

## SELF-EMPLOYMENT AMONG IMMIGRANT IN NIGERIA

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### ABSTRACT

*This paper examined self-employment among immigrants in Nigeria. One of the greatest problems encountered by a developing country like Nigeria is job creation for the growing population. Due to this high level of unemployment, many Nigerians have migrated abroad for job hunt while the government in Nigeria struggles to create an environment for immigrants to thrive. Both Nigerians who migrate to other counties of the world and other immigrants who come in to Nigeria are unskilled, skilled and highly skilled. Those who are highly skilled are employed into paid labour while the low skilled and unskilled migrants resort to self-employments. Self-employment provides an opportunity to utilize human resources that might not be recognized in the general labor market because of discrimination or prejudice, for low skilled and unskilled immigrants and minorities with low educational qualification, language skills, and financial capital. In Nigeria, these immigrants engage in businesses such as importation, mining, fishing, shoe mending, establishment of industries among others. These in turn impact on the economy of Nigeria. This paper explained the concepts of immigrants' self-employment, reasons for immigration into Nigeria, Factors influencing self-employment of immigrants. The Economic impact of self-employed immigrants in and from Nigeria and problems encountered by self-employed immigrants are also discussed in the paper.*

*Keywords: Immigrant, self-employment.*

There is no doubt that human migration has become a highly sensitive topic in public debate in the Western world and in Nigeria. As the debate on migration issues in some countries is currently dominated by the negative experiences and continue portraying awful images of the immigrant crisis (Hatton, 2016). Most countries advertise liberal migration policies which showcase the benefits immigrants enjoy and those they provide to the host community. Among the benefits is their contribution to the economic well-being of the entire national economy (Brzozowski and Lasek, 2019). Immigrants contribute to the every country's economy through the supply of labor as well as creation of employment. Immigrants are sometimes Entrepreneurs because they identify opportunities and create businesses thus, becoming self-employed. Azoulay et al. (2022) noted that they increase the demand for labor by creating job vacancies and therefore increasing labor tightness.

An immigrant is someone who makes a conscious decision to leave his or her home and move to a foreign country with the intention of settling there. Immigrants often go through a lengthy vetting process to migrate to a new country. Many become lawful permanent residents and eventually citizens, some of them seek this permanent residency as a strategy to eventually open a business or to gain meaningful employment in greener pastures jobs. They bear the risks and uncertainties of the operation in

exchange for potentially high profits. Thereby, the specificity of self-employment as a labour market strategy has been embedded in its time, effort and risk -demanding character. Similarly, migration is a strategy associated with high costs and uncertainty of outcomes. Thus it should follow that immigrants, since they are risk-takers by nature, have greater propensity to become self-employed, than natives (Nestorowicz, 2012).

Self-employment could be referred to as self-reliance. A self-employed person is self-reliant. Self-employment is a situation in which an individual works for himself instead of working for an employer that pays a salary or a wage (Investopedia, 2018). A self-employed individual earns his income through conducting profitable operations from a trade or business that he operates directly. Self-employment may be seen either as a survival strategy for those who cannot find any other means of earning an income or as evidence of entrepreneurial spirit and a desire to be one's own boss.

It is common to say that migrants, especially from Africa, are willing to take risks. That is why greater percentage of victims of boat mishap in the Mediterranean sea are Africans who are seeking for either better employment opportunities or a good environment where they can become self-employed. Self-employed immigrants make a significant contribution to a host country's economy by creating jobs, bringing know-how and innovation, transferring knowledge and fostering economic and social networks between the countries of origin and the destination (Brunetti&Zaiceva, 2023). This means that some immigrants who travelled into other countries with the mindset of

getting a better employment but because of some factors they resort to self-employment. Their decision to become self-employed may be due to the possibility of earning higher income than in paid employment, or by other favourable attributes such as more freedom, flexibility and self-realization. On the other hand, individuals may be “pushed” into self-employment due to their disadvantaged position in the labour market, such as unemployed who cannot find a job in the wage sector, or recent immigrants due to the language barriers, inappropriate education or qualifications, or discrimination (Constant and Zimmermann, 2014, Orrenius and Zavodny, 2009). This marginalization of the immigrant is in most cases the reason for self-employment.

Brunetti and Zaiceva (2023) pointed out cultural differences, differences in labour market prospects, access to financial resources, Different attitude to risk taking, and credit as reasons immigrants and natives are likely to have different self-employment propensities. This paper will attempt to explain the concepts of immigrants and self-employment; Factors influencing self-employment of immigrants and immigration policy affecting immigrants’ self-employment are also discussed. The roles of immigrants in employment creation, problems encountered by self-employed immigrants and the ways forward are analyzed in the paper.

### **Reasons for Immigration into Nigeria**

1. **Employment:** The unskilled, skilled and most especially the highly skilled individuals are beneficial to every country as they complement the existing

skills of the labor force of the natives. Immigrants apply their technical know-how and business skills in creating jobs, no matter how small, just like every other native citizen, which often creates jobs for the unskilled individuals. Both the skills of an immigrant and that of a native are slightly different due to their different backgrounds, culture among other areas. This makes the skills of immigrants compliment those of the native citizens.

2. **Involuntary Immigration:** forced migration is a result of natural and human-made factors, such as rapid or gradual environmental degradation, political conflicts, persecution and warfare. The humanitarian situation in West Africa is worsened notably due to insecurity and high unemployment rate, as well as drought (Adedokun and Karzanova 2019).
3. **Refugees and Asylums seekers in Nigeria:** The crises in the North-West and South-West provinces of Cameroun Republic occasioned by the demand for self-determination by Anglophone Cameroonians in these provinces and the subsequent crack down on the protesters by its government had caused the influx of 7,805 refugees into Nigeria as of 2017. Currently Refugee Camps are built in different places in Nigeria to care for these immigrant refugees. Adedokun and Karzanova (2019) listed these camps: Ajassor, Agbokim Waterfall, Masson, Amana, Utanga, Ikom, Etung, Obudu (upranch), Obanliku, Ekang village, Mfaniyen village, Ojok village,

Mbebah village, Nkame, Ajasong and Boki all in Cross River State. Other camps are Oron, Ikot-Eket and MkpateEnin in AkwaIbom State. Other states that recorded refugees are Taraba and Benue states.

### **Immigrants' self-employment**

The term Immigrant self-employment has not been specifically defined among researchers due to constant changes in the world of immigration around the globe (Nestorowicz, 2012). Self-employment is a situation in which an individual works for himself instead of working for an employer that pays a salary or a wage (Investopedia, 2018). Immigrant self-employment is associated with the immigrant starting his/her own business in the host country and not being in labor employment (Ambrosini, 2013; and OECD, 2015). To operate the business, the immigrant owners can either do it by him/her self, or employ people to work for him. Immigrant self-employment refers to an immigrant being the owner of his/her business at his/her own account and risk, independently of with or without employees. Immigrants research their destinations, explore employment opportunities, and study the language of the country where they plan to live. Most importantly, they are free to return home whenever they choose.

In Nigeria, Youth unemployment appears to be alarming because many youths lack “employability” skills that are often acquired from vocational schools (Isah, Oboh and Lawal, 2012). The position of Oboh and Lawal was in agreement with the vanguard of Dec 23, 2004 which noted that youth unemployment has moved from 4.3% in 1985

to 5.3% in 1986, to 7.0% in 1987 and jumped to 60% in 1997. The report shows that in 2003 primary school accounted for 14.7% unemployment, secondary school 53.6%, and tertiary schools constituted 12.4%. The nation's poverty level was put at 70% and more than 91 million Nigerians are said to live on less than one dollar per day. Also it has been well documented that Nigeria's higher institutions lack the tools to give students the skill employers need. There should therefore be some form of school-work-based learning incorporated in studies in higher institutions across the land as an integral part of national development strategy as this could reduce the burden of unemployment and poverty on the people (Fafunwa, 1974). When these graduates come out from school without any good employment, most of them resort to migration; it is from the money they make from menial job that most of them used to open businesses to become self-employed.

The disadvantage theory suggests that the experience of discrimination or disadvantage in the general labour market is responsible for immigrant self-employment. A variety of factors, including the lack of recognition of foreign credentials, segregated labour markets, racism, and discrimination, discourages immigrants from seeking preferred jobs in the 'mainstream' labour market, and as a result they tend to be more concentrated than the native-born in small businesses. Hong (2007) argued that since immigrants' self-employment is seen to be a result of blocked access to 'good' jobs in the labour market, they often find that they have to work harder

than the native-born for the same amount of money, or that their income is less than that of their native-born counterparts with similar backgrounds and levels of education (Portes & Zhou, 1996). On the other hand, there are sample immigrant groups that move intentionally abroad as they are already “adequately resourced” from the very beginning by either self-employment backgrounds and/or sufficient “economic and symbolic capital” (Cruickshank & Dupuis, 2015).

Self-employment seems to be the preferred choice of immigrants to other countries so that they can earn their living in host destinations (Nestorowicz, 2012). It may be chosen for many reasons, of which, it seems, finding a solution against unemployment (Cruickshank & Dupuis, 2015) or for social promotion especially for the lower class (e.g., in Italy, Ambrosini, 2013), rank highly. Among these immigrant groups, for instance, significant economic achievements are the creation of worker demand for the domestic field industries or service lines that had not existed in the host country before immigration (Ambrosini, 2013). Or the establishment of either new supply chains in the host country (with respect to food, services and leisure activities, (Ambrosini, 2013; Brzozowski, 2017b) or new supply chains within an ethnic enclave (Brzozowski, 2017a). For instance, many Nigeria resort to opening grocery shops to sell African food-stuffs after suffering racism, abuses at work and work stress. As such, it is believed that immigrants are engaged in self-employments. Although Sinnya and



Parajuli (2012) argued that running a business in low-productivity and less attractive sectors, and being new to the country, however, seem to result in being less integrated.

### **Factors influencing self-employment of immigrants**

A variety of factors influence immigrant's self-employment; these factors include: government policies, segregation, and access to financial resources, business legalization, political suppression, and human resource class.

1. **Government policies:** Self-employment might sometimes be chosen for the immigrants, that is, by governments and the ways their immigrant support and policies ensure immigrant competencies become useful in the economy (Neumann, 2016) or fill specific economic gaps (Hou & Wang, 2011). Consequently, the degree of economic integration differs from immigrant to immigrant and country to country.
2. **Segregation:** Nigeria and other African Countries receive immigrants from all over the world. Although a large number of these immigrants are from neighboring African countries, with such high number of migrants to a country that is already struggling in a recessed economic system, it calls for survival strategies for these immigrants. Some countries' natives especially in South African, Libya and Ghana frame up stories against immigrants, the framing is that the immigrants are here to steal jobs for locals (Noyoo et al., 2021). This line of thinking has affected the way locals think and leading to

societal segregation, xenophobic attacks, destruction of properties and death.

Moyo and Nshimbi, (2020) and Noyoo et al. (2021) argued that due to this segregation, African immigrants are often to the periphery with less room for mobility; this has become a serious challenge to their self-employment because such segregation limits the full participation of immigrants to an already challenging economic environment.

3. **Access to financial resources:** Immigrant find it difficult to access loan from banks and the host government (Muchineripi et al., 2019). In host countries including Nigeria, banks and other financing institutions do not support immigrant self-employers requiring capital (Abd Hamid, 2020). For immigrant to raise money for their personal business they rely mostly on first working for others and accumulating the wages for his business startup; also, Duan et al. (2021) added that immigrants also raise funds from their ethnic communities, friends and family. Personal wealth, access to financial capital and liquidity constraints are undoubtedly crucial factors affecting probability to become an entrepreneur, and immigrants and ethnic minorities generally have lower wealth, fewer financial resources and experience more difficulties in access to external financial capital.
4. **Business Legalization:** Immigrants also find it challenging to legalize their business due to bureaucratic processes put in place by the government.

Regulatory bodies that are supposed to assist business owners in regularizing their operations are deemed inaccessible and inhibit immigrant entrepreneurship growth in South Africa (Asoba and Mefi, 2020).

5. **Political Suppression:** Chiswick (1999) suggested that political suppression and instability in the country of origin might induce people to migrate for reasons other than economic ones. These non-economic migrants are not as prepared as people who move mainly for economic reasons to participate as a salary worker in the normal labor market. Hence, non-economic immigrants might find it less attractive to work in the normal labor market than economic immigrants. I assume that the level of political suppression in the country of origin is inversely related to the degree of economic incentives to migrate. Therefore, it is predict that the more political suppression in the home country, the higher the odds of self-employment in the destination country (Tubergen, 2014).
6. **Human resources class:** Immigrants have often acquired substantial human capital prior to coming to host countries like Canada, United Kingdom and United States of America among others. Infact, within current immigration policy in Canada applicants for admission with higher levels of education have a better chance of entering Canada than applicants with low levels of education (Li, 2003). The irony, however, is that immigrants often find their

foreign-earned degrees not recognized in the mainstream labour market. Although immigrant foreign-acquired human capital is devalued in the mainstream labour market, their human capital still reflects the possession of skills, work experience, knowledge and other qualities that are useful for establishing and successfully operating small businesses. Immigrants with more human capital also tend to possess better English or French language skills than those with less human capital. Better language proficiency allows them to operate more effectively in wider contexts with bankers, lawyers and government officials. They can also open businesses that cater not only to co-ethnics, but also to members of English and French speaking groups outside of the ethnic community. They can also take advantage of opportunities that require better language proficiency. Tubergen (2014) assumes that immigrants with few language skills do not perform well in the open labor market and may find it profitable to work for co-ethnics. Other factors include; lack of recognition of foreign credentials, segregated labour markets, racism, and discrimination.

### **Economic impact of self-employed immigrants in and from Nigeria**

Immigrants and the role they play in job creation is an issue of keen interest to researchers. Self-employed immigrants, who work for profit or fees in their own business, encompass many of the nation's entrepreneurs (Hipple, 2010). Although

much is known about how many immigrants are self-employed, far less is known about their job creation activities. Immigrants contribute to the economic growth of their host countries in many ways; they bring new skills and competencies with them and help to reduce labour shortages through entrepreneurship. Entrepreneurs increase the demand for labor by creating job vacancies and therefore increasing labor tightness (Azoulay et al. 2022). However, the primary way recent entrants affect the host country's labor market is by establishing businesses and increasing labor supply, since they are more likely to work than demand labor services.

A key finding of the analysis by Kochhar (2015) is that immigrants are much more likely than U.S.-born workers to be self-employed. In the aggregate, the immigrant-to-U.S.-born gap in self-employment appears modest, 11% versus 10% in favor of immigrants. The author also found that Immigrants are a significant force in self-employment and in creating jobs. There were 2.8 million self-employed immigrants in 2014 and they had a payroll of 4.3 million workers. In shares, immigrants accounted for 19% of all self-employed workers and 15% of total hiring; the U.S. born made up 81% of the self-employed and was responsible for 85% of jobs created.

Immigrants who are self-employed and that working abroad remit money to Nigeria for developments. Remittance inflows from Nigerians abroad are a potential economic development tool. In sub-Saharan Africa, Nigeria is the largest recipient of remittances, receiving nearly 65 % of officially recorded remittance flows to the region

and 2 % of global inflows. In 2014–2017 net remittances transferred by Nigerian migrants to the country exceeded significantly foreign direct investment, foreign portfolio investment flows to Nigeria and accounted for 3,68–5,85 % of GDP for respective years. The World Bank ranked Nigeria fifth among the highest remittance-receiving countries in the world. Yet official data on remittances do not include monetary inflows through informal and unregulated channels, especially through friends returning to Nigeria and through goods sent to Nigeria which are readily converted into cash.

Nigerians in the Diaspora are also active in transnational transactions and have promoted the flow of trade, capital and technology back to Nigeria. A large number of Nigerians trade in West African countries, such as Ghana, Benin, Côte d’Ivoire, Senegal, the Gambia and Cameroon. Most of them establish temporary residence in these countries from where they undertake business trips to Nigeria. Their business ventures in Nigeria make considerable contribution to the local economy by providing a wide assortment of goods and services (Nigeria immigration service, 2017)

## **CONCLUSION**

It has been noted that while some immigrants are nuisance to the country, many of them contribute greatly to the economy of that country through self-employment. Literature have shown that highly skilled Nigerians who had been trained in the country migrate to work abroad especially in Us, Canada and UK. In the United States and Europe, highly

skilled Nigerians represented a large proportion of the total immigrant population. Nigerian Diasporas abroad are highly qualified specialists with skills in engineering, medicine, education, and law and information technology, among others. Most of them are gainfully employed as doctors, nurses, lecturers, and IT professionals in the United States, the United Kingdom, Saudi Arabia, South Africa and other countries. However, others struggle to make ends meet, with jobs such as cleaners, cab drivers, construction laborers, hair dressers, automobile repairer and retailers. These unskilled labours according to Jones (2019) resort to self-employment after a long period.

Nigeria immigrants are mostly highly skilled personnel who come in to establish industries and work in the engineering and ICT companies. Other immigrants are those who come in as a result insecurity from the neighboring countries and those who come in for self-employed businesses. In all of these, the immigrants have contributed to job creation and economic growth in Nigeria.

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