial resilience (Luciana et al., 2021; Andiswa & Michael, 2023).

• Policy and Regulatory Support

Streamlining regulatory processes is essential to reducing barriers to SME establishment and operations. Governments should simplify business registration, tax compliance, and licensing procedures to encourage formalization (ILO, 2021). Enacting policies that offer tax incentives, such as reduced rates or exemptions for startups, can further ensure growth (SMEunited, 2022). Additionally, creating platforms for regular dialogue between policymakers and SME stakeholders ensures regulations are both supportive and responsive to their needs (OECD, 2024).

• Infrastructure Development

Adequate infrastructure ensures SME productivity and competitiveness. Governments and private sectors must prioritize investments in reliable power supply, efficient transportation networks, and broadband internet access (Udoinyang & Daniel, 2024;

Nadezhda, 2020). Public-private partnerships (PPPs) can accelerate infrastructure projects, particularly in underserved regions, enabling SMEs to operate efficiently and access broader markets (Andiswa & Michael, 2023). The establishment of industrial parks and innovation hubs with shared facilities could also alleviate operational burdens for SMEs.

• Capacity Building

Building human capital through training and skill development is critical to SME success. Government and private sector collaborations can deliver targeted programs focusing on entrepreneurship, financial management, and digital literacy (Noluthando et al., 2024). Establishing mentorship and incubation centers where SMEs can access expert advice and technical support would enhance their capacity to innovate and scale (Kehinde et al., 2024). Furthermore, integrating vocational training and events ensures a steady pipeline of skilled workers to meet SMEs' demands (OECD, 2023; Duta & Irawan, Andri, 2023). These policy recommendations aim to create a conducive environment for SMEs, empowering them to thrive and drive significant reductions in unemployment.

CONCLUSION

Small and Medium Enterprises (SMEs) hold immense potential as catalysts for reducing unemployment and driving sustainable economic growth in Nigeria. As critical engines of job creation, SMEs contribute significantly to alleviating poverty and enhancing livelihoods across various demographics, including youth and women. Their ability to innovate and adapt positions them as pivotal players in addressing the unemployment challenges plaguing the nation. The role of innovation and leadership in SME success cannot be overstated. By embracing creative approaches to traditional industries, as demonstrated by the food processing businesses, SMEs can transform local markets and expand into global ones. Leadership that prioritizes community engagement and long-term sustainability further amplifies this impact, ensuring economic resilience and inclusive growth. However, achieving the full potential of SMEs requires substantial government and private sector support. Policies that enhance access to financing, streamline regulatory processes, and invest in infrastructure development are necessary to create an

enabling environment for SMEs. Capacity-building initiatives that equip entrepreneurs and workers with relevant skills also ensure the longevity and scalability of these businesses. The client's food processing business stands as a model for other SMEs, describing how innovation, strategic planning, and effective leadership can translate into tangible benefits for both the local and global economy. By ensuring similar enterprises and addressing the challenges they face, Nigeria can unlock the untapped potential of its SME sector, making significant strides toward reducing unemployment and achieving economic prosperity.

• Future Research Directions

The evolving dynamics of the global economy and fast technological advancements present exciting opportunities for SMEs to address unemployment challenges in innovative ways. Future research should explore how emerging technologies such as artificial intelligence (AI) and blockchain can be leveraged by Nigerian SMEs to enhance efficiency, scalability, and job creation. AI-driven analytics as an example can optimize business operations and customer engagement, while blockchain technology can improve transparency and trust in supply chains, potentially attracting greater investment and ensuring growth. There is also a critical need to investigate the implications of expanding Nigerian SMEs into international markets on local employment. Research should examine the direct and indirect effects of global market integration, including the potential for job creation in export-oriented industries and related value chains. This inquiry could also assess the challenges SMEs face in relation with international trade regulations and market competition, providing actionable insights for policymakers and business leaders. These future research directions aim to deepen the understanding of how SMEs can maximize their impact in reducing unemployment and contribute to sustainable economic development in Nigeria.

REFERENCES

[1] Access to Nutrition Initiative. (2023). *Case study: PZ Wilmar Nigeria*. Retrieved from <https://accesstonutrition.org/app/uploads/2023/01/221214-Atni-Case-Study-PZ-Wilmar-Nigeria.pdf>

[2] Adanlawo, Eyitayo Francis & Vezi-Magigaba, Makhosazana. (2021). Electricity outages and its effect on small and medium scale enterprises (SMEs) in Nigeria.

[3] Adeosun, O.T. and Shittu, A.I. (2022), "Small-medium enterprise formation and Nigerian economic growth", *Review of Economics and Political Science*, Vol. 7 No. 4, pp. 286-301. <https://doi.org/10.1108/REPS-07-2020-0089>

[4] AFSIC. (2024). *Small and medium enterprises in Nigeria*. Retrieved from <https://www.afsic.net/small-and-medium-enterprises-in-nigeria/>

[5] Ajayi, Olawunmi & Ajuwon, Oluseye & Ikhide, Sylvanus. (2021). ACCESS TO FINANCE AND PERFORMANCE OF SERVICES SECTOR MSMEs IN NIGERIA. *Oradea Journal of Business and Economics*. 6. 8-20. 10.47535/1991ojbe125.

[6] Akwara, Azalahu F; Akwara, Ngozi F; Enwuchola, John; Adekunle, Morufu; Udaw, Joseph E. (2023). Unemployment And Poverty: Implications For National Security And Good Governance In Nigeria. *ESCET Journal of Educational Research and Policy Studies (ESCJERPS)* Vol. 1, No. 2 ISSN: Print 2811-2717 <https://journal.escetjerps.com>

[7] Almeida, F. (2024). Causes of Failure of Open Innovation Practices in Small- and Medium-Sized Enterprises. *Administrative Sciences*, 14(3), 50. <https://doi.org/10.3390/admsci14030050>

[8] Anabela M. Santos, Michele Cincera, Giovanni Cerulli. (2024). Sources of financing: Which ones are more effective in innovation-growth linkage? *Economic Systems*, Volume 48, Issue 2, 101177, ISSN 0939-3625. <https://doi.org/10.1016/j.ecosys.2023.101177>.

[9] Awonuga, Kehinde & Mhlongo, Noluthando & Olatoye, Funmilola & Ibeh, Chidera & Elufioye, Oluwafunmi & Asuzu, Onyeka Franca. (2024). Business incubators and their impact on startup success: A review in the USA. *International Journal of Science and Research Archive*. 11. 1418-1432. 10.30574/ijrsra.2024.11.1.0234.

[10] Babatunde Adekunle Okuneye, Oladimeji Abeeb Olaniyi, Adewale Mathew Adekanbi. (2023).

- Unemployment, Health Outcome and Inclusive Growth in Nigeria: ARDL Bound Test Approach. *AUDOE* Vol. 19, No. 2/2023, pp. 23-34. ISSN: 2065-0175.
- [11] Bashir Oladimeji Abdulrazaq & Emmanuel Oyewole Lambe. (2024). Unemployment Challenges in Nigeria: The Imperative for Economic Diversification. *Kashere Journal Of Politics And International Relations* Vol. 2, Issue 2 December 2024 ISSN Prints: 2616-1264 Online: 3027-1177 302
- [12] Cyprian, Abur. (2020). INFRASTRUCTURE DEFICIT AND THE PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE POST-COVID-19 NIGERIAN ECONOMY. *International Journal of Advanced Studies in Business Strategies and Management*. 8. 1-11. 10.48028/ijprds/ijasbsm.v8.i1.01.
- [13] Dantata Foods. (2021). *Home*. Retrieved from https://www.dantatafoods.com/?utm_
- [14] Ellen W. Evans, Jessica Lacey, Helen R. Taylor. (2021). Development and piloting of a support package to enable small and medium-sized food and drink manufacturers to obtain third-party food safety certification. *Food Control*, Volume 127, 108129, ISSN 0956-7135. <https://doi.org/10.1016/j.foodcont.2021.108129>.
- [15] Food Security Network Africa. (2022). *The role of micro, small, and medium-sized enterprises in the food system: Power of small*. Retrieved from <https://fsnet africa.com/blog/the-role-of-micro-small-and-medium-sized-enterprises-in-the-food-system-powerofsmall/>
- [16] Forbes (2024). Gumel, Babandi & Bardai, Barjoyai. (2021). Barriers to Accessing Financial Institutions Funding for Nigerian SMEs. *International Journal of Business and Economics Research*. 10. 219-226. 10.11648/j.ijber.20211006.12. Why Investing In A Healthy Workforce Is Good For A Small Business. <https://www.forbes.com/sites/alisoncoleman/2024/10/22/why-investing-in-a-healthy-workforce-is-good-for-a-small-business/>
- [17] Gbenga I . Olorunsola & Nwankwo, Alexius Ndudi (2023). A Critical Review of SMES Access to Credit and Their Performance/Growth in Nigeria. *International Journal of Innovative Science and Research Technology* ISSN No:- 2456-2165. [https://ijisrt.com/assets/upload/files/IJISRT23MAR423_\(1\).pdf](https://ijisrt.com/assets/upload/files/IJISRT23MAR423_(1).pdf)
- [18] Gumel, Babandi & Bardai, Barjoyai. (2021). Barriers to Accessing Financial Institutions Funding for Nigerian SMEs. *International Journal of Business and Economics Research*. 10. 219-226. 10.11648/j.ijber.20211006.12.
- [19] Gcume, Andiswa & Willie, Michael. (2023). The Effectiveness of Public-Private Partnerships in Supporting SME Development: A Comparative Analysis of Different Partnership Models.
- [20] Guimarães, Luciana & Blanchet, Pierre & Cimon, Yan. (2021). Collaboration among Small and Medium-Sized Enterprises as Part of Internationalization: A Systematic Review. *Administrative Sciences*. 11. 153. 10.3390/admsci11040153.
- [21] Gumel, Babandi & Bardai, Barjoyai. (2021). Barriers to Accessing Financial Institutions Funding for Nigerian SMEs. *International Journal of Business and Economics Research*. 10. 219-226. 10.11648/j.ijber.20211006.12.
- [22] HR Expert. (2024). Effective Strategies for Developing Skills and Competencies in Small and Medium-Sized Enterprises. <https://www.ehr.sa/effective-strategies-sme-skill-development/>
- [23] IBM. (2024). *Enterprise resource planning*. Retrieved from <https://www.ibm.com/think/topics/enterprise-resource-planning>
- [24] Igben H.G.O.and Ojoboh T.M. (2024) Exploring Regulatory Constraints to the Growth of Small and Medium-Scale Enterprises in Delta State, *International Journal of Small Business and Entrepreneurship Research*, Vol.12, No.3, pp.,19-31
- [25] ILO (2021). Enterprise Formalization: Simplifying and facilitating business start-up and compliance.
- [26] International Trade Centre. (2023). *ITC launches two SheTrades Hubs in the Caribbean*. Retrieved from <https://www.intracen.org/news-and->

- events/news/itc-launches-two-shetrades-hubs-in-the-caribbean
- [27] Iyadi Rollins Chiyem (Ph.D) & Okonji Evelyn Etomi. (2024). Supply chain management and the performance of small and medium scale enterprises in Nigeria. *International Journal of Management & Entrepreneurship Research P-ISSN: 2664-3588, E-ISSN: 2664-3596, Volume 6, Issue 10, P.No.3399-3414, October 2024. DOI: 10.51594/ijmer.v6i10.1653*
- [28] JamiluBaita, Abubakar & DattijoAdhama, Hussaina. (2020). Innovation and SMEs Performance in Nigeria: A Proposed Framework. *International Journal of Scientific Research in Science and Technology. 396-400. 10.32628/IJSRST207664.*
- [29] Jun-won Lee. (2023). Influence of technological innovation characteristics on the survival period of SMEs in the service industry: Evidence from Korea. *Journal of Innovation & Knowledge, Volume 8, Issue 4, 100422, ISSN 2444-569X, https://doi.org/10.1016/j.jik.2023.100422.*
- [30] Keschyan, Nadezhda. (2020). Research of problems of small businesses of transport and logistics. *IOP Conference Series: Materials Science and Engineering. 918. 012202. 10.1088/1757-899X/918/1/012202.*
- [31] Kingsley Onochie Umadia. (2020). Exploring the Strategies for Sustaining Small- to Medium-Scale Enterprises. *Walden Dissertations and Doctoral Studies.*
- [32] Leonard, Sarah. (2024). The Impact of Government Subsidies on Entrepreneurial Activities. *International Journal of Economic Policy. 4. 27-39. 10.47941/ijecop.1764.*
- [33] LifeBank Cares. (2024). Retrieved from <https://lifebankcares.com/> McKinsey & Company. (2020). *Harnessing Nigeria's fintech potential.* Retrieved from <https://www.mckinsey.com/featured-insights/middle-east-and-africa/harnessing-nigerias-fintech-potential>
- [34] Marinho, B. F. D., & Costa Melo, I. (2022). Fostering Innovative SMEs in a Developing Country: The ALI Program Experience. *Sustainability, 14(20), 13344. https://doi.org/10.3390/su142013344*
- [35] Mhlongo, Noluthando & Daraojimba, Donald & Odeyemi, Olubusola & Falaiye, Titilola & Ajayi-Nifise, Adeola. (2024). Reviewing the impact of digital platforms on entrepreneurship in Africa. *International Journal of Science and Research Archive. 11. 10.30574/ijsra.2024.11.1.0228.*
- [36] Mokuolu Joseph Oluseye, Oluwaleye Taiwo Olarinre. (2023). The Role Of Small And Medium Scale Enterprises In Unemployment Reduction In Nigeria. *Nigerian Journal of Banking and Financial Issues (NJBFI) - Vol. 9 No. 1, March 2023*
- [37] Mónica Nuñez Huerta. (2021). Financing Strategies for Small and Medium Enterprises in Mexico. *Walden Dissertations and Doctoral Studies. https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=12093&context=dissertations*
- [38] Mustajab, Duta & Irawan, Andri. (2023). The Effectiveness of Vocational Training Programs on Employment Outcomes. *Advances in Community Services Research. 1. 37-46. 10.60079/acsr.v1i2.344.*
- [39] Mpofu, Olipha & Sibindi, Athenia. (2022). Informal Finance: A Boon or Bane for African SMEs?. *Journal of Risk and Financial Management. 15. 270. 10.3390/jrfm15060270.*
- [40] Nathan Udoinyang, Reuben Daniel. (2024). Power Supply and the Performance of Small and Medium Scale Enterprises in Rivers State, Nigeria. *Journal of Economics, Innovative Management, and Entrepreneurship (JEIME) ISSN: 3029-0791. https://doi.org/eiki/10.59652/jeime.v2i1.137*
- [41] National Planning Commission. (2022). *FG inaugurates a committee to tackle increasing youth unemployment in Nigeria.* Retrieved from <https://nationalplanning.gov.ng/fg-inaugurates-committee-to-tackle-increasing-youth-unemployment-in-nigeria/>
- [42] NESG. (2024). *Nigeria's unemployment rate increased further in 2024Q1.* Retrieved from <https://nesgroup.org/blog/Nigeria%E2%80%99s-unemployment-rate-increased-further-in-2024Q1>
- [43] Nnachi Douglas Nwaonuma & Ugochukwu Ebubechima. (2023). Unemployment, Inflation

- and Economic Growth: Evidence from Nigeria. *African Journal of Politics and Administrative Studies (AJPAS)*. p-ISSN: 2787-0367; e-ISSN: 2787-0359
<https://dx.doi.org/10.4314/ajpas.v16i2.40>
- [44] Nigeria Economic Summit Group. (2024). *Nigeria's unemployment rate increased further in 2024Q1*. Retrieved from <https://nesgroup.org/blog/Nigeria%E2%80%99s-unemployment-rate-increased-further-in-2024Q1#:~:text=The%20unemployment%20rate%20stood%20at,from%203.1%20percent%20in%202023Q3>
- [45] Nigerian Export Promotion Council. (2023). *ITC SheTrades Nigeria Hub*. Retrieved from <https://nepc.gov.ng/get-started/itc-shetrades-nigeria-hub/>
- [46] OECD. (2023). *Vocational training will be key to meeting increasing demands for skilled workers and adapting to a changing labor market*. Retrieved from <https://www.oecd.org/en/about/news/press-releases/2023/09/vocational-training-will-be-key-to-meeting-increasing-demands-for-skilled-workers-and-adapting-to-a-changing-labour-market.html>
- [47] OECD. (2024). *SMEs and entrepreneurship*. Retrieved from <https://www.oecd.org/en/topics/smes-and-entrepreneurship.html>
- [48] Okeagu, Joy. (2022). FORMALIZATION OF BUSINESS ENTERPRISES IN NIGERIA: A REVIEW OF NIGERIA'S POLICIES ON MICRO, SMALL AND MEDIUM ENTERPRISES. AUTHOR'S NAME: JOY UDOCHI OKEAGU. 10.13140/RG.2.2.36430.84800.
- [49] Okey Okoro Udo. (2022). Financial Strategies for Sustainability of Small- and Medium-Sized Enterprises in Nigeria. <https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=15128&context=dissertations>
- [50] Oluwakemi, Alake & Adegbuyi, Omotayo & Babajide, Abiola & Salau, Odunayo & Onayemi, Oluwakemi & Ogueyungbo, Opeyemi & Adesanya, Oluwatoyin. (2024). Business model innovation and SMEs' resilience: technological roadmap in Nigeria. *Business: Theory and Practice*. 25. 614-624. 10.3846/btp.2024.18978.
- [51] Oyekan, Margaret. (2022). Social Media Marketing and Small and Medium Enterprises (SMEs) in Nigeria. *International Journal of Social Sciences and Humanities Invention*. 9. 10.18535/ijsshi/v9i011.03.
- [52] Pascucci, F., Savelli, E. & Gistri, G. (2023). How digital technologies reshape marketing: evidence from a qualitative investigation. *Ital. J. Mark.* 2023, 27–58 (2023). <https://doi.org/10.1007/s43039-023-00063-6>
- [53] Pengcheng Song, Hai Zhang, Qin Zhao. (2021). Innovative Credit Guarantee Schemes with equity-for-guarantee swaps. *International Review of Financial Analysis*, Volume 77, 101809, ISSN 1057-5219. <https://doi.org/10.1016/j.irfa.2021.101809>.
- [54] PricewaterhouseCoopers (PwC). (2024). *MSME survey report 2024*. Retrieved from <https://www.pwc.com/ng/en/assets/pdf/pwc-msme-survey-report-2024.pdf>
- [55] PZ Wilmar. (2020). *Why Nigeria must protect PZ Wilmar, Okomu, Presco's investments*. Retrieved from <https://pzwilmar.com/why-nigeria-must-protect-pz-wilmar-okomu-prescos-investments/>
- [56] Scaling Up Nutrition. (2023, March 6). *Woman business owner Yemisi Obe is bringing nutritious foods to Nigerian families*. Retrieved from <https://scalingupnutrition.org/news/woman-business-owner-yemisi-obe-bringing-nutritious-foods-nigerian-families>
- [57] SMEunited. (2022, July 12). *Tax incentives and exemptions can create adverse effects on SMEs*. Retrieved from <https://www.smeunited.eu/news/tax-incentives-and-exemptions-can-create-adverse-effects-on-smes>
- [58] Statista. (2024). *Youth unemployment rate in Nigeria from 1999 to 2022*. Retrieved from <https://www.statista.com/statistics/812300/youth-unemployment-rate-in-nigeria/>
- [59] Sukati, Inda & Ba Awain, Ali & Esmaeel, Raghed. (2023). The Role of Supply Chain Innovation for New Normal on the Relationship between SCM Practices and SMEs Performance. *International Journal of Information Systems and*

- Supply Chain Management. 16. 1-15. 10.4018/IJSSCM.321950.
- [60] Trading Economics. (2024). *Nigeria unemployment rate*. Retrieved from <https://tradingeconomics.com/nigeria/unemployment-rate>
- [61] Troise, Ciro & Santoro, Gabriele & Jones, Paul & Bresciani, Stefano. (2023). Small and medium enterprises and sustainable business models: Exploring enabling factors for adoption. *Journal of Management & Organization*. 30. 1-14. 10.1017/jmo.2023.45.
- [62] Ufua, D.E., Olujobi, O.J., Ogbari, M.E. *et al.* (2020). Operations of small and medium enterprises and the legal system in Nigeria. *Humanit Soc Sci Commun* 7, 94 (2020). <https://doi.org/10.1057/s41599-020-00583-y>
- [63] United Nations. (2024). *Micro, small, and medium-sized enterprises day*. Retrieved from <https://www.un.org/en/observances/micro-small-medium-businesses-day>
- [64] von Bismarck-Osten, Matthias (2021): Understanding strategic decisions of digital agricultural platform companies: Six case studies of Sub-Saharan African platforms, ZEF Working Paper Series, No. 209, University of Bonn, Center for Development Research (ZEF), Bonn. <https://www.econstor.eu/bitstream/10419/246478/1/ZEF-Working-Paper-209.pdf>
- [65] Wangarau Foods. (2024). *Bringing Nigerian flavors to the world*. Retrieved from <https://wangaraufoods.com/wangaraufoods-bringing-nigerian-flavors-to-the-world/?srsltid=AfmBOoqQY28vlyTHzmchepYvqoSSadsz90o5kRsl1j5IMuA2U6qD64Pv>
- [66] World Bank. (2023). *Nigerian MSMEs Development Survey 2023*. Retrieved from <https://documents1.worldbank.org/curated/en/099055202202331735/pdf/IDU0ff38186304ab204c9209dd1037aeeb43b3d8.pdf>
- [67] World Economic Forum. (2022, December 1). *Small business, big problem: A new report says 67% of SMEs worldwide are fighting for survival*. Retrieved from <https://www.weforum.org/press/2022/12/small-business-big-problem-new-report-says-67-of-smes-worldwide-are-fighting-for-survival/>
- [68] Xiao D, Su J. (2023). Macroeconomic lockdown effects of COVID-19 on small business in China: empirical insights from SEM technique. *Environ Sci Pollut Res Int*. 2022 Sep;29(42):63344-63356. doi: 10.1007/s11356-022-20071-x. Epub 2022 Apr 22. Retraction in: *Environ Sci Pollut Res Int*. 2024 Jul;31(34):47420. doi: 10.1007/s11356-024-34434-z. PMID: 35451716; PMCID: PMC9026007.
- [69] Yang, Miying & Fu, Mingtao & Zhang, Zihan. (2021). The adoption of digital technologies in supply chains: Drivers, process and impact. *Technological Forecasting and Social Change*. 169. 120795. 10.1016/j.techfore.2021.120795.