



**NATIONAL BUREAU OF STATISTICS**

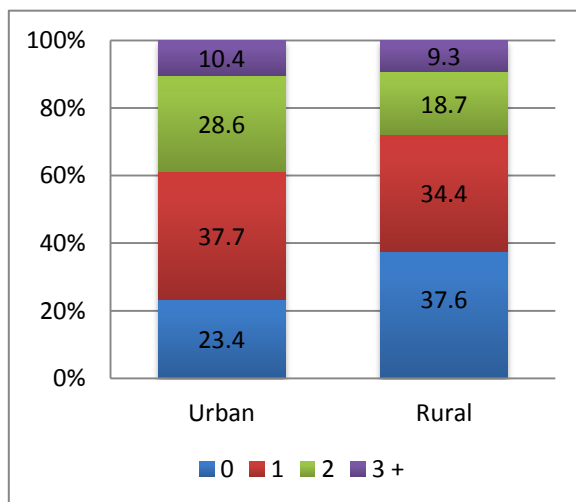


## Household Enterprises in Nigeria

In 2010/2011, the Nigeria National Bureau of Statistics, in collaboration with the World Bank, implemented the General Household Survey (GHS) which included a panel component focusing on livelihoods, agriculture, and household welfare. The GHS-Panel survey was conducted on a nationally representative sample of 5,000 households. This note presents a basic profile of household enterprises (also called self-employment activities) in Nigeria from the GHS-Panel. It explores the contribution of household enterprises on livelihoods, particularly on employment and income.

77 percent of urban households in Nigeria have someone in the household running/operating at least one enterprise, and in rural areas it is 62 percent.

### Number of Enterprise Activities per Household

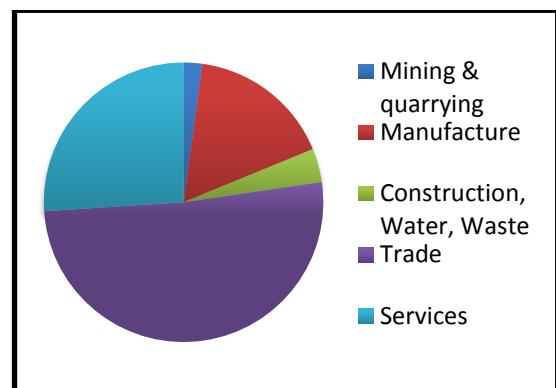


### What Do Enterprises Look Like?

The survey estimates that there are about 34 million non-agricultural household enterprises, with about 46 percent located in urban areas.

Enterprises operate in all sectors of activities with a high concentration in trade (more than half of the enterprises) and services (more than a quarter of them), which are both sectors with low entry barriers in term of technical skills and capital/equipment. At the same time, the structure of enterprises by sector also reflects the potential demand: they are focused on households as their primary clients by a significant margin.

### Enterprises by Sector of Activity



Almost all enterprises operate in the informal sector; less than 8 percent are registered with the government. This statistic varies among sectors of activity, being 14 percent each for services and mining, around 7 percent for manufacturing, and less than 6 percent for all other sectors.

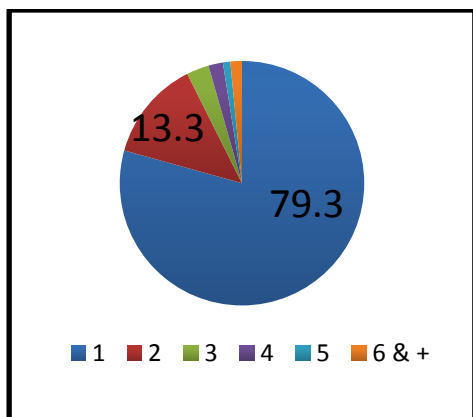
Household enterprises, since they are in the informal sector, are usually perceived as fragile production units which can disappear quickly at

the slightest shock. However, the demographics of these enterprises show a different picture. The average age of these businesses is 8 years, and half of them were created more than 5 years ago. On another level, it is also interesting to note that the world of household enterprises is very dynamic: nearly a third of them were created during the last 3 years.

## Labor and Capital

These enterprises are, in fact, very small businesses and thus their means of production are very limited. These 34 million enterprises create 49 million jobs, meaning that on average, an enterprise uses 1.4 workers. Nearly 8 enterprises among 10 have only one person engaged in the activity, and less than 3 percent of enterprises have 5 staff or more. Enterprises operating around or inside the home comprise more than half of household enterprises in the Nigerian economy, and these are mostly providing work to household members (as opposed to generating wage/salary employment).

### Share of Enterprises by Number of People Working in Enterprise

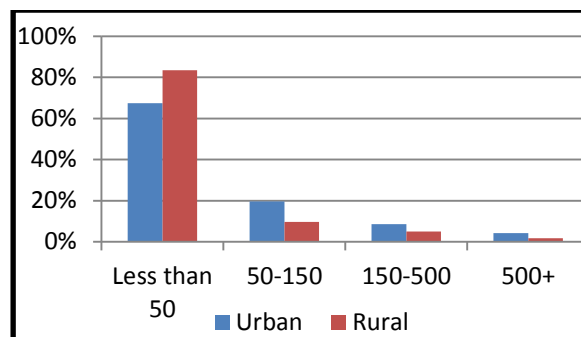


In addition to having few staff, there is a low level of capital stock. On average, the value of the stock of capital is 137,000 Naira (\$915 US), but for more than 50% of the enterprises, their capital is less than 13,000 Naira (\$87 US). There are a large number of micro production units created for survival and a few that are small businesses with growth potential.

As a reflection of their limited capital, few of these businesses seek or have credit. During the 12

months preceding the survey, only 9 percent of the enterprises had asked for credit, and most of these were usually using informal means (friends and relatives) rather than formal channels such as banks or microfinance institutions.

### Value of Capital Stock in Enterprises



\* Capital stock in thousands of Naira

## Performances and Income

Not surprisingly, these very small enterprises do not have large incomes associated with them. On average, a household enterprise creates an annual value added of 1.42 million Naira and a net annual income of 1.35 million Naira. Again, the heterogeneity is high among these enterprises. The median net income is 92,000 Naira, demonstrating the low level of income earned by the majority of the enterprises. By sector, services, construction, and trade offer higher incomes than those earned by household businesses in the manufacturing and mining sectors.

This brief is based on data collected by the National Bureau of Statistics as part of the Living Standards Measurement Study – Integrated Surveys on Agriculture (LSMS-ISA) project. The full dataset is available for download at NADA via [www.nigerianstat.gov.ng](http://www.nigerianstat.gov.ng).

For more information, please visit:

[www.nigerianstat.gov.ng](http://www.nigerianstat.gov.ng)

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