





THE NIGERIAN ECONOMIC SUMMIT GROUP
RC:303317

CREATING BETTER JOBS

Making Growth Work for Nigeria's Workforce

October 2026

Key Messages

- Nigeria's jobs challenge is one of quality as much as quantity. Too few jobs are productive, decent and well-paid, with underemployment and youth exclusion remaining significant. Informality is widespread nationally but varies sharply across states, so national reforms should be paired with state-level strategies tailored to local economic structures.

- Growth has not translated into quality jobs because of weak firm capacity, limited structural transformation, entrenched informality, and a widening skills-jobs mismatch.

- With millions of young Nigerians entering the labour force yearly, government, firms, and training institutions must act urgently on five (5) priorities, with clear targets and a credible delivery framework to make growth work for workers.



INTRODUCTION

Nigeria's economic growth has not generated enough productive, decent, and better-paying jobs to absorb its rapidly expanding workforce. An estimated 3.5 million young Nigerians enter the labour market annually, representing one of the largest such flows globally (WEF, 2025). Yet job creation remains concentrated in low-productivity, informal activity. As of Q2-2024, 93 percent of total employment was informal, and over 80 percent of workers were in low-productivity sectors in 2023 (NBS, 2024). The central policy challenge, therefore, is not unemployment, but the scarcity of productive employment that raises earnings, improves job security, and enables workers to move up the productivity ladder.

This is a pattern of "jobless" or, more precisely, "informal-jobs" growth where output expands, but employment does not shift into higher-wage activity at a comparable pace. Nigeria's economy has grown strongly at times since 1999, but job creation lagged behind. Most new jobs were in informal farming rather than in paid or non-farm work (Treichel, 2010). The pattern persists today as growth in capital-intensive services such as telecoms and finance has added output and government revenue without generating commensurate formal employment, while population growth continues to outpace the formal economy's absorptive capacity.

The challenge also has a strong spatial dimension. Informality is a national norm, not a regional anomaly, but its intensity varies sharply by geography. This matters for policy design and national reforms to the business environment and skills systems must be paired with differentiated, state-level strategies that reflect very different starting points and local economic structures.

Why Growth Is Not Translating into Better Jobs

Economic growth does not automatically translate into productive employment. Its employment effects depend on the structure of the economy, the capacity of firms to expand, the quality and relevance of skills, and the institutions that connect workers with employment opportunities. In Nigeria, weaknesses across these dimensions have reduced the employment intensity of growth and the creation of decent as well as better-paying jobs.

Weak firm capacity to create productive, good-quality jobs. More than three-quarters of employed Nigerians work in establishments with fewer than five employees (Lain & Pape, 2024), and Nano, Micro, Small and Medium Enterprises (NMSMEs) account for the large majority of Nigeria's jobs. Limited access to finance, unreliable electricity, high logistics costs, regulatory unpredictability, and thin managerial capacity raise the cost of doing business and cap firm growth. The binding constraint is not the number of businesses operating, but their capacity to scale, professionalise, raise productivity, and convert survivalist activity into job-creating enterprise.

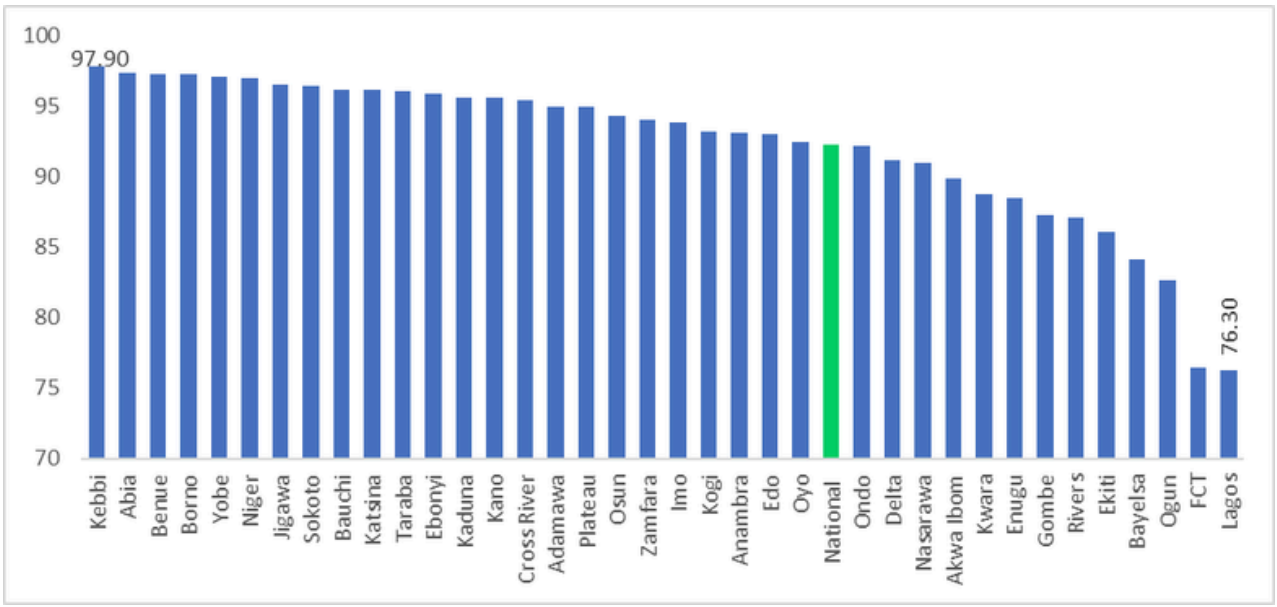
Limited structural transformation. 81 percent of workers are engaged in agriculture and non-tradable services, with low-productivity services alone accounting for 46.5 percent of employment (NBS, 2024). Higher-productivity, labour-absorbing sectors such as manufacturing and tradable services employ only 15 percent of workers. At that pace, structural transformation is happening far too slowly to reallocate labour before the next wave of entrants arrives.

Informality and a low-productivity trap. Informality exceeds 97 percent in states such as Kebbi, Abia, and Borno, against 76 percent in Lagos and the FCT (Fig 1). Labour productivity growth, which averaged 1.5 percent between 1991 and 2018, fell to –3.5 percent between 2015 and 2018 meaning the average worker became less productive over that period. With few pathways into higher-productivity work, many employed Nigerians remain poor: poor job quality, not joblessness, is the binding constraint on living standards. Informality also narrows the tax base, weakening the fiscal resources available to fund the very reforms needed to escape the trap.



Skills-jobs mismatch and weak labour-market intermediation. Employers routinely struggle to recruit workers with relevant skills, while Nigeria's labour market information system remains limited in coverage, functionality, and regularity. Weak intelligence on skills demand, wages, and emerging sectors leaves training providers designing curricula against outdated signals, employers unable to find the talent they need, and job seekers making poorly informed education and career choices, reflecting a coordination failure that compounds the other three (3) constraints above.

Fig 1: Informal Employment Share by States in 2023 (%)



Data: Nigeria Labour Force Survey Annual Report 2023; Chart: NESG Research

Priority Actions: Making Growth Work for Workers

The following five (5) priorities respond directly to the constraints identified and the sub-national nuances above. Because informality and its composition vary so widely by geography, each priority includes both a national reform and a note on differentiated, state-level implementation; progress should be tracked using indicators disaggregated by state, not only nationally.

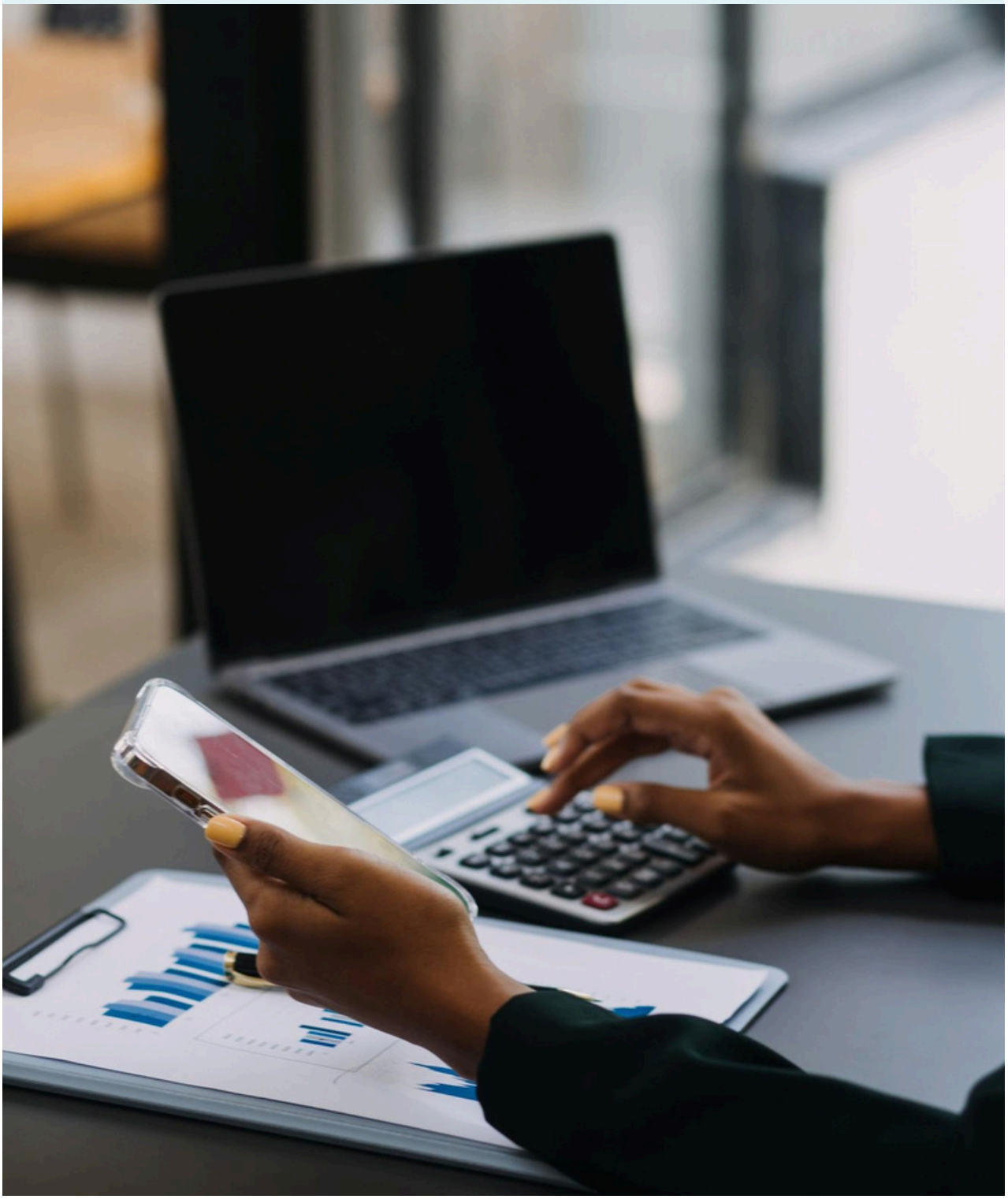
Make the business environment work for productive, job-creating firms. Strengthen the conditions that enable productive firms to expand, invest and create quality jobs, with particular attention to constraints that disproportionately affect job-creating businesses. Priorities include improving electricity and infrastructure, expanding access to finance, ensuring predictable and transparent regulation, and simplifying business processes. Policy support should move beyond enterprise creation to focus on firm growth: productivity improvement and measurable employment, management and technical-capability programmes, export facilitation, and targeted support to help firms cross the threshold from micro to small, and small to medium.

Accelerate labour-intensive structural transformation. Prioritise productive sectors with strong employment-generation potential, including manufacturing and agro-processing, construction, professional services and ICT. These sectors can absorb labour from low-productivity activities while supporting diversification and productivity growth. Industrial and sectoral policies should therefore be designed around clear productivity and employment objectives, with targeted instruments, where justified and properly monitored, such as wage subsidies to support labour absorption.

Raise productivity and facilitate formalisation. Simplify compliance for informal businesses and clearly communicate the benefits of formalising including access to finance, contracts, and social protection, while providing productivity support such as technology adoption and managerial training to stimulate demand for skilled labour and widen the tax base over time.

Strengthen the skills-to-jobs pipeline. Deepen employer involvement in defining training outcomes; expand work-based learning, apprenticeships, and graduate trainee programmes; and formalise Nigeria's large informal apprenticeship system through Recognition of Prior Learning (RPL) with clear progression pathways to formal qualifications.

Establish a national jobs delivery and accountability framework. Embed measurable job-quality targets in national and state development plans, budgets, and MDA performance agreements; involve private-sector associations, cooperatives, and worker organisations in co-creation and monitoring; and publish a central, regularly updated dashboard tracking formal job creation, informality, and productivity by state.



CONCLUSION

Nigeria's jobs challenge is not simply insufficient job creation. It is economic growth that has not generated enough productive, better-paying jobs, and has been distributed unevenly across the country. Furthermore, weak private-sector capacity, growth concentrated in low-productivity activities, a persistent skills mismatch, and geographically uneven informality together limit how far economic expansion improves workers' livelihoods. With millions of young Nigerians entering the labour force yearly, closing this gap is urgent, and it will only widen further without deliberate action.

Making growth work for Nigeria's workforce requires coordinated action on five (5) fronts: a business environment that lets productive firms scale, faster structural transformation toward higher-productivity sectors, formalisation and productivity support calibrated to local starting points, a skills system aligned with labour demand, and a credible, monitored framework for accountability. Acting on these priorities, sequenced deliberately and owned jointly by federal and state governments, will convert growth into decent jobs, higher productivity, and more inclusive prosperity.



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About the NESG

The NESG is an independent, non-partisan, non-sectarian organisation committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.

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