



Addressing The Rate Of Youth Unemployment In Nigeria Through Entrepreneurial Skills And Competencies

¹Egwu .D., ²Abbarett. F.M., ³Ezeadim. O.G., and ⁴Galadima, J.B.

^{1,2,3}Department of Social Sciences and Humanities, the Federal Polytechnic, Offa, Kwara State, Nigeria ⁴Department of Business Administration, the Federal Polytechnic, Offa, Kwara State, Nigeria.

Abstract

The role of entrepreneurship in economic growth and development of any nation cannot be treated with ignominy, for it had been proven that both developed and developing nations have used entrepreneurship as a vehicle for creating wealth and driving their economies. This paper examined the rate of unemployment in Nigeria and other countries of the globe. The paper found out that unemployment in Nigeria is concentrated in the younger age among 15 – 24 years old. This paper also analyzed the assessment on the effect of interest rate on entrepreneurship which has direct effect on economic growth in Nigeria. The study adopted an error – correction mechanism to test for the relation among the saving deposit, real interest rate and inflation, ECM is negative and further test of Granger casualty indicates that there is a causal relationship between SD and GDP. The study recommends that policies which would bring low interest rate, boost saving accumulation in Nigeria or entrepreneurship development, which enhances economic growth.

Keyword: *Entrepreneurship, Youth Unemployment, Interest Rate, Saving Deposit, Inflation.*

Introduction

Entrepreneurship has become a household concept across the world today owing to increasing rate of unemployment among the youth especially in developing countries like

Nigeria. This among other reasons is responsible for the decision of the Nigeria Government to make entrepreneurship education compulsory for all students in tertiary institutions in Nigeria.

This is reflected in Nigeria's National Policy on Education which states that education is the most important instrument for propelling change. No fundamental change can occur in any society except through educational revolution that impacts on the intellects (Aladekomo, 2004).

Entrepreneurship education is not a new phenomenon in the annals of Nigeria. It has always been an age – long tradition, a culture and a habit that has consistently been transferred from one generation to another within the diverse ethnic nationalities that made up Nigeria. Entrepreneurial mind-set is prevalent in Igbo land in Eastern Nigeria, Yoruba land in Western Nigeria and among the Hausa people of Northern Nigeria. (Aladekomo 2004; Akhuemonkhan, Raimi and Sofoluwe, 2013). Inclusion of entrepreneurship education into the curricula of tertiary institutions in Nigeria is a recent development that dated back to 2006 (Yahaya, 2011; Towobola and Raimi 2011; Gabadeen and Raimi 2012).

The term entrepreneur has been used to describe an individual who identified an opportunity and organizes the factors of production to exploit the identified opportunity. The entrepreneur combines all factors of production such as land, labor and capital to produce a product or provide a service. In doing this, he assumes the risk involved in production.

Many developed and developing nations have used entrepreneurship as a vehicle for creating jobs, providing goods/services, creating wealth and increasing economic growth. According to Ottih (2000), an entrepreneur can be described as a person “who creates, organizes and take risk of a business or an enterprise”. Arunma (2009 quoting the global entrepreneurship monitor stated that research has shown that the economic growth of a country was directly correlated to its level of entrepreneurial activities. It is therefore expected that nations that are flexible and adaptive to grasping new opportunities will witness accelerated growth.

To be successful, an entrepreneur should be innovative, flexible and adaptive to change, capable of identifying good opportunities for business, hardworking and persevering, foresighted and visionary capable of mobilizing necessary resources and willing to bear risk and highly ambitious (Evororokhai & Abubakar 2011; Gupta & Khanka, 2006).

REVIEW OF RELATED LITERATURE

There should be a deliberate policy by government to educate the youths and give them the necessary trainings required for entrepreneurial skills and competencies, government should encourage the youths to become an entrepreneurs by providing the take off grants, subsidizing all factors of productions such as land, labor and capital. They should be provided with longterm loan, with low interest rate in order to allow them have enough time to take the necessary risks involves in entrepreneurship.

The 2010 Global Monitoring Report (GMR) of the United Nation Education, Scientific and Cultural Organization (UNESCO), revealed that greater proportion of Nigerians survives on less than 2 dollars daily, this condition should be unacceptable judging from the abundant natural and human resources at the country's disposal. Therefore entrepreneurship is inevitable in Nigeria.

YOUTH UNEMPLOYMENT

In the mid 80's the Nigerian economy collapsed while youth and graduate unemployment escalated, worker were retrenched and early retirement was the order of the day as a result of bad economic policy like the Structural Adjustment Programme (SAP). It has then observed that the philosophy of self-reliance such as creating a new cultural and production environment that would promote pride in primitive work and self discipline was lacking in tertiary education to inculcate the above philosophy in students has led to the wastages in both human and natural resources.

This is because the youth and the graduates from tertiary institutions are not equipped with the skills with which to exploit the natural resource that abound in Nigeria. Youths, when they are not gainfully employed either in the formal or informal sector of the economy become vulnerable to criminal tendencies such as kidnapping, rape, armed robbery and many other social vices which are a menace to society (Nwachukwu & Nwamuo, 2010).

The 2010 Global Monitoring Report (GMR) of the United Nation Education, Scientific and Cultural Organization (UNESCO), revealed that about 92 percent of Nigerian population survives on less than 2 dollars daily, while about 71 percent survives on less than 1 dollar daily, a condition many have described as inexcusable judging from the abundant natural deposits and high human population at the country's disposal. According to National Bureau of Statistics (2013), Nigeria is a country with an estimated population of 170 million people who are blessed with abundant human and natural resources and a favorable atmosphere with regards to geographical location. The current global economic crisis has impacted negatively on the nation's economy. The current economic situation in the country poses serious threats and challenges to both government and the citizens. Nigeria like most developing nation of the world is faced with myriads of problems which include youth and graduate unemployment, high rate of poverty, high rate of inflation, a situation of recession, conflict and disease, insincerity, over-depending in foreign goods, low economic growth and development, lack of capacity and skills needed to move the economy forward and urbanization (Ojo, Abayomi & Odozie 2014). There is therefore the urgent need for government and individuals to create more job opportunities for the teeming youths of the country through entrepreneurship skills and competencies.

It is believed that employment of Nigerian graduates either part-time, full-time or even under unemployment can be said to have eluded Nigeria youths with Nigeria said to have one of the highest rate of youth unemployment in the unindustrialized world. Despite strong economic growth, potential youth's full-time unemployment rate became very high, while countries such as Japan, China, Korea, have joined the community of industrialized nations by strengthening and encouraging the entrepreneurship or small scale industries. Nigeria is yet to move up this ladder.

Unemployment is a major economic virus militating against the economy and wellbeing of many nations in recent times which has resulted increasing agitation from citizens, therefore, increasing insecurity in such countries. The unavailability of job opportunities among youth, especially graduates have been identified as one of the major factors responsible for youth retrieves and other social vices including prostitution, arm robbery, destitution and political thuggery. Armed robbery and stealing have become some of the most glaring result of unemployment in Nigeria and other developing nations. The armed groups and conflict in Nigeria (AAPW) (2005) described robbery as being Nigeria "fastest growing scourge" the nation has even had the negative phenomenon is mostly experienced in most commercial cities across the nation since all these effort seems to be yielding little or no result, it is imperative to shift attention to entrepreneurship.

While saddle with the overall unemployment situation, the challenges have its dimension and therefore, required specific responses (Schoof, 2006) with this, the youths would be most disadvantaged, the need for entrepreneurship education becomes an emergency, so that the youths and the graduates will really on themselves instead government for creating job opportunities.

The young graduate roaming the streets in search of job which are not readily available will be thing of the past. A visitor to our cities would confirm this (Oluwadare, 2015). For purposes of comparison, harmonized values are published by International Labor Organization (ILO) and by Organization for Economic Corporation and Development (OECD). The ILO harmonized unemployment rate refers to 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. The OECD harmonized unemployment persons as a percentage of the labor force. The table below shows different countries by unemployment rate.

Countries and their Unemployment Rate

Country	Year	Percentage Rate
Cameroon	2005	20.0%
Gabon	2006	21.0%
Chad	2006	22.6%
Ireland	2007 & 2011	4.8% & 14.3%

Latria	2007 & 2011	5.4% & 16.5%
Greece	2007 & 2011	8.07% & 18.4%
Italy	2007 & 2011	6.7% & 8.3%
USA	2007 & 2011	5% & 9%
UK	2007 & 2011	5.33% & 8.1%
Spain	2007 & 2011	8.6% & 31%
South Africa	2011	25%
Botswana	2011	17.5%
Egypt	2011	11.8%
Kenya	2011	11.7%
Namibia	2011	21.1%

Source: Adesina (2013)

Situation of Unemployment in Nigeria

Method of calculation and presentation of unemployment rate vary from country to country. Some countries count insured unemployment only, some counts the disabled and other permanently unemployable people, some countries count students in the tertiary institutions and so on. This can be measured by the proportion of labor force who have the ability and capability to work but have no placement. Nigeria Economic fact sheet release by United State Embassy in Nigeria (2015) release the unemployment Statistics in Nigeria as follows.

Percentage of Unemployment Rate in Nigeria 2001 – 2016

Year	Percentage
2001 – 2008	23.9
2009	19.7
2011	23.7
2012	28.57
2013 – 2016	28.57

Source: Nigeria Economic Fact Sheet (2012)

According to the report, Nigeria's unemployment is concentrated in the younger age among 15 – 24 years old. In Nigeria, the states with the highest unemployment rate are the North East and the Niger Delta. From available statistics, over 60 million people are available for job and only about 48 million are working that is why the federal government accepted World Bank (2013) unemployment rate at 28.57% for Nigeria.

According to O'Conner (2012) global report of the United Nations (UN), youth unemployment rate would reach 12.7% by 2012 and stay at this level for at least the

next four years. International Labor Organization (ILO), (2016), published the current unemployment rate thus.

Percentage Rate of Unemployment in 2016

Country	Year	Percentage Rate
Nigeria	2016	28.57%
Lithuania	2016	9.2%
Montenegro	2016	18.3%
Netherlands	2016	5.5%
Norway	2016	4.6%
Poland	2016	8.2%
Portugal	2016	12.4%
Romania	2016	6.4%
Russia	2016	6.0%
Serbia	2016	26.0%
Slovakia	2016	9.9%
Slovenia	2016	12.6%
South Africa	2016	26.7%
South Korea	2016	4.9%
Spain	2016	18.1%
Sweden	2016	6.1%
Switzerland	2016	3.6%
Taiwan	2016	3.86%
Turkey	2016	11.1%
US	2016	4.9%
Uruguay	2016	7.7%
Venezuela	2016	17.0%

Source: International Labor Organization (ILO) 2016

METHODOLOGY

This paper is on the assessment of the effect of interest rate on entrepreneurship development in Nigeria from 1985 – 2013, (Abiodun S.A, Olufemi .O, Lawrence B.A, Tony I.N, 2015). This was in line with the steady economy policy and socio-political harmony in the country during the period. Secondary data were obtained from the CBN statistical bulletin of various years. The data would be analyzed, interpreted and tested in order to facilitate a value conclusion on the effect of interest rate fluctuation in Nigeria.

The major statistical tool used in the study is the multiple regression statistical technique.

The model used for this research study is specified as follows:

$$\text{GDPGR} = F(\text{SD}, \text{RIR}, \text{INFL})$$

Thus, we can express the econometric form of the models as:

$$\text{GDPGR} = \beta_0 + \beta_1 \text{SD} + \beta_2 \text{RIR} + \beta_3 \text{INFC} + \mu$$

Where GDPGR = Gross Domestic Product Growth Rate

SD = Saving Deposit

RIR = Real Interest Rate

β_0 = Intercept

β_1, β_2 & β_3 are the regression parameter

μ = Error Terms

$$\text{GDPGR} = 9.746334 + 0.27167\text{OSD} - 0.002763\text{RIR} - 0.001107\text{INFC}$$

(0.377957) (0.033510) (0.005321) (0.004362)

Expressing in Log linear form

$$\ln \text{GDP} = \beta_0 + \beta_1 \text{MSD} + \beta_2 \text{RIR} + \beta_3 \text{INFL} + \mu$$

Table Regression Result

Variable	Coefficient	Std Error	t-Statistic	Prob
C	9.746334	0.377957	25.7869	0.0000
LOG (SD)	0.27167	0.03351	8.107015	0.0000
RIR	- 0.002763	0.00532	- 0.51928	0.607
INFL	- 0.001107	0.004362	- 0.25377	0.0811

Source: E-View 7

The regression coefficient of Saving Deposit (SD) in the estimate regression line represented above is 0.2717 which implies that a unit increase in saving will lead to 27% increase in Gross Domestic Product (GDP). The coefficient of saving deposit is positive which confirms to the a priori expectation. Findings also indicate that the relationship between GDP and RIR is insignificant because the p value is greater than 0.01.

The regression coefficient of inflation rate (INFL) in the estimated regression line presented above is – 0.001 which implies that a unit increase in inflation rate will lead to a simultaneous decrease in GDP by 1%. The coefficient of inflation rate is negative which also confirms to a priori expectation. Results also indicate that the relationship between GDP and INFL is insignificant because the p value is greater than 0.01. the R² which is the coefficient of determination shows that about 72% of the total variables in the log at GDP are explained by all the independent variable in the model. This dropped to 69% after adjusting for degree of freedom. The Durbin Walson statistic

which is 1118161 indicates positive serial auto-correlation meaning that there is linear relationship between Gross Domestic Product (GDP) and the independent variables.

Table 2: Unit Root Test

Variable	ADF Statistic Test		Critical Value		Order of Integration	of Remark
	Level	1 st Diff.	1%	5%		
LOG(GDPGR)	-2.64095	-9.298336	-3.67932	-2.96777	I(1)	Stationary
LOG(SD)	0.317114	-4.419455	-3.67932	-2.96777	I(1)	Stationary
RIR	-5.07994	-	-3.67017	-2.96392	I(0)	Stationary
INFL	-3.12576	-5.376563	-3.68919	-2.97185	I(1)	Stationary

Source: Author Computation

In order to test for the stationary of the variables, the Augmented Dickey Fuller Unit Root Test was employed for the variable of the model. The Augmented Dickey Fuller Value was compared with the critical value of 5% level of significant. The result of the unit root test show that variable namely GDP, SD, INFL are stationary at first difference while RIR was stationary at level. This suggests that variables employed have unit root. Therefore, co integration test will be conducted to determine if variables share long run relationship.

Table 3: Co integration Test

ENGINE VALUE	TRACE STATISTICS	CRITICAL L VALUE AT 5% HYPOTHESE	D NO OF CE(S)	PROB.
0.616133	53.66690	47.85613	None	0.0129
0.432351	25.90061	29.79707	At most 1	0.1317
0.241976	9.479290	15.49471	At most 2	0.3229
0.048610	1.445110	3.841466	At most 3	0.2293

The result of the co-integration rank test presented in the table above indicates that there is at least one co-integration equation. This is because the trace statistics value (53.66690) is greater than the critical value (25.90061) of 5% level of significance. The result therefore confirms the existence of co-integration (long run relationship) among the variables. Thus we can conclude that there exist a long run relationship between interest rate and entrepreneurship development in Nigeria. The normalized co-integration equation is stated as follows:

$$\text{Log/GDP//} = 1.000000 - 0.572956\text{SD} + 0.25692\text{RIR} + 0.113181 - \text{INF}$$

(0.18677) (0.04235)

CONCLUSION

This study was embarked upon to find out how government can promote entrepreneurship activities in order to reduce the high level of unemployment that is rocking the Nigerian youth. Government alone cannot provide jobs for all the citizens

of the country, they need to partner with private sector to reduce unemployment in Nigeria.

Nigerian youths should be trained to be self reliance rather than relying on white collar jobs from government, which is not forthcoming.

RECOMMENDATION

1. Government should embark on policies that will make entrepreneurship activities to see the light of the day, because no fundamental change can occur in any society, except through educational revolution that impacts on the intellects.
2. There should be massive enlightenment and trainings on Nigerian youths to be self reliance, because it is not possible for government to employ everyone in the society.
3. There should be a deliberate policies by the government to bring the rate of interest, boost savings accumulation in Nigeria that will increase capital formation that are necessary for entrepreneurship development, which will in turn bring economic growth.

REFERENCES

- AAPW (2005) Mentorship, the fastest route greatness Corpers Echo, Publications of Imo House of Assembly Corpers Forum.
- Aladekomo (F.O. 2004) Nigeria Educational Policy & Entrepreneurship. Kamla – Raj, Journal of Social Science 9 (2), 75 – 83.
- Akhuemonkhan, I.A, Raimi I. and Sofoluwe, A.O. (2013) Entrepreneurship Education and Employment Stimulation in Nigeria. Afro Asian Journal of Social Sciences 4 (4), 1 – 22.
- Adesina (2013) Education and its challenges in Nigeria. Sunad Printing Press: Ibadan.
- Arunma, O. (2009) The Role of Entrepreneurship in transforming the Nigerian Economy Retrieved on 6th October, 2012 from <http://ioukada.edu.ng/News/Convocation%20>.
- Evborokhai, J.A. & Abubakar, M.A. (eds)(2011) Entrepreneurship; Bida Jube – Evans Books and Publications.
- National Bureau of Statistics (NBS, 2013). Poverty Index in Nigeria.
- Nwachukwu & Nwamuo (2010) Higher Education for Self-Reliance: An Imperative for the Nigeria Economy. NEAP Publication.
- O’Conner (2013) Youth Unemployment Challenges and Solutions: What Business you can do now?
- Ojo, L.B. Abayomi, A.A. & Odozi, A.F. Entrepreneurship Education: A viable tool for Youth Empowerment in Nigeria Academic Journal of Interdisciplinary Studies Vol. 3 No. 4.
- (Oluwadare, 2015) Benefit of Entrepreneurship Education. <http://www.smallbusinessnotes.com/choosing/what/hote/html>. Retrieved on the 15th June, 2014.
- Schoof, U. (2006) Stimulating Youth Entrepreneurship Barriers and incentives to Enterprise startup by young people. Seed working paper No. 76, International Labour Office, Geneva.
- United State Embassy (2015) paper presented at Conference organized by United State Embassy Lagos 2015.
- Ottih, L.O. (2000) Entrepreneurship towards preparedness; Port-Harcourt: Pearl Publishers.