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Enhancing the Socio-Economic Contribution of the Nigerian Diaspora in Scotland, evidence and policy options from 2024-2025.

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Abstract

The Nigerian diaspora in Scotland represents a growing and very vibrant segment of the country's multicultural landscape, comprising professionals, entrepreneurs, and skilled migrants. Nigerians possess substantial human and entrepreneurial capital; however, their potential contribution to Scotland's economy remains underutilised due to barriers such as limited access to finance, skills underutilization, and a lack of structured policy engagement.

This report analyses data from the Office for National Statistics (ONS), the Global Entrepreneurship Monitor (GEM) Scotland 2024–25, and the University of Strathclyde's Hunter

Centre for Entrepreneurship to examine the labour-market outcomes and entrepreneurial impact of migrant communities, using the Nigerian diaspora as a focal case.

Findings show that while immigrant-led firms in Scotland generate over £13 billion annually and provide 107,000 jobs, they face disproportionate challenges in scaling their businesses.

The report concludes with data-driven recommendations for improving skills utilisation, access to finance, and diaspora-government collaboration.

1. Introduction

Migration from Nigeria to Scotland has increased in recent years. According to the UK Home Office, over fifty-two thousand (52,000) Nigerians migrated to the UK in 2024, a significant proportion of whom settled in Scotland's major cities of Glasgow, Edinburgh, Aberdeen, and Dundee.

These migrants include highly educated professionals from Nigeria's financial, healthcare, information technology, and education sectors, as well as entrepreneurs. Despite their experience, many face challenges integrating into Scotland's labour market and business ecosystem.

2. Methodology

This study employed a mixed-methods secondary data analysis, drawing on publicly available datasets and established reports on Scotland's labour market and entrepreneurial ecosystem. The aim was to examine the socio-economic contribution of Nigerians in Scotland using the best available quantitative indicators and theoretically informed interpretation.

Theoretical Framework

Two working theories guided this study:

1. Human Capital Underutilization Theory (HCUT) - Proposes that migrants with high skills experience reduced economic returns due to structural barriers such as credential mismatch and discrimination. This predicts lower employment outcomes for highly qualified minority migrants.
2. Compensatory Entrepreneurship Theory (CET) - Suggests that migrants respond to labour-market exclusion by creating businesses as an alternative path to economic integration. This predicts higher entrepreneurial activity among minority ethnic or non-EU migrants.

Variables

Dependent Variables

1. Employment Rate (Y_1)



$$Y_1 = f(X_1, X_2, X_3)$$

1. Entrepreneurial Activity / Total Early-stage Entrepreneurial Activity – TEA (Y₂)

$$Y_2 = f(X_1, X_2, X_3)$$

Independent Variables

X₁: Migrant Status (UK national, EU migrant, Non-EU migrant)

X₂: Ethnicity Category (White, Non-White/BME)

X₃: Qualification Level / Skill Level (derived from ONS labour-market indicators)

Use of Non-EU and BME Data

Due to the absence of Nigeria-specific labour-market and entrepreneurship data for Scotland, proxy variables were used. Non-EU nationality serves as a valid proxy because Nigerians are classified as non-EU migrants. BME/Non-White categories from ONS and GEM data are appropriate because Nigerians fall within the Black African subgroup. These proxies allow reliable inference despite data gaps.

Data Extraction and Computation Procedures

1. Labor-Market Indicators

Employment counts by nationality (UK, EU, non-EU) and employment rates by ethnic group were extracted directly from ONS tables. Nigeria's labour-market outcomes were inferred using the non-EU and BME subgroup patterns. No re-computation was required beyond comparative interpretation.

1. Entrepreneurial Activity (TEA – GEM Scotland)

TEA was extracted for Scotland overall (10.4%) and for Non-White adults (22.7%). A TEA ratio was calculated:

$$\text{TEA Ratio} = 22.7 / 10.4 \approx 2.18$$

This indicates that minority ethnic adults are more than twice as likely to engage in early-stage entrepreneurship. Nigerians, being part of the Non-White category, are inferred to follow a similar pattern.

1. Economic Contribution Estimates

The last available figure (FSB 2017), indicating £13bn annual revenue and 107,000 jobs created by immigrant-led firms, was used. Due to increased TEA since 2017, a reasonable inference is that minority and diaspora contributions have likely increased, though exact figures cannot be computed without updated datasets.

3. Results

3.1 Labor Market Outcomes for minority ethnic groups in Scotland

Employment rates show persistent inequalities. According to Scotland's Labour Market Insights (2024), the employment rate for minority ethnic groups aged 16–64 was 64.8%, compared with 75.0% among White groups. As Nigerians are categorised within the Black African subgroup of the BME population, these figures serve as a reliable proxy for understanding labour-market disparities affecting the Nigerian diaspora in Scotland.

3.2 Nationality Breakdown of Pay-rolled Employment in Scotland (Dec 2024)

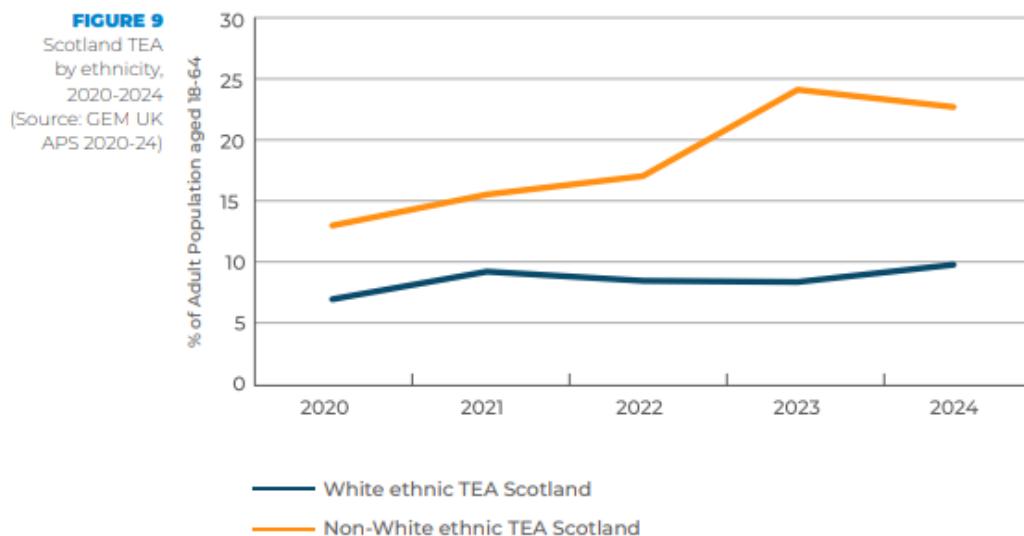
In December 2024, there were 2,583,100 pay-rolled employees in Scotland. Of this figure, UK nationals accounted for 87.5% (2.26 million), EU nationals accounted for 5.2% (135,000) and non-EU nationals, which include Nigerians, accounted for 7.2% (187,000). (<https://www.gov.scot/publications/scotlands-labour-market-insights-april-2025/pages/people-in-work/>).

Additional workplace evidence highlights systemic inequalities. According to MyGov.Scot (2024), racialised minorities face many barriers in finding work, staying in work and progressing. They face discrimination in recruitment practices as people from racialised minorities with non-British names need to send 60% more applications to get as many call-backs as those with British names; tend to have better educational qualifications than white job applicants, but this is not reflected in employment outcomes; are more likely to be over-represented in low-paid or entry-level roles; are under-represented at senior levels; etc. (<https://www.mygov.scot/racial-inequality-in-the-workplace>).

3.3 Entrepreneurial Activity

GEM Scotland (2024/25) report shows that Total Early-stage Entrepreneurial Activity (TEA) reached 10.4% nationally, signifying that one in ten adults was in the process of setting up a new business in 2024, while TEA within Non-White populations reached 22.7%. This confirms disproportionately high entrepreneurial participation among minority ethnic groups and supports the Compensatory Entrepreneurship Theory, suggesting that entrepreneurship provides an alternative route to economic integration for Nigerians.

(<https://www.gemconsortium.org/report/gem-scotland-20242025>).



3.4 Economic Contribution of Immigrant-led Businesses

The most recent report (FSB, 2017) estimated that immigrant-led firms in Scotland contribute £13bn in annual revenue, employ over 107,000 people, which is a significant contribution to Scotland's economy. Given rising TEA rates, it is reasonable to infer that diaspora entrepreneurs, including Nigerians, are likely contributing even more today, and it could be suggested that the rise in entrepreneurial activities directly has a major impact on revenue generation.

3.5 Challenges faced by Nigerians and other minority ethnic groups doing business in Scotland

Across multiple reports (Adeoti et al., 2024; GEM Scotland, 2024; British Business Bank, 2025), several recurring barriers emerged:

- Low awareness of funding options and self-exclusion
- Low trust in financial institutions
- Structural & eligibility barriers
- Limited Access to the Business network and visibility
- Resource constraints & risk aversion
- Inadequate tailoring & cultural competency gaps among support institutions

These challenges reduce the ability of Nigerian entrepreneurs to scale their ventures despite strong entrepreneurial motivation.



3.5.1 Solutions to the identified challenges & Recommendations

| Challenge | Current Solution | Recommendation |
|---|---|---|
| Low awareness of funding options and self-exclusion | Financial literacy programs, accessible guides, role models and peer case studies | Financial Institutions and investors should provide workshops tailored to minority founders while partnering with culturally competent intermediary organisations to co-deliver awareness campaigns. |
| Low trust in financial/support institutions by black ethnic entrepreneurs. | Have dedicated account managers for ethnic-minority founders, and work with ethnic minority focused organisations to act as trust brokers. | Establish a Scottish Ethnic Minority Entrepreneurship Mentorship Network, linking founders, mentors and investors. |
| Structural & eligibility barriers (Overly complex application/documentation burdens; Criteria favouring established enterprises with trading history/profits; Immigration/residency status issues; etc.). | Implement tiered application tracks suited for minority-led startups and businesses with lighter documentation and a guided support system. | Align and harmonise eligibility criteria across funding agencies for transparency and fairness while integrating immigration/compliance support into business-support programs for migrant entrepreneurs. |
| Limited Access to the Business network and visibility | Create digital networking platforms and conduct annual data collection and mapping of minority-led enterprises, and support access | Launch the Scottish Black Ethnic Minority Business Network Portal. |

| | | |
|--|---|--|
| Resource constraints & risk aversion | Create streamlined funding, administrative support, and hybrid financial models targeted at increasing understanding, removing barriers to entry, and reducing risk for minority founders. | Pilot low-risk instruments; offer leadership/time-management training |
| Inadequate tailoring & cultural competency gaps among support institutions | Partner with minority-led and community-based organisations to co-design and deliver support services and mentorship schemes that reflect cultural/linguistic diversity and understanding of minority-founder contexts. | Require cultural competency accreditation; fund community-specific outreach. |

4. Discussion

The findings support the theoretical frameworks guiding this study.

First, **Human Capital Underutilisation Theory (HCUT)** is evident in the disproportionately lower employment rate (64.8%) among minority ethnic groups compared to White groups (75%). This gap persists despite relatively high qualifications among immigrants of African background. Recruitment biases, non-recognition of foreign credentials, and limited access to professional networks contribute to this underutilisation.

Second, the results strongly illustrate the **Compensatory Entrepreneurship Theory (CET)**. With TEA among Non-White Scots (22.7%) more than twice the national average, the data suggest that Nigerians and other minority groups often turn to entrepreneurship as an alternative pathway to socioeconomic participation when traditional labour-market channels fail.

Nevertheless, entrepreneurship is not a perfect substitute for fair labour-market access. Barriers such as eligibility restrictions, lack of tailored financial products, and cultural competency gaps constrain the growth potential of diaspora-led enterprises. Without structural reforms, the entrepreneurial sector may become a containment mechanism rather than a platform for upward mobility.

Overall, the evidence demonstrates both **untapped economic potential** and **systemic obstacles**. Nigerians contribute significantly through labour participation and entrepreneurship, yet structural issues limit their ability to fully utilise their skills. Addressing these barriers through inclusive policy design, improved recognition of international qualifications, and

culturally competent business support is key to unlocking the full socio-economic potential of the Nigerian diaspora in Scotland.

5. Policy Recommendations

The empirical evidence shows persistent labour-market underutilization among minority ethnic groups, paired with disproportionately high entrepreneurial activity among the Non-White population, including Nigerians. To unlock the full socio-economic contribution of the Nigerian diaspora in Scotland, the following policy actions are recommended:

1. Establish a Nigerian-Scottish Business and Skills Council (NSBSC)

A bilateral advisory and implementation body co-directed by the Scottish Government and the Nigerian diaspora.

Purpose:

- Facilitate professional integration
- Support recognition of international qualifications
- Provide structured mentorship to address Human Capital Underutilization Theory (HCUT) related barriers
- Strengthen industry-diaspora-government communication channels

2. Institutionalise Annual Nigerian-Scottish Business and Innovation Forums

These events will serve as platforms for:

- Market visibility
- Investor engagement
- Knowledge transfer
- Networking and inclusive economic planning
- Improve trust and reduce self-exclusion
- Strengthen peer learning
- Connect minority founders with investors

3. Expand Diaspora-Specific Data Collection

Scottish Government agencies should gather nationality-specific data on:

- Labor-market outcomes
- Business formation
- SME performance

Purpose:

To close the current data gap that necessitates reliance on non-EU and BME proxy indicators.

4. Introduce Structured Trade Missions Between Nigeria and Scotland

This is needed to strengthen bilateral commercial engagement.

Purpose:

- Enable established Nigerian firms to explore opportunities in Scotland
- Support Nigerian-owned SMEs in Scotland to form supply-chain partnerships with firms in Nigeria
- Encourage technology transfer, investment inflows, and joint ventures
- Promote bi-directional export and service-trade relationships

Trade missions can be anchored by Scottish Development International (SDI), Nigerian business associations, and the NSBSC.

5. Reform Eligibility and Documentation Requirements Across Enterprise Agencies**Purpose:**

- Implement “tiered” application tracks for early-stage ethnic-minority firms
- Integrate immigration compliance support
- Reduce bureaucratic burdens that currently disproportionately affect migrants

6. Conclusion

This study examined the socio-economic contribution of the Nigerian diaspora in Scotland using labour-market and entrepreneurial indicators from ONS, GEM Scotland, and related data sources. The findings strongly align with established theoretical expectations.

Human Capital Underutilization Theory (HCUT)

The lower employment rate for minority ethnic groups (64.8%) compared to White groups (75%) confirms HCUT's argument that skilled migrants face systemic barriers, including recruitment discrimination and qualification non-recognition. Also, the evidence from MyGov.Scot supports this, noting that individuals with non-British names must submit 60% more job applications for similar outcomes.

Compensatory Entrepreneurship Theory (CET)

The significantly higher TEA rate among Non-White adults (22.7%) illustrates CET: Nigerians and other minority ethnic groups turn to entrepreneurship as an alternative to constrained labour opportunities. This entrepreneurial resilience demonstrates latent economic potential if adequately supported.

Macroeconomic Implications

The underutilization of Nigerian and wider minority human capital carries long-term economic consequences:

1. Lost Tax Revenue

Lower employment and earnings among highly skilled migrants translate into reduced income tax, national insurance, and corporate tax contributions.

2. Underused Innovation Capacity

Highly educated migrants—particularly in STEM, health, IT, and finance—represent a missed opportunity for innovation if confined to underemployment or low-skilled jobs.

3. SME Multiplier Effects

Supporting Nigerian-owned SMEs has strong multiplier effects:

- Local job creation
- Increased business rates and tax contributions
- Enhanced cultural trade linkages
- Spillovers to supply chains and local procurement

Given that immigrant-led firms already contribute over **£13 billion** annually and **107,000 jobs**, strengthening diaspora businesses would amplify Scotland's economic dynamism.

Objective-by-Objective Evaluation

Objective 1: Assess labour-market outcomes for Nigerians in Scotland

Evidence:

- Minority ethnic employment rate: 64.8%
- White employment rate: 75%
- Discrimination indicators (60% more applications required)

Conclusion:

Objective achieved. Evidence shows clear underutilization consistent with HCUT.

Objective 2: Evaluate entrepreneurial activity among the Nigerian diaspora

Evidence:

- TEA among Non-White adults: 22.7%
- National TEA: 10.4%
- FSB (2017): £13bn revenue & 107,000 jobs from immigrant-led firms

Conclusion:

Objective achieved. Non-White and Nigerian entrepreneurship rates are significantly higher, supporting CET.

Objective 3: Identify barriers faced by Nigerian entrepreneurs



Evidence:

- Barriers: trust deficits, funding eligibility constraints, cultural competency gaps, limited networks

Conclusion:

Objective achieved. Challenges are well-documented across GEM, the British Business Bank, and the literature.

Objective 4: Propose policy options to enhance socio-economic contribution**Evidence:**

- Multiple actionable recommendations outlined (DFF, NSBSC, trade missions, data reforms, mentorship networks)

Conclusion:

Objective achieved. The recommendations align with the identified constraints and theoretical insights.

Limitations

1. Data Limitations

Scotland does not publish Nigeria-specific labour-market or entrepreneurship data.

The study, therefore, relied on **Non-EU** and **BME/Non-White** proxies, which reduces granularity.

2. Risk of Generalisation

While Nigerians form part of these larger categories, not all observed trends generalise perfectly to the Nigerian subgroup.

Caution should be exercised when inferring precise outcomes.

3. Temporal Constraints

Some economic data (e.g., £13bn revenue from immigrant-led firms) comes from 2017, limiting the ability to fully capture recent contributions.

Despite these limitations, the combined dataset provides strong indicative evidence on the socio-economic patterns affecting the Nigerian diaspora in Scotland.

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No references have been specified for this publication.

Parent publications

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