

# AFRICAN JOURNAL OF BUSINESS AND INNOVATION (AJBI)



VOLUME 1, ISSUE 1 (2026)

ISSN: 3135-2952 (PRINT) | ISSN: 3135-2960 (ONLINE)

## EDITORIAL NOTE

DOI : <https://doi.org/10.69778/3135-2960/2026/1.1/EN>

### **Navigating Nigeria's Economic Crossroads: Subsidies, Exchange Rates, and Human Capital**

Welcome to the inaugural edition of the *African Journal of Business and Innovation (AJBI)*. As we launch this platform dedicated to dissecting the complex interplay between economic policy, business strategy, and societal progress, the timing could not be more critical. The articles featured in this first volume offer a timely and rigorous examination of the profound economic challenges and opportunities shaping Nigeria and, by extension, the broader African continent.

Our first article, "Energy Subsidy Reforms and Inflation Dynamics in Nigeria," by Oluwaseun Sunday Lawal and Olumide Ishola, tackles one of the most contentious and consequential policy decisions in recent Nigerian history. The removal of the fuel subsidy in 2023 sent shockwaves through the economy, and this study provides a vital empirical lens through which to understand its inflationary consequences. By applying the Asymmetric Price Transmission (APT) theory and the NARDL model, the authors confirm a stark reality: the impact of fuel price shocks is not symmetrical. Prices rise like rockets but fall like feathers, creating a persistent, second-round inflationary effect that permeates every sector. The study's conclusion that energy-price shocks are the dominant long-run driver of inflation is a sobering one. It underscores the urgent need for the policy recommendations offered: robust social safety nets, stringent market regulation, and a decisive pivot toward domestic refining capacity to mitigate future shocks.

Complementing this analysis of macroeconomic stability is the second article, "Human Capital Development and SMEs Sustainability in the 21st Century: An Empirical Evidence from North Central Nigeria," by Popoola Tajudeen Abolaji. This study shifts the focus to the micro-level foundations of economic resilience by examining the factors that determine the survival and growth of small and medium enterprises the engine room of Nigeria's economy. Grounded in the Resource Based View and Human Capital Theory, the research provides compelling empirical evidence that strategic investment in people pays tangible dividends. The findings reveal that both training and development and employee skills acquisition exert significant positive effects on SME sustainability, collectively explaining over 55% of the variance in sustainability outcomes. This paper serves as a powerful reminder that alongside fiscal and monetary policy reforms, the deliberate cultivation of human capital within enterprises is indispensable for long-term business continuity and regional economic development.

The third article, "Youth Employment and the Mismatch Between Education and the Labour Market in Africa: Nigeria as a Case Study," by Jimoh Omotola Hajarat, shifts our attention from macroeconomic policy to the foundational issue of human capital. This paper provides a compelling review of the systemic disconnect between Africa's educational systems, which often prioritize rote learning, and the dynamic, skills-driven demands of the modern labour market. The result is a paradox of high youth unemployment coexisting with unfilled jobs. Hajarat argues persuasively that without a fundamental restructuring of school curricula to incorporate practical and digital skills, alongside government efforts to stimulate job creation, the continent risks squandering its most valuable resource its youth.

The fourth article, "The Impact of Technology on the Insurance Industry: A study on Insurtech Innovations," by Akinfela Eesuola, offers a forward-looking perspective on how innovation is

reshaping a traditional sector. While the preceding articles focus on policy and structural challenges, this piece highlights the transformative potential of technology. Insurtech innovations are not merely about digitizing existing processes; they are creating new business models, enhancing customer experiences, and expanding access to financial protection. This study serves as a pertinent reminder that alongside necessary policy reforms, private-sector innovation and technological adoption are powerful engines for growth and resilience.

Collectively, these articles paint a comprehensive picture of a nation at an economic crossroads. They highlight the delicate balancing act between fiscal necessity and social welfare, the external pressures of a volatile global economy, and the internal imperative to build a skilled and adaptable workforce. The insights offered here are not just diagnostic; they are a call to action for policymakers, business leaders, and academics alike. We hope this inaugural volume of AJBI stimulates the rigorous debate and innovative thinking necessary to navigate these challenges and build a more prosperous and stable future.

We extend our sincere gratitude to the authors for their valuable contributions and to our readers for joining us on this journey.

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