Small and Medium Enterprises as Drivers of Unemployment Reduction in Nigeria: A Study of Nnewi, Anambra State

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Abstract
Small and medium-sized firms (SMEs) are commonly seen as Nigeria's most viable route out of persistent unemployment, but firm-level information on how they reduce unemployment at the local level is limited. This study investigates the impact of SME job creation, access to capital, skill acquisition, and the operational environment on unemployment reduction in Nnewi, Anambra State—an industrial area known as the "Detroit of Nigeria." A descriptive survey and explanatory cross-sectional design were used, with Schumpeter's entrepreneurial theory, Birch's job-generation thesis, and human capital theory serving as foundations. SME owners and managers were asked to complete a standardized five-point Likert-scale questionnaire. A stratified random sample of 300 firms produced 276 useable replies (92%). The analysis included descriptive statistics, Pearson correlation, and multiple ordinary least squares regression, along with diagnostic tests and an ordered-logit robustness check. The four key explanatory variables each had a positive and statistically significant effect on unemployment reduction. Job creation was the most significant factor ($B = 0.351$; $\beta = 0.36$; $p < 0.001$), followed by access to money ($B = 0.236$; $\beta = 0.31$; $p < 0.001$), skill acquisition ($B = 0.198$; $\beta = 0.23$; $p < 0.001$), and operational environment ($B = 0.124$; $\beta = 0.16$; $p = 0.016$). The model accounted for 63.4% of the variation in unemployment decrease ($R^2 = 0.634$, adjusted $R^2 = 0.626$; $F(6, 269) = 77.7$; $p < 0.001$). Firm size exhibited a favourable and substantial influence, but firm age did not. Medium-sized businesses, which made up only 9.4% of the sample, accounted for 35.9% of all new positions reported. The study indicates that expanding SME employment, improving access to finance, developing practical skills, and creating a more supportive working environment can help to reduce unemployment in Nnewi. It proposes a focused SME lending window, formal accreditation of the indigenous apprenticeship system, dedicated electricity supply to the industrial zone, and tax and levies uniformity.

Keywords: *small and medium enterprises; unemployment reduction; job creation; access to finance; skills acquisition; Nnewi, Anambra State*

1. Introduction

One of Nigeria's most enduring development issues is unemployment. Both public-sector and large-firm employment cannot address the gap since the labour market absorbs new entrants more slowly than population growth. According to Aderemi et al. (2023) and Ogunoye & Falade (2023), governments and academics have consequently focused on small and medium-sized businesses (SMEs) as the industry that can generate jobs at comparatively low capital costs, expand opportunities outside of large cities, and provide young people with a path to self-employment. That expectation is supported by the sector's size. In December 2020, 39,654,385 micros, small, and medium-sized businesses (MSMEs) were counted in a joint survey conducted by the National Bureau of Statistics (NBS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). They accounted for 46.31% of GDP and 96.7% of all enterprises. However, the unemployment rate that makes headlines is just one aspect of the situation. According to the NBS's updated labor-force methodology, self-employment made up 84% and then 85.6% of all employment, while unemployment was 5.3% in the first quarter of 2024 and 4.3% in the second. A low open-unemployment rate combined with a high percentage of own-account work indicates that the quality and stability of jobs, rather than just their quantity, are the true issue. The SME question becomes a local one as a result. Nigerian SMEs are grouped into clusters, each of which has a unique set of markets, skill sets, and limitations. The most obvious example in the Southeast is Nnewi in Anambra State. Because of its numerous producers and dealers of car and motorcycle spare parts, it is frequently referred to as the "Detroit of Nigeria." The federal and state governments have located the first of three authorized automotive industrial parks there (Ofurum, 2020). According to a survey of 195 companies in the Nnewi automotive-component cluster, innovation, cooperation, and internationalization contribute to the cluster's overall efficiency (Ekesiobi et al., 2018). The number of individuals employed by the cluster's SMEs, the types of people they hire, and whether or not the jobs lower unemployment in the host community are all not included in that study. Nigerian SMEs operate in a challenging environment. Inadequate access to financing was the most frequently mentioned issue (35% of respondents) in the PwC Nigeria (2024) MSME survey. For 38% of operators, family and friends continued to be their primary source of capital, although bank loans made up only 26%. The main obstacles mentioned by those who applied for loans were excessive interest rates, drawn-out processes, inadequate collateral, and poor documentation. According to the International Finance Corporation (2022), commercial banks only lend roughly 1% of their loan portfolio to MSMEs, with an estimated unmet MSME credit demand of 13 trillion naira. Only 10% of operators in the same survey used solar, the majority relied on grid electricity supplemented by petrol or diesel production, and MSMEs are subject to an estimated 60+ distinct taxes and levies across the three tiers of government. These factors contribute to additional costs.

The rate of youth unemployment has traditionally been higher than the national average. The most frequently suggested policy remedy is entrepreneurship, and Anambra State continuously ranks among Nigeria's most entrepreneurial states. Nnewi is a single industrial cluster that draws from a strong indigenous apprenticeship (Igba-Boi) heritage and combines high entrepreneurial activity with the structural constraints mentioned above.

There are three aspects to the issue this study attempts to solve. First, just 3.1% of MSMEs in Nigeria are small or medium-sized businesses; the majority continue to be micro units that employ the owner and a few assistants and seldom grow. Second, SMEs have to deal with costly finance that requires a lot of collateral, erratic electricity, numerous levies, and growing input costs. Third, there is no sub-national firm-level data that directly links SME

characteristics in Nnewi to unemployment reduction, despite national time-series research linking SME financing and activity to employment. Thus, the study investigates if and to what extent SMEs in Nnewi lower unemployment, as well as which of their characteristics and limitations are most important.

The broad objective is to examine the effect of SMEs on unemployment reduction in Nnewi, Anambra State. The specific objectives are to:

1. determine the effect of SME job creation on unemployment reduction in Nnewi;
2. assess the effect of SMEs' access to finance on unemployment reduction in Nnewi;
3. evaluate the effect of skills acquisition and entrepreneurship training in SMEs on unemployment reduction in Nnewi; and
4. examine the effect of the operating environment (power, taxation and security) on the capacity of SMEs to reduce unemployment in Nnewi.

Corresponding null hypotheses of no significant effect were stated and tested at the 5 % level of significance. The unit of analysis is the enterprise; respondents are owners or senior managers; the geographical scope is Nnewi North and Nnewi South Local Government Areas; and the reference period for employment and performance questions is the three to five years preceding the survey.

2. Literature Review

2.1 Conceptual Issues

There is no single definition of an SME. The operational definition utilized in Nigeria's national MSME survey is mostly based on the number of employees: micro (1–9), small (10–49), and medium (50–199). Just 1.24 million of the 39.65 million MSMEs that were counted in 2020 were small or medium-sized, while 38.41 million were micro. The ordinary SME adds few jobs since most businesses are smaller, and a limited number of expanding businesses drive national employment effects. People in the labour force who are unemployed, available for work, and actively seeking employment are referred to as unemployed. The rates produced by the NBS's updated methodology are significantly lower than those produced by the previous strategy. For this investigation, two characteristics are important. First, although the open-unemployment rate is low, over 85% of employment is self-employment, meaning that a large portion of work is self-account activity with unpredictable revenue. Second, the rate of youth unemployment is still greater than the national average. The study therefore treats "unemployment reduction" broadly: it covers the absorption of job-seekers into paid work and into viable self-employment, as well as the movement of workers from precarious to more stable work.

SMEs can lower unemployment in a number of ways, including direct hiring of full-time, part-time, or casual workers; training and apprenticeships that prepare young people for employment elsewhere or for self-employment; the formation of spin-off businesses by former employees and apprentices; supply-chain effects within the cluster; and an improvement in job quality as informal work becomes more stable. Each of these routes is captured by the questionnaire items.

2.2 Theoretical Framework

According to Schumpeter (1934), the entrepreneur is the development agent who creates demand for labour by introducing new combinations, such as new products, processes, markets, supply sources, or organizational structures. Based on US establishment statistics, Birch (1979) claimed that small businesses create the majority of net new jobs. However, subsequent research has refuted this assertion, demonstrating that start-ups and young businesses play a significant role once firm age is taken into account (Haltiwanger et al., 2013; Neumark et al., 2011). As a result, both size and age are recorded in this study.

According to Becker's (1964) human-capital theory, education, training, and experience are investments that increase production. The skills-acquisition variable in Nnewi is supported by the traditional Igba-Boi apprenticeship system, which is the main unofficial means by which young people learn trade skills and eventually establish themselves independently. Lenders who are unable to monitor borrower quality may restrict credit instead of raising interest rates until the market clears, according to credit-rationing models (Stiglitz & Weiss, 1981); small businesses with poor records and little collateral are most vulnerable. The formal and informal regulations—such as tax laws, contract enforcement, and security provisions—that influence incentives and the cost of remaining in business are highlighted by institutional theory (North, 1990). According to social-capital theory (Coleman, 1988), businesses that are denied formal credit can nonetheless expand through family networks and supplier credit.

2.3 Empirical Evidence and Research Gap

SME activity, bank lending to SMEs, and employment or industrial growth are often positively correlated, according to national time-series research. Using annual data from 1991 to 2019, Aderemi et al. (2023) discovered that employment in the SME sector and commercial bank lending to SMEs considerably boost overall employment. Using fully modified ordinary least squares to analzse data from 1990 to 2021, Ogunoye and Falade (2023) found a substantial negative coefficient for interest rates, but positive and significant associations between employment generation and SMEs, infrastructure, and inflation. Mokuolu and Oluwaleye (2023) found that deposit-money-bank credit to SMEs and the contribution of SMEs to GDP had positive long-run effects on industrial growth.

Complementary firm-level evidence is provided by regional and local surveys. In Onitsha, Chukwujama et al. (2023) found favourable correlations between various employment outcomes and micro, small, and medium-sized businesses. Ekesiobi et al. (2018) looked at 195 companies in the Nnewi automotive-component cluster, but they concentrated more on innovation, internationalization, and teamwork than on employment. The majority of the 357 apprentices in Onitsha, Awka, and Nnewi who were profiled by Anekwe and Osita-Njoku (2025) were between the ages of 18 and 25 and learned primarily from local industrial specialists. Studies of finance, electricity and taxation consistently identify these factors as binding constraints on SME performance (Anthony et al., 2023; Akomolafe, 2024; Orji & Osang, 2024; PwC Nigeria, 2024; International Finance Corporation, 2022).

However, there is a significant gap in the literature. The aggregate data used in national research hides the location and method of job creation. Local studies either just look at one or two of the channels of interest, stay descriptive, or concentrate on outcomes other than employment. Few accounts for age and firm size, despite the job-generation argument demonstrating the importance of both. In order to reduce unemployment in the Nnewi cluster, no easily traceable firm-level study has concurrently examined job creation, financing availability, skill development, and the operational environment. That gap is filled by this study.

3. Methodology

3.1 Design, Population and Sample

The study used an explanatory cross-sectional design and a descriptive survey. Nnewi's enterprise-level employment data had to be gathered directly from businesses because it was not available in public form. The Nnewi North and Nnewi South Local Government Areas in Anambra State make up the research area. Identifiable micro, small, and medium-sized businesses operating in the two local government areas made up the target population. After removing duplicates from trade association, business, and local government listings, a

sampling frame of 1,200 businesses was created and categorized by firm size (micro 620, small 440, medium 140).

The Taro Yamane (1967) formula was used to calculate the sample size with a 5% margin of error, resulting in a target of 300 businesses. In order to include medium-sized businesses with the more common micro and small businesses, proportional stratified random sampling was used. A random-number process was used to choose firms within each stratum; firms that did not respond or were closed were replaced from the same stratum. 276 of the 300 questionnaires that were distributed were recovered and deemed useable, yielding a 92.0% response rate (micro 142, small 108, medium 26).

3.2 Instrument, Validity and Reliability

A standardized questionnaire called the "SMEs and Unemployment Reduction Questionnaire (SMEUR-Q)" was used to gather primary data. Respondent and firm profiles were recorded in Section A. The study constructs—unemployment reduction (UR, 6 questions), job creation (JC, 5 items), access to finance (AF, 5 items), skills acquisition (SK, 5 items), and operating environment (OE, 6 items)—were measured on a five-point Likert scale (5 = Strongly Agree to 1 = Strongly Disagree) in Sections B–F. Before construct scores were calculated as the mean of the component items, negatively phrased items were reverse-coded.

Three specialists (a senior economics lecturer, an entrepreneurial specialist, and a research methodologist) evaluated the face and content validity. A statistically significant Bartlett's test of sphericity ($p < 0.001$) and a Kaiser–Meyer–Olkin measure of 0.842 indicated construct validity. A pilot test with 30 SMEs in a similar cluster outside the main sample was used to evaluate reliability; Cronbach's alpha coefficients ranged from 0.812 (operating environment) to 0.889 (unemployment reduction), all above the standard 0.70 threshold.

3.3 Analytical Techniques

Challenge items were ranked and responses were profiled using descriptive statistics (frequencies, percentages, averages, and standard deviations). The direction and intensity of pairwise connections were determined by Pearson correlation. The four hypotheses were investigated using multiple linear regression estimated by ordinary least squares:

$$UR_i = \beta_0 + \beta_1 JC_i + \beta_2 AF_i + \beta_3 SK_i + \beta_4 OE_i + \beta_5 SIZE_i + \beta_6 AGE_i + \mu_i$$

Variance inflation factors (VIF), the Breusch–Pagan test for heteroscedasticity, the Ramsey RESET test for functional form, and the Jarque–Bera test on the residuals were among the post-estimation diagnostics. Robustness checks included the estimation of robust standard errors and an ordered-logit model that classified the unemployment-reduction score into low, medium, and high levels. When the p-value was less than 0.05, the null hypothesis was to be rejected. A cut-off of 3.0 on the five-point scale was used to interpret item means.

4. Results

4.1 Profile of Respondents and Firms

Of the 276 responders, 42.8% were women and 57.2% were men. The modal age group was 31–40 years old (39.1%), followed by 41–50 years old (26.8%). Over half had a postgraduate degree (12.0%) and an HND or bachelor's degree (42.8%). Small businesses made up 39.1%, medium-sized businesses 9.4%, and micro businesses 51.4% of the sample. 35.5% of businesses were in the auto-parts and light manufacturing sector, followed by trading and distribution (26.8%), services (18.8%), agro-processing (11.2%), and ICT/other (7.6%). The profile aligns with Nnewi's business and industrial nature.

4.2 Extent of SME Job Creation

The new positions generated by the sampled enterprises during the three-year reference period are compiled in Table 1. A total of 1,543 net new positions (average of 5.6 per firm) were reported by the 276 businesses, with 864 (56%) of those employment going to people under 35. Micro enterprises (51.4% of the sample) supplied only 19.3% of all new jobs, while medium-sized firms (9.4% of the sample) accounted for 35.9%. This pattern lends credence to the idea that rather than concentrating solely on the creation of new firms, policy should assist sustainable small businesses in growing into the medium category.

Table 1. New jobs created by firm size (past three years)

Firm size	Firms	Avg new jobs	Total new jobs	Share of jobs (%)	Youth hires	Youth %
Micro	142	2.1	298	19.3	191	64.1
Small	108	6.4	691	44.8	401	58.0
Medium	26	21.3	554	35.9	272	49.1
Total	**276**	**5.6**	**1,543**	**100.0**	**864**	**56.0**

Note. Youth = persons under 35 years of age.

4.3 Descriptive Statistics of the Study Variables

Table 2 shows the average scores and standard deviations for the five constructs. Respondents agreed that their firms produced jobs (JC = 3.84) and offered training (SK = 3.52), and that SMEs helped to reduce unemployment (UR = 3.71). They disagreed on whether money was easily accessible (AF = 2.87) or that the working environment was favourable (OE = 2.61). These approaches identify access to finance and the operational environment as the most pressing policy issues.

Table 2. Mean and standard deviation of the constructs (n = 276)

Construct	Mean	Std. deviation	Decision (cut-off 3.0)
Unemployment reduction (UR)	3.71	0.69	Agree
Job creation (JC)	3.84	0.71	Agree
Access to finance (AF)	2.87	0.92	Disagree (low access)
Skills acquisition (SK)	3.52	0.80	Agree
Operating environment (OE)	2.61	0.88	Disagree (poor)

Note. Means computed on a five-point Likert scale; values ≥ 3.0 indicate agreement.

4.4 Correlation Analysis

All pairwise Pearson correlations between the four explanatory factors and unemployment reduction were positive and statistically significant at 1%. The highest correlation was found between job creation and unemployment reduction ($r = 0.61$), followed by access to financing ($r = 0.52$), skill acquisition ($r = 0.49$), and operational environment ($r = 0.38$). The inter-correlations among the explanatory variables were mild (all less than 0.42) and thus did not indicate a major multicollinearity problem—a finding that was later validated by the variance-inflation factor diagnostics.

4.5 Regression Results and Hypothesis Tests

Table 3 shows the ordinary least-squares estimates. The model accounts for 63.4% of the variance in unemployment decrease (adjusted $R^2 = 0.626$). The overall F-statistic is extremely significant ($F(6, 269) = 77.7$, $p < 0.001$). Holding the other variables equal, a one-point increase in the job-creation score corresponds to a 0.351-point gain in the unemployment reduction

score. Access to financing (0.236) and skill acquisition (0.198) follow, with the operational environment having the least coefficient of the four primary determinants (0.124). Firm size also has a favourable and statistically significant influence, although firm age does not.

Table 3. Multiple regression of unemployment reduction on SME variables (n = 276)

Variable	B	Std. Error	Beta	t	p-value
Constant	0.388	0.171	—	2.27	0.024
Job creation (JC)	0.351	0.053	0.36	6.62	<0.001
Access to finance (AF)	0.236	0.048	0.31	4.92	<0.001
Skills acquisition (SK)	0.198	0.050	0.23	3.96	<0.001
Operating environment (OE)	0.124	0.051	0.16	2.43	0.016
Firm size (SIZE)	0.087	0.041	0.08	2.12	0.035
Firm age (AGE)	0.006	0.005	0.06	1.20	0.231

Note. $R^2 = 0.634$; *adjusted* $R^2 = 0.626$; $F(6, 269) = 77.7$, $p < 0.001$. *Dependent variable: unemployment reduction (UR).*

Diagnostics confirmed model adequacy. The largest variance inflation factor was 1.74 (firm size), which is significantly lower than the traditional criterion of 5. The Breusch-Pagan test did not rule out homoscedasticity ($\chi^2(6) = 5.84$, $p = 0.441$). The Ramsey RESET test revealed no indication of functional form misspecification ($F = 1.37$, $p = 0.254$). The Jarque-Bera statistic showed essentially normal residuals ($JB = 3.12$, $p = 0.210$). Robustness tests utilizing robust standard errors and an ordered-logit specification kept the positive signals and statistical significance of the four primary drivers.

As a result, all four null hypotheses were rejected at the 5% level: the creation of SME jobs, access to financing, development of skills, and the operational environment all have a statistically significant positive impact on the decrease in unemployment in Nnewi.

4.6 Challenges Facing SMEs and Supplementary Findings

On a five-point seriousness scale, respondents ranked eight possible challenges. First place went to inadequate and expensive electricity supply (mean 4.52), followed by high interest rates and collateral requirements (4.38), multiple taxes and levies (4.21), high cost and scarcity of imported inputs (4.17), insecurity (4.05), poor roads and logistics (3.88), a lack of skilled labour (3.46), and weak market demand (3.12). Three more trends were found when the Likert components were examined at the item level. In keeping with Nnewi's apprenticeship culture, the strongest hiring indicator was apprenticeship intake (JC3 mean = 4.03). Only supplier trade credit (AF5 mean = 3.86) received a favourable rating inside the finance construct; bank loan availability and interest rate affordability received scores much lower than 3.0. Of all the items in the operating environment, electricity was rated the lowest (OE1 mean = 1.98).

The unemployment-reduction score increases systematically with firm size, according to a one-way analysis of variance ($F = 28.9$, $p < 0.001$; $\eta^2 = 0.175$). Compared to trading enterprises, manufacturing firms scored higher on job creation and unemployment reduction. There was no statistically significant difference between male- and female-owned businesses in terms of job creation or unemployment reduction, indicating that owner gender need not be a barrier to employment-oriented support programs.

5. Discussion

The primary effect of job creation is consistent with national evidence showing SME activity increases employment (Aderemi et al., 2023; Ogunoye & Falade, 2023) and the Onitsha finding that MSMEs of various sizes contribute to employment outcomes (Chukwujama et al., 2023). The concentration of new jobs in medium-sized enterprises adds a local dimension: job creation is especially essential among firms that have previously progressed beyond the micro-enterprise stage. This tendency is consistent with the qualified job-generation literature, which prioritizes company development over firm presence alone (Haltiwanger et al., 2013).

The positive and large finance coefficient, contrasted against a low mean access score, is consistent with credit-rationing theory (Stiglitz & Weiss, 1981) and previous findings that bank credit to SMEs promotes employment but high interest rates limit it. The positive assessment of supplier trade credit demonstrates the continued importance of social capital networks in the Igbo commercial economy (Coleman, 1988). Appropriately tailored loan facilities that utilise cluster linkages and movable-asset collateral may thereby assist job growth among enterprises that already have hiring capacity. The significant influence of skill development lends support to human capital theory (Becker, 1964) and the recorded role of the Igba-Boi apprenticeship system. Formal recognition and certification of cluster-based training will reinforce an existing established path to work and self-employment without attempting to displace indigenous institutions. The lower but still significant operating-environment coefficient, together with the highest ranking of power and levies as restrictions, suggests that infrastructure and regulatory costs hinder the cluster's collective efficiency (Schmitz, 1995; Ekesiobi et al., 2018). Firm age was not significant, whereas firm size was, implying that a firm's scale is more closely associated with unemployment-reduction outcomes in this sample than the length of time it has been in operation—a finding that differs from evidence from the United States, where age frequently dominates size (Haltiwanger et al., 2013). The computed coefficients indicate connections rather than conclusive causal effects because the design is cross-sectional and the outcome measure represents management judgements. It is nevertheless conceivable for reverse causality to occur: businesses that increase employment may also draw in additional capital and highly qualified personnel. Since the study only looks at one industrial cluster, it is important to exercise caution when extrapolating the findings to the rest of Nigeria. These limitations are recognized and suggest areas for additional study.

6. Conclusion and Recommendations

The evidence suggests that SMEs in Nnewi contribute to unemployment reduction primarily by establishing jobs and reintegrating young individuals into productive employment. This contribution is hampered by limited access to formal financing and a generally bad operating environment. The data strongly suggest that company growth, rather than simply forming new firms, is the more successful path to long-term job generation. Medium-sized businesses, which account for less than one-tenth of the sample, create more than one-third of all new jobs, and more than half of all new hires are young individuals. In short, the employment impact of the Nnewi SME sector depends less on the absolute number of firms in existence than on the ability of those firms to finance expansion, train workers and operate within a reliable and predictable environment.

Drawing on the empirical findings, the following recommendations are offered:

1. Establish a Nnewi SME financing window with favourable rates and collateral options (movable assets or cluster-group guarantees). Lending should be prioritized for small businesses with a proven track record of hiring, allowing them to progress into the medium category, where employment benefits are greatest.
2. Establish a skills center within the planned automobile industry park to certify and fund the

current apprenticeship system. Formal credentials would boost the labor-market value of indigenous training and increase participation, particularly among women, who are still under-represented in certain industries.

3. Provide stable power to the Nnewi industrial region, including embedded or solar generating, to lessen the burden on generators, which now limits expansion and escalates prices.
4. Create a unified schedule of levies for SMEs at the federal, state, and local levels, with a single collection window, to cut compliance costs and prevent unjustified demands.
5. Maintain a local SME register and an annual employment survey in Nnewi to advise policy based on measured outcomes, rather than assumptions.

Implementation can be phased. In the short term (within 12 months), the levy schedule can be published, the SME registry established, and apprenticeship certification initiated. In the medium term (1-3 years), the credit window can be opened, the skills center funded, and the industrial area's power supply upgraded. In the long run (3-5 years), the automobile park can be built and linked to a security and logistics strategy, while an annual employment survey becomes normal.

6.1 Limitations and Further Research

Several constraints should be kept in mind. The study's design is cross-sectional, and the outcome measures are based on management judgements; thus, the findings show association rather than causality. The study solely examines one industry cluster. The sampling frame is based on the completeness of available registrations; therefore, the most informal micro-enterprises may be under-represented. Using a uniform survey instrument, future study might compare Nnewi with other significant clusters like Onitsha, Aba, and Ibadan. Causal inference would be strengthened by longitudinal panel designs that track the same companies over a number of years. Measurement accuracy would increase if payroll or administrative records were used more frequently instead of perception-based metrics. A more complete view of the sector's employment contribution would come from studies that look at both the amount and quality of SME positions, including pay scales, job stability, and non-wage benefits. Quasi-experimental evaluations of credit programmes would help disentangle whether credit causes hiring or whether hiring firms simply attract more credit. Taken together, the findings confirm the strategic importance of SMEs in reducing unemployment in Nnewi while also showing the specific obstacles that limit their current contribution. A coordinated response that prioritizes company growth, improves access to affordable finance, promotes skills certification, and tackles power and security problems is the most viable way to translate the cluster's entrepreneurial dynamism into long-term employment for its young people.

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