

# Entrepreneurship And Youth Unemployment In Nigeria: The Missing Link

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## Abstract

This paper examines youth unemployment in Nigeria and attributed the high unemployment to the disconnect between effective technical/vocational education and the development of an entrepreneurship culture. It proposed a drastic shift in policy from incremental curriculum to scientific and technical one that will promote student-centered learning with input from the private sector to reduce the present mismatch between labour demands and acquired skills. It concludes by proposing some strategies that can sustain an entrepreneurial culture and reduction in youth unemployment.

**Index terms**— Unemployment, Youth entrepreneurship, Mismatch, Skill acquisition, Vocational/technical education

## 1 INTRODUCTION

Nigeria is the most populous country in Africa and the eight in the world with a population of 150 million people. With a nominal GDP of \$207.11 billion and per capita income of \$1,401 it has the second largest economy in Africa. As impressive as the above figures may appear youth unemployment has been one of the major problems facing Nigeria. Youth unemployment has been attributed partly to a mismatch between inadequate educational outcomes and skill demands. The educational system must provide the skills profiles required by the labour market to enhance the employability of young people. Beyond the problem of managing mismatch is the need for the education system to provide a platform for exchange of ideas and training in skill acquisition aimed at creating employment through entrepreneurship. An entrepreneurship culture may not evolve without a corresponding shift from a wholly traditional system of education to vocational and technical education. Technical education is that aspect of education which leads to the acquisition of skills as well as basic scientific knowledge (Dike, 2009). It is a planned program of courses and learning experiences that begins with exploration of career options, supports basic academic and life skills, and enables achievement of high academic standards, leadership, preparation for industry-defined work, and advanced and continuing education” ??Washington,: Office of Superintendent of Public Instruction, 2009). About : Business Administration and Marketing Faculty of Management Sciences Delta State University Asaba, Nigeria. Phone Number: 23408063674456 E-mail: charles.salami@yahoo.com

The neglect of technical and vocational education may have contributed to the high unemployment and rising poverty among the youth because many of them lack the basic job skills. In many societies, graduates of vocational and technical institutions are highly skilled entrepreneurs, but the Nigerian society does not seem to encourage the youth to follow this route. One reason is that many policy makers perceive graduates of technical/vocational institutions as inferior to university graduates. Some employers even reflect this by their preference for regular university graduates and the pay disparity between the two categories.

## 2 II.

## 3 PURPOSE

The purpose of this paper is to examine the potential impact of vocational/technical education in developing a culture of entrepreneurs aimed at reducing unemployment among Nigerian youths. It seeks to assess how the

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training and skills acquired from vocational/technical education can provide the necessary platform to promote entrepreneurship as well as reduce unemployment. It is believed that vocational/technical education holds the key to national development. How can youths be empowered to acquire skills and ideas to reduce the present mismatch between labour demands and employability of Nigerian youths. This paper seeks to define the concept of entrepreneurship, examine some of the factors that promote unemployment, assess governments' efforts at reducing unemployment and the potential impact of vocational/technical education in promoting entrepreneurship. It concludes by proposing some strategies that can sustain an entrepreneurial culture and reduction in youth unemployment.

### 4 III.

## 5 RESEARCH METHODOLOGY

Data for this paper were derived from mainly secondary sources including research and analysis of scholars, government records, newspaper and journal articles related to the subject. It also involved extensive literature review on the description of the present status, problems and prospects of vocational/technical education as a veritable link or youth unemployment in Nigeria.

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#### IV.

## 7 ENTREPRENEURSHIP

Entrepreneurship has been defined by various professions to mean different things (Igbo, 2006). Stevenson (2007) defines entrepreneurship as the pursuit of opportunity through innovative leverage of resources that are for the most part not controlled internally. Modern school of thought claims that the role of the entrepreneur is that of an innovator, even though the definition of innovation is still widely debatable. However, Kitzner (2007) suggests that the process of innovation is actually of spontaneous "undeliberate learning", meaning that the necessary characteristics of entrepreneur is alertness, and no intrinsic skills, other than that of recognizing opportunities and exploring them. Through the idea that entrepreneurs are innovators is largely acceptable, it is difficult to apply this theory of entrepreneurship to less developed countries (LDCs). According to Allawadi (2007) entrepreneurs in LDCs rarely produce brand new products; rather they imitate the products and production processes that have been innovated in developed countries. He refers to this practice as "creative imitation". Creative imitation takes place when the imitators better understand how an innovation can be applied, used, or sold in their local market. Thus, the innovation process in LDCs is often that of imitating and adapting, instead of the traditional notion of new product or process discovery and development.

Some individuals apply the concept of entrepreneurship to the creation of any new business, while others may focus on intentions. Still, others tend to confuse managing a small business such as roadside automobile or furniture maker as entrepreneurs. But Stevenson and Grousbeck (1999) argue that not all business managers are entrepreneurs because they don't innovate. On the other hand, Stoner et al. (2000) note that the function that is specific to entrepreneurs is the ability to take factors of production -land, labour and capital and use them to produce new goods and services. However, they argue that entrepreneurs perceive opportunities that other business executives do not see or care about. Allawadi (2010) tied entrepreneurship to the creation of five basic "new combinations" of introducing a new product, a new method of production, opening a new market, conquest of new source of supply and creating a new organization. Creativity and entrepreneurship promote the birth of new firms which is critical to economic development efforts. A definition which seems to fully capture the true meaning of entrepreneurship is one provided by Stevenson and Gumperts (2002) as a process in which individuals pursue opportunities, fulfilling needs and wants through innovation together with the attendant risks. Based on the above definitions, it can be concluded that entrepreneurship is the process of carefully determining an analyzing unmet needs through creatively satisfying those needs by bearing the related risks. By combining the above thoughts, can be generalized that entrepreneurs are risk bearers, coordinators, organizers, gap-fillers, leaders, and innovators or creative imitators.

#### V.

## 8 CAUSES OF YOUTH UNEMPLOYMENT

The situation of young people in the labour market is aggravated by the fact that the formal labour market is still very small in Africa as a whole. Young people are often at the end of the job queue because they lack adequate skills and experience, as well as efficient social networks. A significant number of young people are discouraged by an unsuccessful job search and leave the formal workforce entirely. For example, a survey by Anyenze, et al. (2000) revealed that 39 percent of unemployed youths have almost given up actively searching for a job and 47.1 percent gave up because they found no opportunities in their areas. Some 23.5 percent said they could not afford transportation to look for work. Although 57 percent had inquired at work places, farms and factories, only 6.9 percent had registered at employment agencies. The above statistics provide a summary of the gloomy unemployment situation in Africa.

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Youth unemployment in Nigeria can be said to be a consequence of several factors including the following:  
? Population Growth. Population growth has produced an overwhelming increase in young population. Also, the general improvement in healthcare delivery has reduced infant mortality rate thereby sustaining population growth. The result is that the growth of labour (supply) is fast outstripping the available jobs (demand).

? Rural underemployment and urban unemployment.

Youth unemployment in urban areas is generally higher than in rural areas. In rural areas most employment is in small scale agriculture, which is why official unemployment levels are low. With incomes meagre due to low productivity, rural areas have more underemployment. In all cases rural exodus continue to be a problem. Many young people migrate to urban areas to find a job with higher remuneration, but jobs in urban areas are not easy to find. Urban employment generally accounts for only a small share of total unemployment. As the United Nations (2003) has noted many of the young people face unemployment and underemployment once in the cities. Young people are at a disadvantage on the job market due to a combination of poor economic performance and limited availability of assets such as education, experience, health and finance. According to Blanchflower and Freeman (1999) insufficient aggregate demand, lack of skills as well as the relative size of the youth labour force are the most commonly cited causes of youth unemployment. The combination of both low economic activity and high population growth results in a scarcity of jobs, meaning that hiring is based more on experience and education, which are the very assets young people are struggling to acquire. Even in an economic upturn, lack of assets put young people at a disadvantage for new job opportunities. Also, in economic downturn, the doctrine of last-in-first out (LIFO) affect young people more.

? Low levels of education and skills mismatch.

Investments in human capital in Nigeria and Africa in general is critical for supplying skilled workers. The low level of education of young people is a significant factor in the longer unemployment spells they face. In recent years the return to secondary education have decreased. For example, a study in Kenya reveals that between 1978 and 1995 the wages paid top workers with secondary education fell, while the direct cost of a secondary education remained the same. This secondary education is less attractive to young people. In Nigeria, secondary education as a "meal ticket" holds less attraction for young males in the Eastern part of the country where majority of the males prefer to go into apprenticeship in commercial ventures. To many of such males, the belief is that education is "unproductive".

? Disease and illness. The poor health status in Africa is a severe bottleneck to employment and economic growth. For example, at 45.2 years, life expectancy in sub-saharan Africa is among the lowest in the world (UNAIDS, 2004). Of 100 newborns fewer than 30 reach age 40 in Swaziland, fewer than 56 in Cameroon and more than 90 in Algeria (UNDP, 2004). Sub-Saharan Africa has the highest share of young people living with HIV. Young people who are HIV positive eventually become ill with HIV-related diseases, increasing their absence from work, reducing their productivity and lowering their chances of employment. When untreated, young people are ultimately unable to work. According to ILO (2004c), by 2005 more than 2 million workers across the world will be unable to work due to HIV, and by 2015 that figure will be more than 4 million.

? Poor quality of education and low transition rates.

Youth unemployment in Nigeria is higher among the less educated. The practice since independence has been to tailor post-primary education largely to supply the public sector. The early education reforms towards more market-oriented economies have not been matched by the educational products (skillsmismatch), thereby indicating the lack of fractional feedback between educational institutions and the private sector. The low quality of education leads to a general lack of skills and the freed education programmes are often limited to primary education which provide only basic skills. The high dropout rates among the school age children worsen the situation. Although, out-of-school training would be required for these young people to qualify for jobs, in many cases the resources for training and skill development are scarce (Liebrandt and Mlatsheni, 2004).

In some countries including Nigeria, training activities are offered in areas such as carpentry, auto mechanics, bricklaying, among other. Kanyenze et.al. (2000) argue that because many of such training ignored labour market demand, they lead to unemployment and low returns on investment in training.

## 9 VI.

## 10 SOME CONSEQUENCES OF YOUTH UNEMPLOYMENT

In Nigeria, the lack of job prospects and the likelihood of a desolate future for unemployed youths have contributed to socially deviant behaviours such as prostitution, armed robbery, kidnapping for ransome, drugs and so on. choumaker and Beauhemin (2002) have argued that one of the motivation underlying urban-rural migration is similar to the motivation underlying international migration of young people. The rapid growth in urban population has intensified competition in the urban labour market. The death rate attributable to violence in Africa is estimated at 60.9 per 100,000 people-more than twice the global rate (WHO, 2004a). Crime and violence have been increasing in many parts of Nigeria among unemployed young people. Youth gangs, which some youths view as second or substitute families, typically satisfy the economic and social needs of unemployed young people through violence. Accoridng to UN-Habitat (2004b), many young people enter the criminal world at a very young

age and end up becoming victims of crime themselves. They attribute the combination of youth unemployment and availability of firearms to the trend. For example, Fleshman (2001) found that homicide, involving firearms, was the leading cause of death among young men ages 15-21 and that gun shots from all causes were the leading cause of non-natural death in South Africa. Youth unemployment has a significant social cost to the Nigerian society. In addition to the indirect health cost, youth unemployment partly contributes to illicit activity which increase insecurity. The increase in criminality in a country as a consequence of youth unemployment causes losses in foreign direct investment (FDI). For example, foreign investors cited crime as the biggest deterrent to investing in South Africa. In Nigeria, oil giant Royal Dutch/Shell is threatening to direct from Nigeria, citing insecurity as one of the major reasons.

## VII.

### GOVERNMENT RESPONSE TO YOUTH UNEMPLOYMENT

The loss in GDP attributed to youth unemployment combined with the cost of mitigating the impact of criminality associated with unemployment reinforce the need to address the issue. Consequently, the identification of effective interventions as well as adequate resource allocation are crucial. Resource constraints should not deter the Nigerian policy makers from refocusing public expenditure towards young people. Increased funding to raise the educational and health status of young people should be seen as a way of prioritizing allocation within the social sector.

As nations advance into the 21 st century governments are shrinking as many of them are shedding the toga of "major employer" of labour. However, the rate of cutback vary from country to country but dictated by what is perceived as political and social consequences. This partly explains why the government is the major employer of labour in developing like Nigeria. The NEEDs document (2004) states that "Human development will definitely be grossly undermined and impaired without employment". Awogbenle and Iwuamadi (2010) argued that addressing the problems of mass unemployment, low productivity, high inflation and poverty will depend on how speedily it is able to develop the the millions of its labour force into knowledgeable and skilled people needed for the required change. Skill acquisition, a veritable vehicle to promote employment generation has become a part of the policy thrust of the Nigerian government. Beginning with the Directorate of Roads and Rural Infrastructure (DEFRI), National Directorate of Employment (NDE), Family Support Programme (FSP), and now the National Empowerment and Development Strategy (NEEDS), and even the establishment of the Peoples Bank of Nigeria are some of the intervention programmes that were intended to promote employment generation. At the local level, some states like Delta State have introduced "Micro-credit" schemes; a programme for which the State governor won the Central Bank of Nigeria award (Chiejina, 2011). Most of the past intervention programmes were implemented as ad-hoc, poorly coordinated and marred by corruption and inefficiency. Consequently, rather than reduce unemployment, the reverse seem to be the case. The Nigerian Living Standard Survey (NLSS, 2006) estimate the poverty level at 54%, implying that approximately 75 million Nigerians may be unemployed. The World Bank (2002) estimate about 40 million unemployed youths between 18 and 25 years. This figure is not captured by unemployment index because they are not looking for jobs as the jobs are simply not there (Vanguard, 2010). This figure is expected to be higher when lay-offs and outright closures occasioned by the global economic meltdown since 2008 are considered.

It can be argued that the major reason why many past intervention programmes have failed to yield the desired result is what appears to be the "disconnect" between skill acquisition and skill management. In other words, it is not enough to acquire a skill without the capacity to manage one's self due to the lack of education. For any person to compete effectively (Hamel and Prahalad, 1994) in an emerging economy that is knowledge-driven, he or she must possess relevant job competencies, including technical, business, cultural, interpersonal and intellectual competencies which could be obtained from functional technical and vocational colleges. As Dike (2009a) has argued, technical and vocational education holds the key to Nigeria's development. Because society has conditioned the youths into believing that the only route to success is university education many applicants for the unified tertiary matriculation examination (UTME) pick universities as their first choice. This is followed by Polytechnics and then colleges of education. Policy makers at the Ministry of Education (FME) reflect this belief in the manner of allocation of funds for tertiary education with a bias towards university education in the ratio of 3:1.

## VIII.

## 13 VOCATIONAL/TECHNICAL EDUCATION AS THE MISSING LINK

In Nigeria, vocational/technical education have always enjoyed low status, which perhaps explains why many youths prefer conventional universities. The emerging social and economic changes in the world appear to have forced many employers to seek employees who possess some technical skills in order to remain competitive. Despite the increasing demand for advanced technical manpower, policy makers are slow in developing appropriate strategies to promote this sector. Okoye (1999) has argued that any nation that wishes to remain politically relevant must strive to raise the standard of living of the people through scientific and technological knowledge.

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Advancement in technology provides a sure way for Nigeria to exploit and transform its numerous natural resources into goods and services and create jobs in the process. Achieving technological advancement may not come cheap and would require a drastic policy shift to develop curricula that blend theory with the practical aspects of learning. As Anguaro (2004) noted only 1% of the resources for secondary education is channelled towards technical/vocational education. Vocational and technical education can provide the needed platform for promoting entrepreneurship and job creation as well as reducing unemployment among youths through any or combination of the following strategies.

• Curriculum development. Any attempt to address the issue of entrepreneurship and youth unemployment must begin with curriculum review. There is the need to move from the present incremental or cumulative concepts to instrumental or problem solving curricula. These are the kernel of vocational/technical education. This requires a curriculum that focuses on technical and scientific subjects that is student-centered. Entrepreneurial skills and workshops on how to find business ideas should be integrated in school curriculum to encourage young people to start their own business. Policy actions in this regard would include: 1) Giving priority to mathematics and science education at all levels of education and offering incentives to science teachers. 2) Providing adequate financing for vocational/technical training 3) Linking vocational and entrepreneurial training with job centers to ensure that the skills profiles supplied match demand. 4) encouraging out-of-school young people to be involved in vocational training to promote social inclusion as well as enhance employability.

• Improve access to education. Improving access to education is critical to unemployment reduction. This is because less-educated people have access to fewer jobs. As UNDP (2004) has noted basic education is a prerequisite for training young people. Youth unemployment is partly the result of a mismatch between inadequate educational outcomes and skills demand. The education system must provide the skills profiles required by the labour market to enhance the employability of young people.

## 14 • Public-Private

Partnership.

Public-private partnerships are essential for overcoming supply constraints in education and provide feedback from the private sector to the education system, which mitigates the problem of mismatch. Public-private partnerships can also improve the quality of education by using private sector core competencies to robustly link education with job skills. Governments should encourage private sector participation in the delivery of vocational and technical education. In the last few years, many individuals and private organizations have been granted licences to operate private universities but it is not known how many such licences have been granted for vocational and technical colleges. Government should begin to move from providing education and health to services to regulating them as well as providing enabling environments for the institutions to thrive.

• State governments should develop its own innovative strategies to promote entrepreneurial activities in its area. Although many policy makers and top government officials realize the potential of new enterprises in promoting employment growth, a centralized administration of entrepreneurial activities have tended to impede their effectiveness. Government should discontinue entrepreneurial policies which seem to suggest a one-size-fits-all approach. For example, the school curricula are the same across the country even though there is a marked difference in academic achievement between the North and South, and even between the East and West of Nigeria. Due to the socio-cultural diversity inherent in developing countries like Nigeria, entrepreneurial policies that are unique and indigenous to the respective states should be vigorously pursued.

• Give newcomers equal opportunity with the old. Some leaders erroneously believe in the dictum of "old reliable" or "tested hands" much to the discomfiture of beginners. It is believed that motivated new entrepreneurs may want to be challenged to show success if given a chance. Past performance may not always be a good predictor for tomorrow. In other words, the market leaders of today may not necessarily be the market leaders of tomorrow.

• Government should recognize and reward innovation. Records by the American Executive Office (1983) show that new business with less than ten employees have a little less than a 75 percent chance of surviving the first year, and only about one chance in three (33%) of lasting four or more years. Therefore, given the likelihood of challenges, government should offer incentives such as "tax holiday", and adequate protection from foreign competitors, as well as patent rights to spur more desire for innovation.

IX.

## 15 CONCLUSIONS

This paper has attributed the high youth unemployment in Nigeria to the disconnect between effective technical/vocational education and the development of entrepreneurship culture. It proposed a drastic shift in policy from the present incremental curriculum to scientific and technical subjects that promote student-centered learning. It argues that skill acquisition should be complemented by skills management which vocational/technical

276 education can provide. An effective public-private interface can robustly enrich the curricula and reduce the  
277 present unemployment due to mismatch between labour market demands and acquired skills. <sup>1 2 3 4</sup>

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