

EFFECT OF HIGH UNEMPLOYMENT RATE ON BUSINESS DEVELOPMENT AMONG GRADUATES OF TERTIARY INSTITUTIONS IN NIGERIA

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Abstract

The research work investigated the effect of high unemployment rate on business development among graduates of tertiary institutions in Nigeria. The purpose of the study was to determine whether unemployment can propel the youths to new business development, and also to ascertain the effect of high unemployment on male and female graduates of tertiary institutions in Nigeria. The following findings were made: There is inadequate funding; poor curriculum delivery and poor governmental planning. Based on the findings of the study, the following recommendations were made, government should make provision for adequate funds available for schools, so that schools should be provided with equipment and raw materials to practicalize course contents, also government should include entrepreneurship education in the NUC curriculum for self reliance.

Keywords: Unemployment, Entrepreneurship, Governmental Planning, Curriculum Delivery.

One of the greatest challenges facing the Nigerian economy is the unemployment rate which has been on the rise over the years. The total labour force in Nigeria is made up of persons between 15-64 years including students, home keepers. Sidipo(2014.28) opines that the issue of unemployment have been in discourse in the nation in recent years. Year in year out, tertiary institutions made up of universities, polytechnics and colleges of education have been turning out graduates which have continued to swell up.

Unemployment is defined as an economic condition in which, individuals seeking for job remain jobless (Ibeh, 2013).It can also be seen as the group of labour force that is without work but available seeking for employment. The unemployment rate has both social and economic implications. The rising incidence of unemployment results in lack of income for individuals, reduces revenue to government, hinders economic growth and increases pressure on government spending on social benefits in advanced countries. Employers of labour often complain that some of these graduates though professionally or technically qualified are unemployed but they lack the requisite, essential skills or competencies needed in the job. Lack of these skills created a gap in their knowledge which must be filled to make them suitable to compete for existing vacancies that crop up from time to time.

According to recent survey report on the effect of the quality of tertiary education on employability of fresh graduates carried out by Philips consultants in March, 2014, the current education system does not appear to be producing graduates with generic and essential skills, hence there is continuous increase in the rate of youth unemployment. Even with that, large number of graduates have continued to be capable of meeting up with the employment requirement of the work force and therefore have been securing or keeping a job, this is a challenge for employers filling vacancies with fresh graduates in the country. According to Uba (2004), Business development is defined as the task and processes concerning analytical preparation of potential growth opportunity and monitoring of the implementation of growth opportunity, but does not include decisions strategy and implication of growth opportunities. Business development also entails task and process to develop and implement growth opportunities within and between organizations. It is the creation of long-term value for an organization from customers.

Unemployment: Unemployment is the state of joblessness experienced by persons who are members of the labour force who perceive themselves and perceived by others as being able and willing to work but cannot find any. They are actively looking for paid employment without success under the prevailing economic circumstances. The International Labour Organization (ILO, 2000) defined the concept of unemployment as the population of labour force who are available for work, but did not do any work in the week.

According to Ibe and Agu (2005), Unemployment is a situation in which persons capable and unwilling to work are unable to find suitable paid employment. As defined by

International Labour Organization (2007) unemployed workers are those who are currently not working but are willing and able to work for pay, currently available to work and have actively searched for work. Hornby (2010) defined unemployment as the facts of a number of people not having a job, the number of people without a job, the state of not having job. In the same vein, an operational definition of unemployment for work will include the underemployed, hence unemployment occurs when people who are able and willing to work are without jobs, or cannot find jobs work that is effective and productive to do. It occurs when people undertake jobs that are contrary or lower than their academic qualifications or areas of specialization. For instance, a first or second degree holder working as a clerk in an office is greatly underutilized and as such could be termed as under employed even when such person is on a job.

Types of Unemployment in Nigeria

Economists have distinguished between the various overlapping types (or causes) of unemployment. Some types of unemployment in Nigeria are explained below:

1. **Seasonal Unemployment:** Seasonal unemployment occurs mostly in the industrial sector, and in the enterprise that are seasonal in nature. Such activities engage labour temporarily during peak periods. For example, during the rainy season, many men who are engaged in fishing and building may go out of work during bad weather. Fishing, for instance is not usually done during the rainy season in many parts of Nigeria. More so, during Christmas season, shop owners and companies employ extra hands for the seasonal sales. These extra hands are usually relieved of their jobs when demand for products decrease.

2. **Structural Unemployment:** This occurs when a labour market is unable to provide jobs for everyone who wants one, because there is a mismatch between the skill of the unemployed workers and the skill needed for the available jobs (Wikipedia Encyclopedia, 2011). Structural unemployment could also result from persistent cyclical unemployment, that is, if the economy suffers from long-term low aggregate demand and in the techniques of the industry, unemployment could occur (Ibe and Agu, 2005) For example, as time goes on, there may be permanent fall in the demand for certain products which may be due to a change in taste. The brick industry in Nigeria, is suffering permanent fall in demand now because people prefer to use cement blocks to build their houses instead, this has caused sharp unemployment in that industry. More so, long lasting low demand could make the unemployed disheartened while their skills become rusty and obsolete, and as a result they many not fit the job vacancies that would be created when the economy recovers. Some technological unemployment which occur due to the replacement of workers by machines might be counted as structural unemployment

3. **Frictional Unemployment:** There seems to be divergence on the meaning and causes of frictional unemployment. There is frictional unemployment when certain occupations have surplus workers in one part of the country, while vacancies for similar

jobs occur and are not filled in other parts of the country. To them, immobility of labour and imperfect knowledge of the existence of opportunities elsewhere are the main cause of frictional unemployment.

4. **Transitional Unemployment:** Ibe and Agu (2005) refer to this as normal unemployment, because the duration is short. It does not harm the economy. In construction industries or contract jobs which rely heavily on manual labour, workers are temporarily laid off at the end of major assignments. Such workers are re-engaged when other jobs become available. Others may drift to other ongoing projects.

5. **Classical Unemployment:** This occurs when real wages for a job are set above the market - clearing level, causing the number of job-seekers to exceed the number of vacancies. Most economists have argued that increased government intervention in the economy leads to increase in the rate of employment of a nation. For instance, the minimum wage as stipulated by Labour Law has also raised the cost of unskilled or low skilled labour above the market equilibrium. This led to a drastic reduction in the employment of these categories of labour. Many in these categories of labour force who even wish to work at the formal wage rate could not be employed due to this Law, consequently, adding to the high number of the unemployed in the country. Furthermore, laws restricting lay-offs made businesses less likely to hire in the first place, as hiring becomes more risky, leaving many young people unemployed and unable to find work.

6. **Hidden Unemployment:** Hidden unemployment is the unemployment of potential workers that do not usually reflect on official unemployment statistics, due to the way the statistics are collected. In many countries only those who have no work but are actively looking for work (and/or qualified for social security benefits) are counted as unemployed. Those who have given up looking for work (and sometimes those who are on government retraining programmes) are not officially counted even though they are unemployed. The same applies to those who have taken early retirement to avoid being laid off, but would prefer to be working. The statistics also does not count those with part time or seasonal job who would rather have full time jobs as unemployed. However, a critical examination of the various types of unemployment shows that unemployment can be voluntary or involuntary. Though, there have been several definitions of voluntary and involuntary unemployment in the economic literatures, a simple distinction is applied. Voluntary unemployment is attributed to individual's decision which includes workers who reject low wage jobs. Whereas, involuntary unemployment exists because of the socio-economic variables (such as the market structure, government policies, etc.) which permeate the environment in which one operates. It includes workers fired due to an economic crisis, industrial decline, company bankruptcy or organizational restructuring. Hence, structural unemployment, and classical unemployment are largely involuntary in nature. In addition, most cases of unemployment in Nigeria are usually involuntary.

What is Business Plan?

A business plan is a written document that describes in details how a business, usually a new one, is going to achieve its goals. Ezeala (2012). A business plan lays out a written plan from a marketing, financial and operational viewpoint. Sometimes, a business plan is prepared for an established business that is moving in a new direction. Ikeagwu, (2010).

Business development plans provide guidance to organizations in purpose, including mission, vision and values, as well as products or service, target audience and the strategies they will use to achieve success. Successfully business development plans include a situation analysis, and clearly outlined goals, objectives strategies and tactics. The plan provides guidance for all members of the organization. Amadi, (2011).

Benefits of Business Plan for all Graduates Developing New Business

Here are those top ten benefits. Ikeagwu, (2010).

1. **See the whole business.** Business planning done right connects the dots in your business so you get a better picture of the whole. Strategy is supposed to relate to tactics with strategic alignment. Does that show up in your plan? Do your sales connect to your sales and marketing expenses? Is your products right for your target market? Are you covering costs including long-term fixed costs, products development, and working capital needs as well? Take a step back and look at the larger picture.
2. **Strategic focus.** Startups and small business need to focus on their special identities, their target markets, and their products or services tailored to match.
3. **Set priorities.** You can't do everything. Business planning helps you keep track of the right things, and the most important things. Allocate your time, effort, and resources strategically.
4. **Manage change.** With good planning process you regularly review assumptions, track progress, and catch new developments so you adjust. Plan vs actual analysis is a dashboard, and adjusting the plan is steering.
5. **Develop accountability.** Good planning process sets expectations and tracks results. It's a tool for regular review of what's expected and what happened. Good work shows up. Disappointments show up too. A well-run monthly plan review with plan vs actual included becomes an impromptu review of tasks and accomplishments.
6. **Manage cash.** Good business planning connects the dots in cash flow. Sometimes just watching profits is enough. But when sales on account, physical products, purchasing assets, or repaying debts are involved, cash flow takes planning and management. Profitable businesses differ when slow-paying clients or too much inventory constipate cash flow. A plan helps you see the problem and adjust to it.
7. **Strategic alignment.** Does your day-to-day work fit with your main business tactics? Do those tactics match your strategy? If so, you have strategic alignment. If not, the business planning will bring up the hidden mismatches. For example, if you run a gourmet restaurant that has a drive-through window, you're out of alignment.

8. **Milestones.** Good business planning sets milestones you can work towards. These are key goals you want to achieve, like reaching a defined sales level, hiring that sales manager, or opening the new location. We're human. We work better when we have visible goals we can work towards.

9. **Metrics.** Put your performance indicators and numbers to track into a business plan where you can see them monthly in the plan review meeting. Figure out the numbers that matter. Sales and expenses usually do, but there are also calls, trips, seminars, web traffic, conversion rates, returns, and so forth. Use your business planning to define and track the key metrics.

10. **Realistic regular reminders to keep on track.** We all want to do everything for our customers, but sometimes we need to push back to maintain quality and strategic focus. It's hard, during the heat of the everyday routine, to remember the priorities and focus. The business planning process becomes a regular reminder. Ezeoba (2013).

Societal Consequences of Unemployment Among Graduates of Tertiary Institutions

Okeke (2011), states that over sixty percent of Nigerian population is made up of youths below the age of 35 and governments at all levels have no serious cognizance of this. About eighty percent of these youths are either unemployed or under-employed and this made many observers to predict that the Nigerian Youthful Population is like a time bomb waiting to be detonated. Nigeria has the largest army of unemployed and under-employed youths in Africa. One out of every three Nigerians is either unemployed or under-employed.

With the exception of electricity and infrastructure, youth unemployment is the third biggest problem confronting our nation today. It is the root cause of poverty, youth restiveness, gangsterism, bank robbery, kidnapping, assassination, lawlessness and all sorts of deviant behaviours. Among these bands of unemployed youths are over three million young boys and girls with NYSC discharge certificate roaming about. Our tertiary institutions turn out 200,000 graduates into the job market every year thereby exacerbating the situation.

Youth unemployment has maligned our families and debased our system. Parents are frustrated and traumatized as sons and daughters turn into criminals, prostitution as a result of unemployment. The younger ones are discouraged from their studies because their seniors who have graduated from school are jobless and frustrated.

Strategies for Curbing High Rate of Unemployment Among Graduates on Business Development in Tertiary Institution in Nigeria

A. Stiffer Penalties for Corruption

Olisa (2004), opined that one of the greatest challenges facing Nigerians when it comes to the challenge of providing employment for her teeming youth and general populace is corruption. Unfortunately, corruption is so deep rooted in Nigeria that asking that it should be eliminated is like asking a Fulani man not to drink the local drink, Nunu, again.

B. Discouraging of Tribalism

When it comes to the employment process, tribalism is given a new name in Nigeria. It is called “National Character”. The National Character is a policy that encourages the recruitment/admission /employment of Nigerians on a quota basis. This means that instead of merit, where one comes from is first recognized and taken into cognizance before even merit is considered or given a chance. This means that genius and talent are sacrificed on the altar of national cohesion and unity. When the original intent of the national character seems legitimate (it is still faulted on many grounds though). It has for instance, become one of the most potent excuses for tribalism and nepotism in Nigeria.

It is submitted that if unemployment in Nigeria would wind up as a thing of the past, it is very important that meritocracy is firmly enshrined and the concept of the Federal Character thrown away. If this suggestion is taken serious and brought to bear in the country, there will be no more excuse for tribalism.

C. Restructuring of Local Institutions and updating of Archaic Policies

Universities in Nigeria are long due for a complete overhaul as a matter of fact the whole curriculum of Nigerian universities, more than ever, needs to be completely revised to make sense and catch up with the realities of the 21st century. For instance, there is no Nigerian university that offers internet business as a course, either core or elective. The few universities in the country that have academic courses called entrepreneurship (like the Benue State University, Makurdi) have regular lecturers who know nothing about entrepreneurship or the intricate art of business teaching such courses. When things are structured in such a government manner, it is clear that nothing will come out of them at the end. It is thus advocated that for courses like entrepreneurship the lecturers teaching them should not be 'regular' career civil servants disguised as lecturers. Instead, it is advocated that entrepreneurs who are actually running viable and thriving businesses should be made to be in charge of such courses.

D. Encouraging of Radical Thinking

The average Nigerian is not a radical... he/she is very comfortable with the status quo - and instead, hates anyone who is interested in changing things for the better of all. This needs to be completely discouraged and radical thoughts and thinking encouraged if the

menace of unemployment is to become a thing of the past Nigerians should be sensitized via lectures (both in school and public), ads - both online and print - to be radical, think radical and seek to do things outside the box. Geniuses who creatively think away from the herd should be encouraged and praised above all else. When such a regime is enshrined, many Nigerians will become fearless in the attempt to try new things-these new endeavors will certainly mean new jobs, and multiple opportunities to even employ others and make their lives meaningful once again.

E. Making Politics Completely Unattractive

Politics and its supreme attractiveness have completely ruined Nigeria and Nigerians. Today, almost every Nigerian is interested in getting an elective position and capitalizing on it to make a fortune for him/herself. This presents a situation that is not healthy for the creation of jobs whether the position contested for is won, lost or is being prepared for. This is bad - and not only bad, it is abysmally bad! Unfortunately, this is exactly where we have found ourselves today as a nation.

To make politics less attractive will mean that the various remunerations that accrue to at political office holders in Nigeria should be slashed for example huge/fat salaries paid to national state of assemblies members.

How High Unemployment Propel Graduates of Tertiary Institution to New Business Competencies

Johnson (2000) asserted that there are about 50 small scale business developments that are really profitable and interestingly required very little capital to start which graduates of tertiary institutions can embark on. They include:

Bead making, Sports viewing centres, Petty trading, Phone repairs, Barbing/Hair dressing salon , Farming, Photography, Game center , Transport business, Sales of building materials , Poultry farming, Cassava production, Rice farming in Nigeria, Making fruit juice, Pure water production, Fast food eatery, Hotel business, Recharge card printing , Snail rearing, Furniture business, Teaching in a nursery and primary school., Investing in property , Importations . , Cake baking and decoration business, Cultivating vegetables, Custard making, Liquid soap production., Breading, Ice cream production, House painting, Car rental services , Video game arena etc.

Conclusion

The National Universities Commission (NUC) should redesign its curriculum to include mandatory entrepreneurship education so that graduates will be sufficiently equipped and oriented to go into small scale industries and entrepreneurial ventures that will be beneficial to the individual and society at large. With the opportunities offered by the entrepreneurship education, graduates will be job creators rather than job seekers, thereby sustaining the high rate of graduate unemployment and save the state and the nation from the current development delimita.

Recommendations

Based on the result of the research work, the following recommendations were made.

1. Government should make adequate funds for schools, so that schools should be provided with equipment and raw materials to practicalized course content. And Government should include entrepreneurship education in the NUC curriculum for self reliance.
2. Students should be trained to be self employed so that after their tertiary education, they should be able to acquire knowledge, skills like carpentry work, fashion and design, metal work, hair dressing etc.
3. Policy makers should make entrepreneurial education a core course in tertiary institutions to enable students gain practical skills.
4. Tertiary institution should not overlook the importance of entrepreneurship education as it is the carrier of new business development.

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