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Skills Mismatch in Nigeria's Labour Market: Bridging the Divide: A Case Study of Rivers State

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Abstract

In the past few decades, skills disparity among graduates and employers of labour have widened, negatively affecting labour productivity in Nigeria. This research investigated how skills required and skills possessed affect employment rate in Rivers state, Nigeria. Employability rate was the dependent variable while skills required and skills possessed were the independent variables. The analyses included Pearson correlation tests and descriptive statistics. The result showed that there is a significant relationship between the skills required and the employment rate in Rivers state.

Further, there is a significant relationship between the skills possessed and the employment rate in the state. However, there is a weak and negative relationship between employability and skills possessed. The study concluded that there are skills mismatch between skills possessed by graduates and their employability. The study recommended strengthening the connection between education and skills of students as well as adequate collaboration between institutions and private employers in the state.

Keywords: Employability, Skills Mismatch, Labour Productivity, Graduate

Introduction

According to Abdulqadir & Chua (2020)^[1], the interaction of technology, shifts in demography as well as changing industry needs combine to influence the current labour market in Nigeria, in the 21st century. Due to these factors influencing the labour market, policy makers, employers, together with educators are battling the issue of skill mismatch amongst fresh graduates in Nigeria. This issue of skill mismatch occurs when the demanded by employers differ from the skills possessed by the jobseekers/workforce, leading to low and inefficient productivity, underemployment and stunted economic growth (Adekanmbi & Ukpere, 2021)^[2].

Further, Akintayo *et al* (2020)^[4] stated that there is a huge gap between graduates and workforce in Nigeria and the skills needed by employers. It is possible that despite of the large number of graduates in Nigeria, they lack the necessary skillsets to fit productively into the current and technologically evolving industries and companies (Akintayo *et al*, 2020)^[4]. These skills mismatch could result from so many factors as opined by Adekanmbi & Ukpere (2021)^[2]. These include rapidly changing technology, fluctuations in market demand, substandard training facilities and opportunities, and lack of zeal by graduates to reskill. The in-depth knowledge of the nature of skill mismatch between what is needed and what is presented is vital for developing effective policies and programmes geared towards narrowing this skill gap while effectively addressing market inefficiencies (Adekanmbi & Ukpere, 2021)^[2].

Alege *et al* (2021)^[7] critically examined the role of the education sector in Nigeria, questioning their efficiency in ensuring that students are adequately prepared for the demands of 21st century labour market. The skills, capabilities, and knowledge of the workforce are shaped by the educational institutions globally, a key role that is supposed to be played by the Nigeria's educational institutions. Alege *et al* (2021)^[7] alleges that the relevance, quality, and the ability to adapt by the current workforce in the labour market leaves so much to be desired. The educational system and the institutions may be lagging in the provision of the right vocational, soft, and technical skills required to thrive in the contemporary labour market (Ibrahim & Taiga, 2020)^[13].

In addition, Ibrahim & Taiga (2020)^[13], highlighted the differences between the supply and demand for labour due to the mismatch in the skillset required as against the skillset possessed by graduates. There is also a deeper cause for the mismatch emanating from the poor role played by the educational institutions in helping to shape the skillset of their graduates (Jadoon *et*

al, 2021)^[14]. The examination of these issues will help the study provide a complete knowledge of skill gap trend in Nigeria and therefore, proffer adequate and data-based insights into efficient ways to narrow the gap.

Rivers state is the second state with the highest number of unemployed youths at 1.6m, slightly behind Lagos at 1.85m (NBS, 2023). This is a far cry as compared to other states in the South-South and South-East region. The growing number of unemployed youths, especially graduates, have necessitated the conduct of this study. It is aimed at understanding the nature of unemployment, focusing on the skills needed as against the skills possessed by the graduates of the institutions founded in the state.

Statement of the Problem

The increasing unemployment rate in Nigeria has been a worrisome issue for policy makers and stakeholders over the years (Adekanmbi & Ukpere, 2021)^[2]. This, as pointed out by Akinbode & Oyelude, (2020)^[3], is because of the mismatch between the skills employers are looking for and the skills jobseekers possess. The gap has serious economic implications as it affects productivity, employment rate, and other social welfare (Kabir *et al*, 2022)^[16]. The increasing changes in technology has affected the skillset required to keep pace with competition across industries and other sectors. Therefore, the need for adaptable and skilled workforce has become very important. Unfortunately, the disparity between the available skills in the labour market and the needed skill by the employers lingers, impacting negatively on the overall economic growth potentials of the country (Kpakol *et al*, 2024)^[17].

According to Matthew (2021)^[18], the problem of skills mismatch in Nigeria is deep and systematic. The issue also portrays a wide gap between skills supply and skills demanded. Although there are talented workforce in the Nigerian labour market, employers do not find it easy to get the right candidate with the required skills and capabilities to occupy available posts. Skills mismatch does not only contribute to increasing levels of unemployment and underemployment, it also exacerbates the uncompetitive nature of firms in Nigeria (Kabir *et al*, 2022)^[16].

Skill mismatch has also become a major issue in Rivers state, where many of the graduates are not equipped to effectively function in the labour market (Akpomi, & Ikpesu, 2020)^[6]. The skills required by employers such as data analytics skills, marketing and human relations skills, etc. are not in good supply in the labour market.

To effectively address this gap, there is need to have a deeper understanding of the evolving skills view as well as the efforts that have been made to ensure that education and training programs meet the needs of the labour market (Matthew, 2021)^[18].

As Medoye (2020)^[19] revealed, the high rate of skill mismatch casts a black shadow on the the role of educational institutions in Nigeria, questioning their effectiveness in the preparation of graduates for the real-world. Education serves as the bridge connecting economic growth, relevance, and higher quality of life, however, there have been concerns about the quality and the applicability of the current curricula used in these educational institutions. As Matthew, (2021)^[18] observed, they are mostly outdated and do not fit into the current evolving business environment.

In Rivers state, many graduates from 2008 and upwards enter the labour market unprepared with the right skills. They are unprepared for the rapidly changing labour environment that requires constant and consistent skill acquisition that is geared towards problem-solving (Akpomi, & Ikpesu, 2020)^[6]. This disconnect between skills possessed and skills needed keeps growing, thereby stunting economic growth and development.

Given these challenges, this study investigates the extent and manner in which skills mismatch in Nigeria in general and Rivers state in particular has influenced the labour market dynamics in the 21st century. With proper understanding of the relationship between the needs of the employers and the skill possessed by the Rivers state workforce, this study was designed to shed more light on the root causes of the disconnect between the educational institutions and the labour market in Rivers state. The aim was to proffer actionable solutions that will bridge the gap between skills needed and skills possessed by graduates in the state and Nigeria by extension. This investigation helped to highlight the need to ensure that graduates are equipped with skills that are useful in the contemporary labour market. Using evidence-based analysis, the study offers reliable policy interventions that are geared towards building more inclusive, dynamic, and adaptable workforce in Nigeria's 21st century labour market.

Research Hypotheses

H₀₁: There is no significant relationship between skills required and employability of graduates in River's state.

H₀₂: There is no significant relationship between skills possessed and employability of graduates in River's state.

Literature Review

Conceptual of Skill Mismatch

Skills demand and supply interplay is a key concept in the framework. Skills demanded are those required competencies and capabilities, attributes or qualifications needed by employers in their organization. Skills supply are the available qualification, abilities, and competencies available in the labour market (Ibrahim & Taiga, 2020)^[13]. The mismatch occurs between these variables when the skills demanded are different from the skills supplied by the graduates (Musti & Mallum, 2020)^[21].

According to Okoye & Nkanu (2020)^[25], employers demand for generic skills such as analytical, critical thinking, people management, excellent communication, and IT. in addition to academic skills. Many employers highlight the need for potential jobseekers to possess both academic, personal social skills, and technical skills, making them roundly qualified. The possession of these skills makes the workforce agile, better managers, and very adaptable. Kpakol *et al* (2024)^[17] highlighted the need for potential employees to have productive skills as current employers rely less on their academic qualifications to judge them but place more emphasis on the ability of the employees to be productive in the workplace. Employers seek out employees and potential graduates who can perform and start adding to the success of the company, than employees who have no prior experience, who still needs to be trained on the job (Nordin *et al*, 2021)^[23].

As Okoye & Nkanu (2020)^[25] discovered, many graduates in Nigeria lack vocational and personal skills that can

immediately add value to in any organization to find themselves, making them less competitive in the labour market.

In the same vein, Pauw, Ooshuizen, & Westhuizen (2007) revealed that in South Africa, many graduates lack soft skills and workplace readiness. Their study showed that many graduates do not have the required workplace skills such as time management, creativity, people management, and general communications skills. They cited the soft skills as the major reasons many graduates do not get the job when they apply.

Boateng & Ofori-Sarpong (2002) also stated that employers in Ghana easily identify recent graduates as those who are incapable of completing simple tasks and assignments, indicating that their degree certificates are not enough to give them a chance in the labour force.

Dabalen *et al* (2000) noted that the university graduates in Nigeria are poorly trained and highly ineffective on the job. These shortcomings are more noticeable in oral, written, and technical skills.

Saint *et al* (2004) stressed that recent graduates are poorly prepared to take up challenges in the real world, an indication that academic standards have fallen over the years. This has led to university graduates being termed as “half-baked.” The study expressed dismay at the inability of the graduates to apply technical skills necessary in solving workplace challenges, although, they know the theoretical part of what they studied.

Mustapha (2021) ^[20] opine that education contributes significantly in shaping the skills of graduates. To be productive in the labour market, educational institutions provide the bedrock for providing the human capital which includes equipping individuals with the right knowledge and skills that are necessary for productivity. However, for universities to achieve this, several factors must be put in place to ensure that the graduates become labour market competitive. These factors include the curriculum, techniques of teaching, as well as the institutional partnerships with employers of labour.

Furthermore, the Musti & Mallum (2020) ^[21], noted that other factors such as economic trends, changes in technologies as well as demographic shifts influence the labour market demand and supply interplay. These socio-economic factors affect the skills demanded by employers.

Theoretical Literature

Human Capital Theory

Okey *et al* (2020) ^[24] stresses that the human capital theory states that an individual's productive capacity and earning potentials are significantly enhanced through education and training. For Opono & Kelikwuma (2021) ^[26], when individuals acquire the right education and training, their earning and productive capacities are not only improved, their contribution to the economy is also enhanced, leading to economic growth and development. However, the concept of human capital theory does not consider the complex nature of skills mismatch in the contemporary labour markets due to the increasing technological changes as well as shifting skills needed by employers (Guvonen *et al*, 2020) ^[11].

Signaling Theory

Signaling theory, as championed by Ibrahim & Taiga (2020) ^[13], is another angle through which to examine skills mismatch. As stated by Jadoon *et al* (2021) ^[14], education

signals an individual's abilities, skills, attributes, and earning potentials to employers. However, when there is a disconnect between the skills acquired through education and the skills required by employers, the value of the education is significantly undermined (Jadoon *et al*, 2021) ^[14]. Signaling education highlights the importance of making sure that there is a connection between skills acquired through education and the skills demanded by employers in the labour market.

Empirical Literature

Akinbode & Oyelude (2020) ^[3], investigated the deficits of 21st century skills among fresh graduates in Nigeria and their increased level of unemployment and underemployment. The data were generated through survey of human resources professionals in Nigeria. Inferential and descriptive statistics were analysed. The findings showed that a significant number of Nigerian fresh graduates were lagging in the 21st century skills and this has led to a large portion of them being unemployed or underemployed. The study reports that graduates can become more economically viable if they would acquire 21st century skills such as critical thinking, creativity and innovation in addition to global connection, infotech. The study recommended that government and tertiary institutions review teaching curricula to encourage viable skills needed in the 21st century.

Okoye & Nkanu (2020) ^[25] observed in their study that unemployment has been an issue yet to be resolved in the minds of many citizens. The study investigated employer's identification of skills needed by technical and vocational education graduates for industrial effectiveness. Information, communications technology, problem solving skills, and technical skills were the key skills needed by the graduates as identified by the employers who have 0-10 years of experience. The study used descriptive and inferential analysis in data analysis on a population of 260 employers. The study found that problem solving skills, technical skills, and information technology were on very high demand by the employers and thus, needed more by the fresh graduates to have a chance in the labour market. The study recommended that efforts be geared towards the skills such as ICT and problem-solving skills are acquired by the graduates while they are still in school. This will enhance their employability in the labour market.

Research Methodology

Research Design and Data Collection

Mixed method approach was used in the study by combining qualitative, quantitative research methodologies and descriptive research design to offer complete insight into the operations of the labour market in Nigeria.

Further, the study used survey design where data are collected from a subgroup of individuals who are presumed to represent the population of the study.

Population of Study

The population of the study comprised of employers and fresh graduates who are not more than 2years in the labour market. Further, data were collected from the representatives of employers, employed and unemployed graduates in Rivers state. According to the National Bureau of Statistics (NBS) in 2022, the population of unemployed individuals in Rivers state stood at 1.7 million.

Sampling Technique

Due to the diverse nature of the studies population, data collection through manual form would have posed a challenge. Therefore, data was collected via online survey shared through emails, social media, and job fora, targeting individuals in Rivers state alone. A simple random sampling technique was used for this purpose as it was deemed better in this regard. This technique was also used by Akpomi & Ikpesu, (2020)^[6] in their study on skills mismatch between graduates’ skills and what the employers require in Nigeria.

Determination of Sample Size

To choose the sample size for the study, Taro Yamene formula was used. The study sample was 400 respondents from both the employers of labour and fresh graduates from Rivers state higher institutions.

Data Collection Method

Data collected for the study was through structured online questionnaires administered randomly using Google Form. These forms were shared in groups of employers and jobseekers in Rivers state. Further, general information on skills mismatch were collected from in-depth interviews

with employers in the state as well as previous research reports on skills mismatch and employability of graduates residing in the state.

Data Analysis

Data collected was analysed using descriptive and inferential statistics. The inferential statistics comprises of Pearson Chi-square used in analysing the relationship between variables. The use of inferential and descriptive statistics were used to understand the trends and correlations between the variables used to capture the skills demanded by the employers and skills supplied by the graduates. The data were analysed using the SPSS software.

Data Presentation and Analysis

The study aimed to address the gap between skills required and skills possessed and how they affect employability of fresh graduates in Nigeria. Out of the 400 questionnaires distributed, 330 were returned fully completed. 82.5% response rate is a good rate for analysis.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
EM	330	1.00	3.00	1.7092	.57402	.309	.244	-.977	.483
SP	330	1.00	4.25	2.1046	.733062	.330	.244	-.355	.483
SR	330	1.00	3.60	2.0857	.74943	.011	.244	-1.201	.483
Valid N (listwise)	330								

Source: Authors computation, SPSS (2024)

The descriptive analysis shows the nature of the data used for the study.

From the table above, the analysis shows that the mean of the variables ranges between 1.7 and 2.22, indicating a closer average among the variables. The analysis also reveals that the standard deviation, which shows how much the variables deviate from the true mean, is not far from the true mean. The standard deviation shows that the variables are closer to zero (0.57 to 0.75), indicating that they are closer to the true mean and can be used for further analysis.

Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.928	25

Source: Authors computation, SPSS (2024)

As per Noble *et al.* (2019), the reliability analysis demonstrates the consistency and robustness of a dataset. Restating the views of Lawless *et al.* (2010), reliability testing ensures that the data employed in the analysis yield consistent outcomes over time. The results table indicates that the dataset is reliable, indicating its usefulness for further analysis, as shown by the Cronbach’s Alpha value of 0.928. This value surpasses the minimum acceptable threshold for dataset reliability, which is 0.7.

Pearson Correlation Analysis

		EM	SP	SR
EM	Pearson Correlation	1	-.448**	.729**
	Sig. (2-tailed)		.000	.000
	N	330	330	330
SP	Pearson Correlation	-.448**	1	.631**
	Sig. (2-tailed)	.000		.000
	N	330	330	330
SR	Pearson Correlation	.729**	.631**	1
	Sig. (2-tailed)	.000	.000	
	N	330	330	330

Source: Authors computation, SPSS (2023)

As emphasized by Djordjević *et al.* (2021), Pearson correlation examines the association between variables. These tests assess the magnitude of the relationship between two variables, highlighting the significance of each variable to the other and vice versa. In the context of this study, the Pearson correlation relationship was employed to explore the relationships between each variable and the others. The goal is to understand the relationships between skills possessed and skills demanded:

$$EM = f(SP, SR)$$

Where:

EM is employability.

SP = Skills possessed by graduates

SR = Skills required by employers

Tests of Hypotheses

H₀₁: There is no significant relationship between employability and skills required of job candidates in Nigeria.

The Pearson correlation analysis reveals that there is a strong correlation (relationship) between being employable and skills required by employers. The results reveal that skills required significantly improve the chances of employability as pointed out by the respondents. The result shows that as SR improve by a unit, EM improve by 0.729 and vice versa. The result also shows that SR is statistically significant at 5% level of significance. We will therefore accept the alternative hypothesis, reject the null hypothesis, and conclude that there is a significant relationship between skills required and the employability of graduates in Rivers state labour market.

H₀₂: There is no significant difference between employability and skills possessed by job candidates in Nigeria.

Again, the results show that the Pearson correlation analysis reveals that SP does not have a strong correlation (relationship) with competence of employability of graduates in River's state. The results reveal that skilled possessed, although significant, has a weak correlation with EM. The result shows that as SP improve by a unit, EM improve by 0.448 and vice versa. The result also shows that SP is statistically significant at 5% level of significance. We will therefore accept the alternative hypothesis, reject the null hypothesis, and conclude that there is a significant relationship between skills possessed and the employability of graduates in River's state.

Discussion of Findings

The study of labour market dynamics in Nigeria, focusing on Rivers state, was designed to understand the factors that can significantly influence employability of fresh graduates in Nigeria in general. It was found that the required skills by the employers has a strong correlation to employability. However, skills possessed was found to be weakly correlated to the employability of fresh graduates in the state. The finding agree with the findings of Kolawole & Torimiro, (2006) whose work on strategies aimed at enhancing the acquisition of entrepreneurial skills among student in tertiary institutions found that the technical and soft skills enhance the employability of fresh graduates.

Conclusion and Recommendations

Complex and intricate are words that best describe the Nigerian labour market according to Mustapha (2021) ^[20]. The findings from the research show that employers' expectations of what skills they require significantly differ from the skills possessed by fresh graduates from higher institutions in Rivers state. This indicates that there is a mismatch of skills among the respondents, revealing a deeper problem in the academic system.

The study highlights the need to urgently tackle the discrepancies between what is needed and what is offered in terms of skills in the state. The study therefore, recommends that the skills development and educational system must be made relevant and strengthened to match up with the evolving labour market in Nigeria. Again, partnerships between the informal sector and the educational sectors in the state should be encouraged. The partnerships will make it easier to narrow the gap between the skills required and

the possessed by fresh graduates.

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