

# Industrialization and Entrepreneurship Development as Strategic Drivers for Employment Creation and Sustainable Economic Growth in Nigeria

<sup>1</sup>Williams I. A.,

<sup>2</sup>Yakubu I., <sup>3</sup>Adamu Z., &

<sup>4</sup>Saleh M. A.

<sup>1</sup>Department of Business Education,  
Nuhu Bamalli Polytechnic, Zaria

<sup>2&3</sup>Department of Agricultural  
Science Education, Nuhu Bamalli  
Polytechnic, Zaria

<sup>4</sup>Department of Vocational and  
Technical Education, ABU Zaria

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Corresponding Author:

Williams I. A.

## Abstract

Industrialization and entrepreneurship are not two separate things, but rather they work together to help solve Nigeria's big problems like high unemployment, economic ups and downs, and relying too much on oil. Both industrialization and entrepreneurship are known to be important for creating jobs and making sure economies grow in a sustainable way, whether it's in developed or developing countries. When industries grow, they change the structure of the economy and increase production, while entrepreneurship leads to new ideas, creates jobs, and helps economies become more diverse. Recent studies have shown that industrialization and entrepreneurship can help create jobs and grow the economy, especially among young graduates in Nigeria. This study argues that by combining industrial policies with promoting entrepreneurship, Nigeria can achieve sustainable development. The discussion focuses on the benefits of how industrialization and entrepreneurship work together, such as diversifying the economy and creating jobs, and how policies can be implemented to support this. To make this work, the study suggests a few key steps: designing policies that make sense together, creating financial systems that support both industry and entrepreneurs, building infrastructure that helps both, and making sure people have the skills they need. By following these steps, Nigeria can create a pathway that combines industrialization and entrepreneurship to achieve real development.

## **Background to the Study**

Nigeria, with its huge population and big economy, is facing some serious problems. One of the biggest issues is that many people don't have jobs - over 33% of the population is unemployed, and it's even worse for young people. The country also relies too much on oil exports, which can be unpredictable and affect the economy. This means that Nigeria needs to find other ways to grow its economy and create more jobs. Industrialization, or moving towards manufacturing and creating more formal jobs, is one way to do this. At the same time, encouraging entrepreneurship, or people starting their own businesses, can bring new ideas and energy to the economy. When these two things work together, they can create more jobs, make the economy stronger, and help more people benefit from growth. This is a key part of Nigeria's plan for development, as outlined in the National Development Plan 2021-2025. However, there are some big obstacles that make it hard for Nigeria to achieve this. For example, the country's infrastructure, such as roads and electricity, is not good enough. Many people also don't have access to the money they need to start or grow a business. And sometimes, the government's policies don't support industrialization and entrepreneurship. All these things together make it hard for industries to grow and for new businesses to start, which holds back the economy.

This paper, therefore, provides a conceptual synthesis of how industrialization and entrepreneurship interact as strategic pillars for employment generation and sustainable economic growth. It examines Nigeria's historical efforts, analyzes the mechanisms of synergy between industrial policy and entrepreneurial ecosystems, and draws comparative lessons from emerging economies that have successfully harnessed this dual approach. By reviewing past experiences and contemporary evidence, the paper aims to outline a coherent pathway for policy that effectively links industrial growth with entrepreneurial innovation to address Nigeria's pressing challenges of unemployment and economic vulnerability.

## **Industrialization**

Industrialization is a big change in how a country makes things. It's when a country starts to focus on making goods in factories and using machines, rather than just farming or doing small-scale work. This change is not just about building more factories, but about changing the whole way a country's economy works. It's about using new technology, making things more efficient, and investing in machines and factories. One of the good things about industrialization is that it creates jobs that pay a regular wage. This is better than working on a farm or doing informal work, where you might not get paid much or have a steady income. When a country industrializes, it can create a lot of jobs in factories and other industries, which can help people move out of low-paying work and into better jobs. This is an important part of how countries develop their economies and become more prosperous. Research has shown that industrialization is closely linked to creating jobs and improving a country's economy. However, the impact of industrialization can vary depending on the country and its specific circumstances. For example, some countries might focus on industries that use a lot of labor, while others might focus on industries that use more machines and technology. The quality of a country's infrastructure, such as its roads and transportation systems, can also

affect how well industrialization works. Additionally, the skills of a country's workforce can make a big difference.

If workers have the right skills to work in factories and other industries, industrialization is more likely to be successful. On the other hand, if workers don't have the right skills, it can be harder for a country to industrialize and create jobs. So, while industrialization can be a powerful way to create jobs and improve a country's economy, it's not a one-size-fits-all solution. Each country needs to come up with its own plan for industrialization that takes into account its unique strengths and weaknesses. As some researchers have noted, industrialization can have a big impact on a country's economy, but it's not always a guarantee of success. The key is to create policies that support industrialization and help it to benefit everyone, not just a few people. This might involve investing in education and training, improving infrastructure, and creating a business-friendly environment. By doing these things, countries can help ensure that industrialization leads to inclusive growth and benefits the whole population.

### **Entrepreneurship Development**

Entrepreneurship is the dynamic engine of economic innovation, defined by the systematic pursuit and capitalization of market opportunities to introduce novel products, services, or business models, typically through the establishment of new ventures. This process extends beyond mere business start-up to encompass a broader developmental ecosystem known as entrepreneurship development. This ecosystem is a strategic framework designed to cultivate entrepreneurial capability, comprising targeted education, practical skills training, robust institutional support networks, and facilitated access to critical financial resources. Together, these elements empower aspiring and existing entrepreneurs to not only launch but also sustainably scale their enterprises, thereby translating individual initiative into structured economic activity.

Entrepreneurship is really important for the economy. Lots of recent studies show that it helps create jobs and makes the economy stronger. Researchers like Owoye and Ajayi & Olufemi found that entrepreneurship is key to innovation, as it turns new ideas into successful businesses that can disrupt whole markets. It also helps the economy by creating new industries and reducing dependence on just a few sectors. Plus, it promotes growth in different regions, not just the big cities. Because of this, many people think that supporting entrepreneurship is crucial for building economies that are flexible, fair, and can renew themselves. It's not just about helping individuals, but about creating a strong economy for the whole country. For example, when new businesses start, they create new jobs and opportunities for people. This can lead to more money being invested in the economy, which can help it grow. Entrepreneurship also encourages people to think outside the box and come up with new ideas, which can lead to new products and services that people want. By supporting entrepreneurship, governments can help create an economy that is diverse and resilient, and that can adapt to changes in the market. Overall, entrepreneurship is vital for the economy, and it's something that governments and individuals should support. By doing so,

we can create an economy that is strong, flexible, and fair, and that provides opportunities for everyone.

### **Synergy between Industrialization and Entrepreneurship Development**

The growth of industry and the development of new businesses go hand in hand. Big companies need new ideas from entrepreneurs to stay ahead of the game, use the latest technology, and make better products. At the same time, new businesses can grow and become stable by working with big companies and using their networks to get their products to customers. When industries grow, they create a demand for special services like transportation, making parts, and software - this gives small, innovative companies a chance to thrive. As industries get bigger, they need more specialized services to keep running smoothly. This creates opportunities for entrepreneurs to start new businesses that can fill these needs. For example, companies that make parts for machines or develop special software for industries can find a lot of customers. The relationship between industry and new businesses is like a circle - industries help new businesses grow, and new businesses help industries stay competitive. This circle creates a strong economy where both big companies and small startups can succeed. Industries provide a stable foundation for new businesses to grow, and new businesses bring new ideas and energy to industries. In short, when industries grow, they create a lot of opportunities for new businesses to start and grow. This helps the economy and creates jobs. It's a win-win situation for everyone involved.

When businesses and industries work together, it creates a strong cycle that helps the economy grow. New companies and ideas bring fresh perspectives and ways of working to old industries, helping them to change and become more sustainable. This, in turn, gives these new companies a solid foundation to work from, with access to markets, customers, and the things they need to succeed. By working together, both old and new businesses can create jobs and help the economy grow in a way that is strong and lasting. This doesn't just mean jobs in the big industries or the new startups, but also in the services and support that connect them, making the economy grow in a comprehensive and durable way. This connection between new and old businesses makes it easier for them to try new things and take risks, because they have a safety net to fall back on. It also means that the economy can grow and change in a way that is good for everyone, with new jobs and opportunities being created all the time. By working together, businesses can create a strong and resilient economy that can withstand challenges and keep growing over time. In the end, this dynamic interaction between businesses and industries is what drives real economic growth and development. It's not just about one or two big companies, but about a whole network of businesses and services working together to create something new and sustainable. By embracing this way of working, we can build an economy that is strong, resilient, and good for everyone.

### **Theoretical Perspectives**

The theoretical underpinning for linking industrialization and entrepreneurship to growth includes structural transformation theory, which posits that economic development arises from reallocation of resources to more productive sectors, especially manufacturing.

Schumpeterian growth theory emphasizes innovation and entrepreneurial novelty as key to economic dynamism and productivity growth. According to the structural transformation view, industrialization shifts labor from low-productivity agriculture to manufacturing and services, generating formal jobs and augmenting economic output. Schumpeter emphasizes that entrepreneurship stimulates innovation that alters production processes, creates new markets, and increases competitiveness, thereby driving economic growth. The idea of structural transformation is about how countries that are still developing can change their economies. They need to move away from relying too much on old-fashioned farming and towards a more modern economy that includes manufacturing and services. This means cities will grow and there will be more kinds of industries, making the economy more diverse.

### **Industrialization and Employment Creation**

Industrialization's capacity to generate employment is well documented. Industrial expansion increases the demand for skilled and semi-skilled labour, fostering higher wage employment and reducing unemployment. Empirical evidence from Nigeria suggests that industrialization can significantly influence employment dynamics and structural change in labour markets (Ibitoye, 2022). However, some studies find mixed results. For example, recent evidence shows that manufacturing and construction outputs in Nigeria have not significantly reduced unemployment due to weak industrial performance and inadequate macroeconomic environments, highlighting the need for stronger industrial policy support to leverage industrialization for employment creation (Korgbeelo & Odoyi, 2024). Industrialization is a concept that has been explained in different ways. For example, Jhingan, (2016) says it's about making goods and services for people and businesses, and also creating things like roads and bridges that help society. Anyanwu et al (1997) also define it as a process where a country develops its ability to turn raw materials into finished products, which can be used to make other things or be consumed directly. In this study, we look at industrialization in terms of how well the industrial sector is performing, and we break it down into smaller parts to see how each component is doing. This helps us understand the level of industrialization in a more detailed way.

### **Entrepreneurship Development and Job Creation**

Entrepreneurship plays a big role in creating jobs and helping the economy grow. Many studies have shown that it's a key way to create new jobs, especially through small and medium-sized businesses. For example, in Nigeria, research has shown that having a strong entrepreneurial sector can help reduce unemployment by creating both formal and informal job opportunities. This not only helps the person starting the business but also creates jobs for others who can earn a salary or wage. As a result, entrepreneurship helps spread income throughout the economy, which can have a positive impact on many people's lives. By starting and growing their own businesses, entrepreneurs can absorb more labor and distribute money more evenly, contributing to the overall health of the economy.

Entrepreneurship plays a big role in helping the economy grow and stay strong. Some researchers, like Stoica, Roman, and Rusu, found that when companies develop their

entrepreneurial skills, they get better at coming up with new ideas, adapting to changes in the market, and working with others. This means they can create new products and services, change direction when need, and become a part of local and global networks. It's not just good for the individual company, but also for the whole economy. It brings energy, variety, and higher productivity, which helps the economy grow in a strong and sustainable way. By being able to adapt, companies can survive and thrive, and this has a positive impact on the entire economic system.

## **Benefits of Synergies between Industrialization and Entrepreneurship to Sustainable Growth**

### **Employment Creation**

The synergy between industrialization and entrepreneurship extends to their complementary mechanisms for job creation, generating a multiplicative impact on employment. Industrialization traditionally expands formal wage employment by establishing large-scale, labor-intensive production processes within factories and allied sectors. Concurrently, entrepreneurship fosters self-employment and generates roles within small and growing businesses, often within the informal or nascent formal sectors. When strategically combined, these pathways do not operate in isolation. Robust industrial growth actively stimulates an ecosystem of entrepreneurial opportunities in both upstream (e.g., raw material supply, component manufacturing) and downstream (e.g., logistics, distribution, marketing, after-sales services) activities. This interlinkage creates a virtuous cycle, where industrial demand spawns' entrepreneurial ventures, which in turn support and enhance industrial efficiency, thereby multiplying job creation effects across interconnected sectors and fostering a more diversified and resilient economic base.

### **Economic Diversification**

A strong economy is like a puzzle with many different pieces. When entrepreneurs are able to start and grow their own businesses, they help create a more diverse economy. This means they don't just focus on the traditional industries like farming or mining, but also explore new areas like technology, art, and making things in a way that's good for the environment. This diversity is important because it helps protect the economy from big ups and downs. When a country's economy is too reliant on one industry, it can be like putting all your eggs in one basket. If that industry has a problem, the whole economy can suffer. But when there are many different industries, the economy is more stable. Entrepreneurs help create new jobs and stimulate innovation, which is crucial for long-term growth. They don't just wait for things to happen; they make things happen.

By supporting entrepreneurs, a country can ensure its economy is strong and resilient. It's not just about helping one main industry, but about creating a complex and adaptable economy that can renew itself. This is the key to lasting prosperity. In simple terms, when entrepreneurs are free to innovate and start new businesses, they help create a more diverse and resilient economy. This diversity is what helps a country's economy grow and thrive in the long run. It's like having a garden with many different types of plants - if one plant gets sick, the others can

still thrive. But if you only have one type of plant and it gets sick, the whole garden suffers. That's why supporting entrepreneurship is so important for a country's long-term economic health. By fostering a dynamic entrepreneurial ecosystem, a country can reduce its reliance on traditional industries and create new opportunities for growth. This is especially important for countries that are heavily reliant on industries like agriculture or mining, which can be volatile. When entrepreneurs are able to start and grow their own businesses, they help create new value chains, stimulate innovation, and create jobs in emerging industries. This is what helps a country's economy stay strong and adaptable, even in the face of challenges. In the end, supporting entrepreneurship is not just a good idea, it's a necessity for any country that wants to achieve long-term economic stability and prosperity. It's about creating an economy that is diverse, resilient, and able to renew itself over time. This is the key to lasting success and prosperity, and it's what entrepreneurs can help achieve when they are given the freedom to innovate and start new businesses.

### **Innovation and Productivity Growth**

The role of entrepreneurs in driving industrial change is really important for achieving growth that's good for the planet. They come up with new ideas, like game-changing technologies and better ways of doing business, that help existing companies work smarter and be more competitive on the world stage. By bringing in fresh ideas, entrepreneurs tackle some of the big problems facing industries today, such as using resources more wisely, cutting waste by adopting circular economy practices, and incorporating cutting-edge tech like the Internet of Things and artificial intelligence into how things are made. This leads to two main benefits: first, it makes companies more sustainable by reducing their environmental footprint without sacrificing economic performance. Second, it helps industries move up the value chain by creating more specialized, high-value products and services.

This shift is crucial for long-term growth, as it means companies can get more out of their resources while building a stronger, more agile base that can succeed in a global economy that's increasingly green and digital. For instance, when entrepreneurs introduce new technologies, they can help companies use less energy and water, and produce less waste. This not only helps the environment, but also saves companies money and makes them more attractive to customers who care about sustainability. Moreover, by creating higher-value products and services, companies can increase their revenues and create new job opportunities, which is essential for building a more resilient economy. Overall, the impact of entrepreneurial innovation on industrial transformation cannot be overstated. It has the potential to drive significant economic, social, and environmental benefits, and is essential for creating a more sustainable and competitive industrial base. As such, it's critical that we support and encourage entrepreneurs in their efforts to drive positive change, and provide them with the resources and incentives they need to succeed. By doing so, we can unlock the full potential of entrepreneurial innovation and create a more prosperous, sustainable future for all. This, in turn, will require a coordinated effort from governments, businesses, and civil society to create an ecosystem that fosters innovation, creativity, and entrepreneurship. Only through such a collective effort can we hope to address the complex challenges facing our industrial systems and create a better future for generations to come.

## **Impact on Employment Creation and Economic Growth**

When you put industrialization and entrepreneurship together, it creates a powerful way to generate jobs and grow the economy. This approach helps solve the problem of unemployment by creating many different types of jobs in both the formal and informal sectors. Small businesses, like those run by entrepreneurs, play a big role in this. They are often connected to or made possible by industrial supply chains. In a country like Nigeria, these small businesses are the main source of employment and a key part of the economy. Recent numbers show that these small businesses, both formal and informal, employ millions of people and contribute about 46% to the country's total GDP, according to a report by SMEDAN in 2022. This is a significant impact, and it highlights the importance of supporting these small businesses to drive economic growth and job creation. By focusing on industrialization and entrepreneurship, we can create a strong foundation for economic expansion and employment generation, which can have a positive effect on the entire country.

When businesses and industries work together, they can create a lot of jobs and add a lot of value to the economy. This can lead to a stronger and more stable economy in the long run. It's not just about the jobs that are created directly, but also about how it can help the economy grow in a sustainable way. When industries expand and innovate, they can start selling their products to other countries, which brings in money and helps the country grow. For example, Nigeria has seen a big increase in exports that aren't related to oil, which is largely due to new ideas and innovations in areas like food processing and manufacturing. This helps reduce the country's reliance on oil and makes the economy more stable in the long run. By having a more diverse economy, countries can better weather economic storms and build a stronger foundation for the future. The overall effect of this is really big and has a lot to do with how people live and the economy. Some predictions say that if Nigeria works hard on industry and business, it could help up to 35 million people get out of poverty by 2025. But the good things about this aren't shared equally - some areas, especially in the countryside, are not getting the same chances as cities. So, while this plan could do a lot to help people and make sure the country develops in a good way, it will only work if everyone gets a fair share of the benefits, no matter where they live or what kind of work they do.

## **Challenges and Policy Implications**

### **Structural and Institutional Constraints**

Weak infrastructure, limited access to credit, and regulatory complexities hinder industrial expansion and entrepreneurial growth. Strengthening institutional capacities and improving the business environment are critical for enabling both industrial and entrepreneurial activities.

### **Access to Finance**

Starting a business can be tough, especially when it comes to getting money to fund it. Many entrepreneurs struggle to get the capital they need, especially in the early days. This can really hold them back from growing and creating jobs. Big industrial companies also need money to upgrade their technology and increase production, but they often need it for a long time, not just a short burst.

## **Skills and Workforce Development**

It's really important that workers have the right skills to take part in industrial and business activities. To make this happen, we need policies that support training for specific jobs, technical education, and teaching people how to start their own businesses. This will help people be better prepared for the job market. By doing so, we can make sure that workers are ready to contribute to the economy and succeed in their careers.

## **Conclusion**

The goal of this paper is to show how industrial growth and entrepreneurial innovation can work together to solve Nigeria's big problems, like unemployment and economic instability. Industrialization is important because it creates a lot of jobs and helps the economy grow, while entrepreneurship brings new ideas and creates different types of jobs. When they work together, they create a strong cycle where industry helps new businesses start and those businesses make industry stronger. But in Nigeria, this doesn't happen automatically because there are big obstacles like bad infrastructure, not enough money, people not having the right skills, and policies that don't work well together. To make this work, we need to change how we make policies and create a system that connects everything.

The ideas we suggest are a way to do this by making policies that work together, creating special financial tools, building important infrastructure, and helping people develop the skills they need. Ultimately, Nigeria's journey toward sustainable economic growth and massive employment generation hinges on its ability to strategically orchestrate its industrial ambitions with its vibrant entrepreneurial energy. Future success will be measured not by isolated gains in industrial output or numbers of new business registrations alone, but by the strength of the linkages forged between them linkages that build a more complex, resilient, and inclusive economy capable of providing prosperity for its burgeoning population.

## **Recommendations**

To translate the conceptual synergy between industrialization and entrepreneurship into tangible employment and sustainable growth outcomes in Nigeria, a coherent and integrated policy framework is imperative. The following strategic are proposed:

### **1. Develop Integrated National Policy Frameworks:**

The government should establish a high-level, inter-ministerial commission (encompassing Industry, Trade, Finance, and Science & Technology) to design and implement a unified National Industrial and Entrepreneurship Strategy. This strategy must explicitly link industrial cluster development with targeted support for SMEs and startups within those clusters' value chains, moving beyond sailed initiatives.

### **2. Catalyze Finance through Strategic Public Intervention:**

Address the critical financing gap by establishing a Dedicated Industrial-Entrepreneurial Development Fund. This fund should offer blended finance instruments, including risk-sharing guarantees for bank loans to MSMEs supplying industries, and patient capital for

entrepreneurs commercializing innovations relevant to priority industrial sectors (e.g., agro-processing, renewable energy components). To really boost productivity, we need to prioritize building the right infrastructure. This means investing in things like reliable power, fast internet, and good transportation systems in special areas like industrial parks and Special Economic Zones. When we do this, it helps big companies and small businesses alike by reducing their costs and making it easier for them to work together. By focusing on these key areas, we can create an environment that supports businesses and helps them grow.

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