



TYPICAL SOLUTION TO THE UNEMPLOYMENT PROBLEMS IN NIGERIA: THE CONVERGENCE UTILITY OF THE ENTREPRENEURSHIP MODELS

Etodike, Chukwuemeka E.¹ⁱ,
Ezeh, Leonard N.²,
Ogbeide, Davis E. O.³,
Ike, Precious R.⁴

¹Department of Psychology,
Nnamdi Azikiwe University Awka,
Anambra State, Nigeria

²PhD, Department of Psychology,
Nnamdi Azikiwe University Awka,
Anambra State, Nigeria

³PhD, Department of Psychology,
Madonna University Okija,
Anambra State, Nigeria

⁴Department of Psychology,
Federal University Ndufu-Alaïke Ikwo,
Ebonyi State, Nigeria

Abstract:

The thrust of this paper focused on the soaring unemployment rate in Nigerian on the heels of falling gross domestic product which is a direct consequence of Nigerian mono-economy currently running as crude-oil economy. Against this circumstance, this study therefore focused on the problems of unemployment in Nigeria and the convergence utilization of entrepreneurship models to sensitize enterprising spirit among Nigerians for job and wealth creation especially creating a mindset away from the paranoid dependency on government's white collar jobs. The study evaluated the components of Econo-psychological entrepreneurship model by Bird (1988) and Institutional ecology theory of entrepreneurial intentions by Meyer and Rowan (1977) especially where their utility converged in application to the real unemployment situation in Nigeria. It is hoped that the theoretical framework will enable stakeholders in Nigeria explore practical avenues of job creation through legislation and taking advantage of the abundant human and natural resources in Nigeria. The success of this theoretical application will reduce unemployment and poverty among Nigerians.

ⁱ Correspondence: email nelsonetodike@gmail.com, dr.lnezeh2016@gmail.com

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1. Introduction

Signs of economic recession appeared in Nigerian economy as early as 2014 with shrinking OPEC basket oil prices but was officially reported by National Bureau of Statistics in 2016 after the second quarter (Q2) GDP economic statistics appeared to have shrunk a second time consecutively with a negative growth rate of 0.36%, and also lower by 4.41% points from the growth rate of 2.35% in the corresponding quarter of 2015 (Q2, 2015) (NBS, 2015). This economic downturn correlated decline in oil production which shrank by 0.42million barrels from 1.69 million barrels per a day capacity with a negative 17.48% (year-on-year) of the previous Q2 which stood at 2.05 million barrels per day crude oil production.

The economic indices of 2014/2015 and 2016 which confirmed a recession economy were catalyzed by tumbling oil prices at the OPEC basket and low earnings from crude oil productions due to vandalization of the oil pipelines by militants. This situation orchestrated a huge imbalance of payment for Nigerian economy and further affected major economic factors in Nigeria leading to inflation and massive lay-off of employees. These declines in basic economic statistics confirmed that Nigeria at the time was running a deficit economy since more that 70% of her GDP which is oil driven determines the performance of the non-oil sectors which provides both micro and macro employment. Consequently, the unprecedented unemployment level from 2016 till date was anticipated without measures to alleviate it by government and stakeholders in the economy.

Although unemployment is a global problem (Fajana, 2000; International Labour Organization ILO, 1982) but, it is a more critical problem in developing economies (Umar, Mohamed & Ratnaria, 2016) such as Nigeria. When one considers that annually, thousands of youths graduate from both secondary and tertiary institutions without proportional employment opportunity either in the public service or in the private driven organizations, the rare hope of survival becomes entrepreneurship. Kareem (2015) contended that entrepreneurship is dependent on a number of factors namely; availability of resources, relevant enterprising skills and the entrepreneurship mindset needed to launch one into business enterprise; without the application of entrepreneurship models, it may be difficult for stakeholders to understand how the utility of resource abundance (natural, material and human) in Nigeria can help create job and wealth especially against the current tide of high economic recession in Nigeria. Hence, the current study presents the convergence utility of relevant entrepreneurship models in the Nigerian context.

1.1 Review on Unemployment

The 1982 definition of unemployment by International Labour Organization (ILO) is vivid; persons without jobs and have sought for jobs more than five weeks are regarded as “unemployed”. Fajana (2000) contended that unemployment is the prevalence of surplus of labour supply as against the low labour demand of labour. Although, there are other forms of unemployment such as; underemployment and temporal unemployment, however, they seems to be unequal impact of unemployment across people (Umar, Mohamed & Ratnaria; 2016). The commonest effect of unemployment is poverty which is regarded as the bane of human and material resource utilization, capacity enhancement and national development (Doreo, 2013; Nwanguma, Araboh and James, 2012). Nwanguma, Arabo and James (2012) opined that globally, unemployment is the leading cause of poverty and the rate is a measure of poverty as it is directly linked to the purchasing power, cost of living and standard of living of the people. The higher the unemployment rate in an economy the higher would the poverty level increase. Currently, the Nigerian National Bureau of Statistics puts Nigeria’s unemployment rate at 24.1% of the population (NBS, 2017); a figure which many have regarded as being economical with the true situation considering that the population of unemployed youths alone stood at above 33.10% (as at then, only Spain was higher at 34.2%) of Nigerian population (currently at 182 million) which has more than 54% (97 million) as the youth population. There is an indication that if nothing is done, the current status-quo of enamours youth unemployment population is large enough as an army of a revolution!

1.2 Typical Causes of Unemployment in Nigeria

The decades of neglect of the private sector in which the Nigerian government failed to put in place requisite enablement for industrial thriving is the greatest undoing of Nigerian government with unquantifiable loss of employment opportunities. Njoku and Ihugba (2011) asserted that unemployment situation in Nigeria is a collective failure of Nigerian stakeholders since her independence from Britain with decades of military dictatorship responsible for her perpetual plight.

Table 1: Analysis into the typical causes of unemployment Nigeria below

Variables	Frequency	Percentage
Rural-urban Migration	30	11.1
Rapid Population Growth	20	7.4
Corruption	50	18.5
Outdated School Curriculum	20	7.4
Leadership/Managerial Problems	70	25.9
Poverty	20	7.4
Lack of Employable Skills	8	3
Increase in Supply of Educated Manpower	12	4.4
Lack of Adequate Youth Development Programs	40	15
Total	270	100

Source: Nwanguma, Arabo and James (2012)

Judging from above, it is correct to say that the government ineptitude the management and control of the above circumstances rendered the private sector unprogressive with little or no respite for the job creation. The antecedents of various forms of retrogressive behaviours now witnessed as consequences of unemployment in Nigeria no doubt has become an imperious one.

There is a great concern that unemployment has increased the crime wave and the induced problems such as; kidnapping, armed robbery, prostitution, cultism, pro-secessionist movements e.g. Biafra, MASSOB, IPOB, Arewa and so on are indicants leading Nigerian to an anticlimax. These unfortunate events and situation are in the mind of the authors the by-products of unemployment and by extension, poverty for which the convergence utility of the entrepreneurship models is being offered as a panacea to the anomaly.

In view of the obvious consequences of unemployment in any nation's economy, there is need for pragmatic and legislative effort of Nigerian government in order to turn around the fortunes of the country and save the country from the brink of chaos. The one best way of achieving this is through convergence utility of entrepreneurship models and entrepreneurship education of the masses.

1.3 Entrepreneurship Models

Since Schumpeter's (1934) definition of the word "entrepreneur" from its French root origin which literally means "between-taker" or "go-between", the word has come to mean the creation of new organizations (Gartner, 1988); and creating something new with value by devoting the necessary time, effort, finance and social risks for monetary rewards, independence and personal satisfaction (Hisrich & Peters, 2002). Based on the above definition, four things are at the salient of entrepreneurship; the creation of something new with value (product or service), the devotion of the necessary time and effort for the operationalization of the new venture against the necessary risks e.g. financial, psychological or social nature and the entrepreneurial rewards for efforts.

Critically, Herrington and Kew (2014) contended that entrepreneurship no doubt is globally recognized as strategic mechanism or the driving force of any sustainable economic growth, through its innovation, creativity and job creation as well as its welfarian effects on poverty across cultural, geographical and economic boundaries. Also, entrepreneurship boosts productivity by introducing new innovations and fast-tracking structural changes thereby forcing existing businesses to reform and increase competition (Kareem, 2015; Dempsey, 2009).

1.4 Theoretical Review

In line with the thrust of this paper, the authors asserts that there is a theoretical linkage supporting that low levels of entrepreneurship or entrepreneurial activities correlates higher levels of unemployment which is ultimately consequential to poverty. It is not to be neglected that both unemployment and poverty are social evils with ruinous affects on the economic growth and development of any country (Umar, 2016). As a

socioeconomic problem, Adofu and Ocheja (2013) supports this theoretical linkage that poverty (Misango & Ongiti, 2013) which is mostly the by-product of unemployment is a correlate of high rate of unemployment which threatens every fabric of human development, economically, socially and psychologically. For this reason, the authors review the models which may be applicable to the Nigerian unemployment context.

1.4.1 Econo-psychological Entrepreneurship Model (Bird, 1988)

Bird's (1988) econo-psychological entrepreneurship model highlights the influence of different factors on the desire and ability to launch new entrepreneurship ventures. Bird's (1988) framework that included contextual factors of entrepreneurship such as; social, political and economic variables which influence displacement, changes in markets and government deregulation (Bird, 1988). The diversity of Bird's theory is applicable to the Nigerian context which needs to stimulate the desire of youths in entrepreneurship by discouraging their over reliance on public service. Positive changes in market which boost entrepreneurship may be triggered by Government's efforts to ban importation, and the promotion of Made-in-Nigeria products.

1.4.2 Austrian Entrepreneurship Model (Kirzner, 1997)

Kirzner's (1997) Austrian model emphasizes social capital and network are other sources for particular ideas, which not only help to find new business opportunities but help to simplify the process of acquiring resources for their development. In this context, entrepreneurship has an implied social environmental element which requires exploitation of personal effects in social setting such uniting a cooperative to access government funding by a particular sector or industry. This aspect may be hindered by ethnocentrism and nepotism inherent in Nigeria.

1.4.3 Entrepreneurial Event Theory (Shapero & Sokol, 1982)

Shapero and Sokol's (1982) entrepreneurial event model assumes that inertia guides human behaviour until a certain event "displaces" that inertia and locks or unlocks previously undesired behaviours. In essence, the economic recession which orchestrated job losses ought to increase desirability to become self-employed as a typical application and utility of entrepreneurship model of Shapero and Sokol (1982) in the Nigerian context. Negative displacements occasioned by the recession economy and other personal events such as: being fired, insulted, angered, bored, reaching middle age, getting divorced or becoming widowed should ideally serve as entrepreneurial events to stimulate new ventures.

1.4.4 Institutional Ecology Theory of Entrepreneurship (Meyer & Rowan, 1977)

On the side the government, there is also a responsibility in the form of adapting the prepositions of Institutional ecology theory of entrepreneurship put forward by Meyer and Rowan (1977). The theorists highlighted the importance of legitimacy, social support, and approval from external constituents increase the likelihood that an

organization (business ventures borne out of entrepreneurial mindset) can be successfully created (Meyer & Rowan, 1977). Institutional forces which affect organization founding can be categorized into sub-factors: politics and governmental policies, spatial location, culture, and other events specific to certain periods. In the Nigerian context, critical factors for entrepreneurial environments are: laws, policies, regulation, and political stability. These institutional factors entrepreneurial environments work as ecological contexts to entrepreneurial intention. Therefore, developing environmental criteria for entrepreneurs through legislation policy and regulation will expand systemic means to thrive entrepreneurship in a region and this is the responsibility of any government in power.

2. Convergence Utility of Entrepreneurship Models

No government is the main employer of labour; the private sector is! Sadly, the private sector of any economy cannot thrive without the adequate enablement from the government whose responsibility it is to create a conducive environment for private enterprise to thrive. This situation requires a joint effort of stakeholders which is epitomized as convergence utility of the entrepreneurship models. The roles are clear; whereas entrepreneurial and enterprising interest emanates from the individuals who take the risks of business (either for service creation or offering products); governments' responsibility is to utilize the power of the state to create appropriate enterprising environment by enacting regulatory laws and sustainable policies that will ensure implementation, enforcement and continuation of a profitable enterprises in the private sector with ripple effects on job and wealth creation. There is therefore need for stakeholders to collaborate in effort to compliment these roles and it's utility to bring about in the entrepreneurial participation and engagement by the Nigerian youth.

Applying the convergence utility of entrepreneurship models, three factors will be harnessed from the theories reviewed;

- i. The current enterprising/entrepreneurial mindset of Nigerians youths (especially the graduate population) is abysmally low and need to be sensitized through active engagement on the gains of entrepreneurial efforts in line with Bird's (1988) model.
- ii. The government should ensure that relevant laws, policies and regulations are domesticated to spark a chain reaction of entrepreneurial activities which will bolster the economy in line with Meyer and Rowan's (1977) Institutional ecology theory of entrepreneurship.
- iii. The current economic situation of Nigerian in comparison of the problematic youth population should serve as an entrepreneurial event to stimulate stakeholders' interests in joining forces to create a state whose economy thrives on the private sector regulated by robust policies and government laws.

Without internalizing these factors in the circumstances Nigeria, her economic nightmares are far from being over. The call for this convergence utility is urgent as well as a patriotic call to her stakeholders.

3. Theoretical Implications

The Nigerian unemployment circumstance is a veritable ground for the application and convergence utility of the entrepreneurial models. Given her robust youth population and the enterprising nature of the Nigerian youths, it is rational that stakeholders' focus on the problems of unemployment be shifted to entrepreneurship. Dissecting the nature of the responsibility of government, it is apparent that giving the youth grants and other financial aids such as soft loans (as currently done by Nigerian government) is necessarily not a solution without adequate legislative effort to manage the growing unemployment population by adapting suitable entrepreneurship model to re-invent the education and labour sector.

Reviewing the adaptability of these models and asserting its convergence utility, there is evidence from a good number of academic studies that entrepreneurial endeavors have the capability of pulling people out of poverty, whether they start their own business or being employed by another entrepreneur (Silvinski, 2012). Silvinski (2012) further contented that the consistent experience of being self-employed is the most effective strategy for economic mobility. In with Silvinski's (2012) assertion, it is considered also that Hansson (2010) opined that entrepreneurship is a key index of economic growth.

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