

# Problem of Shortage of Skilled Workforce and its Implication: A Study of Soap Firms in Onitsha, Anambra State

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Abstract: This study examined the Problems of shortage of skilled workforce and its implications: a study of soap firms in Onitsha. The objectives of the study were to: identify the effect of training on the performance of soap firms in Onitsha; examine the effect of government policies on the performance of soap firms in Onitsha; identify the effect of work environment on the performance of soap firms in Onitsha. The population of the study was made up of resident employees of soap firms in Onitsha which is seven hundred and eleven (711) respondents. Five hundred and seventy-seven copies of questionnaires were duly completed and returned showing 90% response rate. Research hypothesis were tested using ANOVA method. Findings show that training has a significant impact on the performance of soap firms in Onitsha, Anambra State. Government policies have a significant impact on the performance of soap firms in Onitsha, Anambra State. Work environment has a significant impact on the performance of soap firms in Onitsha, Anambra State. On the basis of the findings, the study recommends that there is a need for absorbing and training of more skilled workforce in the organization so as to enhance performance. The government and policy makers should formulated polices that will enable SMES thrive against competition from older and foreign firms in their environment. Policies like tax holidays and subsiding cost to enable compete favourably.

Keywords: training, government policies, work environment, skilled workforce, performance

# 1.1 Background to the Study

Skilled labour plays a very imperative role in the accomplishment of small businesses and stands tall in the advent of sophistication and technology. Gudienė et al. (2013) maintained that skilled manpower is considered to be one of the important factors of production in small scale businesses in any economy. As organizational activities on are largely reliant on skilled workforce (Mackenzie, Kilpatrick, & Akintoye, 2010), any shortage has a negative implication for the small scale businesses round the world. Labor shortage arises when the demand for workers for a particular occupation is greater than the supply of workers who are qualified, available and willing to work under existing market conditions. Nigeria went through a period of steep economic decline from the mid-1970s to the mid-1980s, which interrupted national Human Resource Development due to budget constraints.

According to the Institute of Management and Administration cited in Olsen, Tatum and Defnall (2012). The skilled labour shortage is not a shortage of workers rather it is a shortage of adequately trained skilled and productive workers available for certain jobs. With small scale businesses requiring some of the most highly skilled workforce for organizational advancement and growth thus, replacement and recruitment proves to be difficult. Reasons that have been given for the skilled labour shortage include lack of training, an aging workforce, poor image of the workers, and an industry that does not appeal to many youth Healy, Mavromaras, Sloane, (2011). The authors in Healy, Mavromaras, Sloane, (2011) opined that skill shortages are a complex labour market Phenomenon, and are related to business performance. They went further to state that Skill shortages are often depicted as a major problem for the economies of many countries. Yet, there is surprisingly little evidence about their prevalence, causes and consequences in small scale businesses in Nigeria. Although there are no statistics to show whether, there is shortage of skilled labour in the Nigerian industrial sector, expert and other stakeholders in the industry believe that there is shortage of skilled trades in the industry. This research is conducted in response to concerns from stakeholder about the perceived shortage of skilled Workers and the impact that this shortage may be having on the industry's ability to meet the growing residential and commercial demand for small scale businesses. This study therefore assesses problems of shortage of skilled workforce and its implications: a study of a study of soap firms in Onitsha.

Skills are the necessary competencies that can be expertly applied in a particular context for a particular purpose, and skills shortage occurs where employers are unable to fill vacancies or have difficulty in filling vacancies for a particular occupation, or specialized skill needs within that occupation, under current levels of remuneration and conditions of employment, and location. Labour shortage is the most challenging factor in economic growth in Nigeria particularly in small scale businesses. This problem have been caused by many factors including retirement of skilled workers, fixed pay, social prestige of the worker, unattractiveness of work and deficiency in the education and training of workers. Labour shortage has great negative influence on the performance of any organization. If it is not addressed properly it may cause poor production or complete failure of the organization. It is against this backdrop that the study seeks to examine the problems of shortage of skilled workforce and its implications: a study of soap firms in Onitsha.

## 1.2 Objectives of the Study

The general objective of the study is to examine the problems of shortage of skilled workforce and its implications: a study of soap firms in Onitsha. The specific objectives of the study were as follow:

- i. To identify the effect of training on the performance of soap firms in Onitsha
- ii. To examine the effect of government policies on the performance of soap firms in Onitsha
- iii. To identify the effect of work environment on the performance soap firms in Onitsha

#### 2. REVIEW OF RELATED LITERATURE

#### 2.2.1 Theoretical Framework

The Arrow-Capron Dynamic Shortage Model Arrow and Capron (1959) developed an alternative model of occupational shortages. Their definition, which they refer to as a dynamic shortage, is based on the premise that "a steady upward shift in the demand curve over a period of time will produce a shortage, that is, a situation in which there are unfilled vacancies in positions where salaries are the same as those currently being paid in others of the same type and quality". The Arrow-Capron model is characterized by increased demand. However, Arrow and Capron note that markets are characterized by a "reaction speed," and that institutional arrangements (such as long-term contracts) and the time it takes for information to spread will affect the time required for employers to adjust wages. Thus, Arrow and Capron conclude that shortages will be characterized by vacancies.

## 2.2.2 Empirical Review

Ndunguru (2019) examines the impacts of labour shortage on Matemani and organization performance: A Case Study Ministry of Water and Irrigation-Tanzania Labour shortage is the most challenging factor in economic growth in Tanzania particularly in Water and Health sectors. The Ministry of Water currently is facing critical labour shortage particularly technical staffs and engineers in both rural and urban water Offices. This problem have caused by many factors including, lack of promotion, lack of motivation, job mishmash, and low salary. This paper analysis and demonstrated recognition and good working environment as the key players in retaining labour and removing labour shortage in an organization. demonstrate low salary and promotion as the only key players and forget about good working environment and recognition. The objective of this study is to investigate the scope and impacts of labour shortage on organizational performance. Likewise, the study has more significant in reminding the organization about the values of Human Resources for its development. In analyzing the study problem in this study conceptual and theoretical framework have been used. The study has used both qualitative and quantitative method in collecting and analyzing data obtained from different sources. Likewise this study has used hypothesis and theories to describe the results. The results of this finding is described through figures percentages statistics chats which shows the importance and significant of promotion and good working environment in employees retention. All in all Tanzania suffers from considerable human resources constraints including inadequate staffing, imbalances in deployment and retention of professional water technical experts and supporting staffs, hence poor service delivery and economic stagnation, here the government must create good policies and proper environments to the workers...

Marok (2017) analyzed the impact of insufficient personnel on an organization's performance. The study acknowledges other writers, thinkers, scholars and authors who have suggested in relation to this topic under an investigation as a review of related literature. This research work entails how an organization can perform with limited workers, what are the consequences or benefits of operating in an organization with limited workers. The re- searcher analyzed and explains the various marketing ways in which an organization will need to have some good and hardworking employees. The researcher went further to explain some theories of hu- man resource management.

because without a good human resource management department in an organization, that organization is bound to fall or fail. The researcher used both the primary and secondary method of collecting data with the emphasis on primary source. The primary data refers to information received expressly for a purpose such as questionnaires, observations and interview, while secondary data refers to information collected from different sources or from the work of other researchers. Examples include internet and libraries. The sample size of 15 respondents was a representation of the study area and in the data analysis, the researcher made use of tables, percentage to give and illustrate critically what the respondents had in mind in respect to the impact of insufficient personnel on organizational performance. In all, for an organization to function well, every personnel should embrace human resource management and some marketing research strategies order to improve its organizational performance. in

Oseghale, Abiola-Falemu and Oseghale (2015) investigated skilled labour requirement in the construction industry of Edo State. The study aimed at assessing the current state of the construction industry's skilled workforce, causes and prevalence of skilled labour shortage and the effect of skilled labour shortage in construction project delivery. The method employed for collection of data includes distribution of structured questionnaires. The data collected were analyzed using Frequency tables, percentages, mean response analysis, relative importance index and cross tabulation. The research identified the most severe factors responsible for labour shortage to include; no clear carrier path, high mobility of construction workers and low wages. The study found that construction firms are not sending their skilled workforce for training, and that the skilled workers are unwilling to recommend the profession to their children. The research revealed that the construction firms were paying extra money for labour, and Schedule delay in their construction programmes as a result of skilled labour shortage. The study found aging workforce in the construction trades sampled, and that the entrance of young people into the construction trades was very low.

Bilau, Ajagbe and Kigbu (2015) examined the shortage of skilled craftsmen in the construction industry, particularly in small and medium construction firms in Nigeria Craftsmen in the construction industry play a very crucial role to the survival and growth of the industry as they are mostly engaged in the practical realization of construction projects. As a country endowed with skilled manpower, the construction industry in Nigeria can best be described as ironic. Though on the one hand, it was acclaimed to be the highest employer of the nation's workforce after agriculture, while on the other, it is faced with challenges in technical skilled craftsmen shortage which affects organization's productivity, quality of work, duration of projects and on firm's profits. Not much research has examined the shortage of skilled workforce in the perspective of small and medium construction firms (SMCFs) in Nigeria. Majority of earlier research has focused mainly on large construction firms.. This study adds to existing body of knowledge by exposing the reasons for shortage of skilled craftsmen in the construction industry in the perspective of small and medium construction firms in Nigeria.

Healy, Mavromaras and Sloane (2011) examined adjusting to skill shortages: complexity and consequences. Skill shortages are often portrayed as a major problem for the economies of many countries including the Australian economy. Yet, there is surprisingly

little evidence about their prevalence, causes and consequences. This paper attempts to improve our understanding about these issues by using econometric methods to analyze the Business Longitudinal Database, an Australian panel data-set with information about skill shortages in small- and medium-sized businesses during 2004/05. We us e this information to: (1) explore the incidence of skill shortages and the business attributes that are associated with them; (2) identify which businesses face more complex skill shortages, as measured by the number of different causes reported simultaneously; and, uniquely, (3) examine how this complexity affects businesses' responses to skill shortages and aspects of their subsequent performance. We show that complex skill shortages are more likely than simpler (single-cause) skill shortages to persist and to trigger defensive responses from businesses. We reject the conception of skill shortages as a homogenous phenomenon, and demonstrate the importance of distinguishing between skill shortages according to whether they have simple or complex causes.

Ayodeji Aigbavboa and Khangale (2018) examined the general effects of skill shortages in the construction industry with a view to improving the delivery of construction projects. Variables from reviewed literature materials were examined using closed-ended questionnaires administered on professionals and artisans in the industry. Shortage of project managers has the most effect on sustainable construction while the general effects of skill shortages are cost increase, time overrun, decrease quality, high accidents rate and more rework, which are related to the three elements of sustainable development, that is, economic, social and environment. Agencies shouldered with the responsibilities of managing and regulating skilled workforce in the construction industry will find this study useful in their quest for delivery of sustainable construction projects. Amaury, (2020) focuses on the impact a shortage may have on the firm search strategy by considering the extensive/intensive dichotomy perspective. The paper investigates how labor shortage impacts the employer search strategy according to the shortage strength. To do so, the paper develops a modified version of the model created by Barron, Berger & Black (1997). The theoretical results give clear insights on the relation between labor shortage strength, profit and investment in search strategies. The paper has three main findings. First, if the firm has to stick to its original strategy, then, when facing a shortage, it should decrease the investment if it is an extensive one whatever the strength of the shortage is. However, if it invests on an intensive strategy, then, the firm should increase its investment if the shortage is enough strong. Second, the fewer the firm has resources, the more rentable the intensive search is. Finally, the study shows labor shortage impact on the search strategy of an employer by increasing the importance of extensive search for the firm. One of the main implications of this study is that it may be possible to identify labor shortage via the evolution of employer's investment in search strategy'

Amritkar, Waysal, and Kadam (2021) examined impact of skilled labour availability on the performance of construction industry. Skilled labor in the construction industry plays a very crucial role to the survival and growth of the industry as they are mostly engaged in the practical realization of construction projects. As a country endowed with skilled manpower, the construction industry in India can best be described as ironic. Skills shortage in construction is an

international phenomenon. In Nashik the problems are compounded by the legacy of a government that ensured that more than eighty percent of the population was not educated

to manage a construction economy and then handed over a decimated construction industry. Injection of massive amounts of money for reconstruction and development, and the exodus of essential skills exacerbated the situation to the point that construction could not deliver on promises of basic needs for the vast majority of the population

Zannah, et al. (2017) identified the causes of low-skilled workers' performance in construction projects in the Nigeria. The objective was achieved through a structured quantitative method of questionnaire distributed to 150 respondents that comprise of stakeholders the Nigerian active in construction industry. 111 responses representing 74 % were retrieved. The data were analyzed using descriptive statistics and analysis of variance (ANOVA). The finding shows that; low wages of skilled, lack of sufficient skill acquisition centers and lack of incentive schemes for skilled workers were the most significant causes of low-skilled workers' performance in the Nigerian construction industry. The homogenous analysis indicates that there are significant differences in perception of respondents on few variables whereas majority of respondents have similarities in most of the variables. The research findings indicate the need for stakeholders in the Nigerian construction industry to provide incentives and motivate skilled workers, provide training and retraining, conducive working condition, supply of quality materials and equipment, and proper site management in order improve low-skilled workers' performance in Nigerian construction industry towards optimal performance.

Mohammed, Bandi and Abdullah (2019) identified the skilled workers towards performance of construction organizations. The objectives of this study include to identify the skilled workers required by the construction organizations and to evaluate the degree of agreement between construction organizations in ranking the skilled workers. Data for this study was collected through a self-administered questionnaire on a stratified sample of construction organizations. 290 validly questionnaires were returned and were analyzed using Relative Importance Index (RII) on a scale range from 1-5 for ranking comparison between construction organizations. Kendall's coefficient of concordance was used to evaluate the degree of agreement between construction organizations related to the ranking of skilled workers. The results of RII indicates that asphalt/tar sprayers were ranked topmost by engineers, while, glaziers were ranked first by quantity surveyors, and equipment operators were ranked first by builders and architects. Accordingly, the results revealed that equipment operators, glaziers, insulating specialist, asphalt/tar sprayers, fabricators, scaffolding specialist, suspended ceiling specialist, plumbers, electricians and roofers are the ten skilled trades required by the construction organizations. The results of Kendall's coefficient of concordance revealed that a high agreement between construction organizations occurred in the ranking of the skilled workers. The results revealed that the skilled trades that were ranked topmost are highly technical trades which are significant for the performance of construction organizations. Thus, efforts should be geared towards improving the supply of these skilled workers

#### **METHODOLOGY**

This study was undertaken within Onitsha Metropolis with particular reference to soap firms in Onitsha. Only the employees of the soap firms were studied. The primary source of data used in this study was generated mainly with the aid of a structured questionnaire administered to respondents. The population of interest therefore will consist of all the employees of the selected soap firms in Onitsha. However the population of employees of soap firms was 711; however the population will be used as sample size because the population is not up to 1000. Stratified random sampling will be adopted as the sampling techniques, this because it permits each of the different respondents in the states to be selected without bias. The researcher makes use of questionnaire structured into two sections. This was designed in such a way to obtain relevant information from the respondents. The first section looked at the personal data of the respondents while the second section looked at the respondent's perception on the problems of shortage of skilled workforce and its implications: a study of soap firms in Onitsha. In this paper Statistics such as frequency count and percentages were put to use in the analysis of collected information, while correlation analysis will be used for testing of the hypothesis. This will be made possible with the aid of Statistical Package for Social Sciences (SPSS).

# PRESENTATION ANALYSIS AND INTERPRETATION OF DATA 4.1 INTRODUCTION

Table 4.1: Respondents' Demographic Variables

4.1.1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	451	75.5	78.2	78.2
	Female	126	21.1	21.8	100.0
Ĭ	Total	577	96.6	100.0	

Source: Field Survey 2024

The above table reveals that the four hundred and fifty-one (451) of the respondents which represents 78.2 persons were male respondents, while one hundred and twenty-six (126) respondents which represent 21.8% were female respondents. By implication, male respondents were more than female respondents by 56.1 respondents in our selected population sample for this study. The implication of this is to enable us to know the number of female and male that successfully returned their questionnaire

4.1.2 Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	384	64.3	66.6	66.6
	Single	193	32.3	33.4	100.0
	Total	577	96.6	100.0	

Source: Field Survey 2024

In the table above, out of the five hundred and seventy-seven (577) respondents, three hundred and eighty-four (384) of the respondents were married, while one hundred and ninety-three (193) respondents which represent 33.4 percent are single. It is therefore glaring that the majority of the respondents are married as at the time of this study. Thus

marital status table help us to know the number of single, and married, and respondents that answered the distributed questionnaire.

4.1.3 Level of Education

					Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	WAEC/NECO	123	20.6	21.3	21.3
	BSC/HND	177	29.6	30.7	52.0
	MSC/MBA	198	33.2	34.3	86.3
	PHD	79	13.2	13.7	100.0
Ī	Total	577	96.6	100.0	

Source: Field Survey 2024

The table above indicates that one hundred and twenty-three (123) respondents which representing 21.3% percent maintain to acquired WAEC OR NECO while 30.7% percent of the respondents which represents one hundred and seventy-seven (177) have BSC/HND. However one hundred and eighty-nine (189) respondents which represent 34.3 percent either have MSC or MBA. More so, seventy-nine (79) respondent which represents 13.7% have acquires phd

.This as the one of demographic item helps us to identify the education qualification of the respondents.

#### 4.1.4 AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	313	52.4	54.2	54.2
	26-33	132	22.1	22.9	77.1
	34-40	31	5.2	5.4	82.5
	41-50	37	6.2	6.4	88.9
	51-ABOVE	64	10.7	11.1	100.0
	Total	577	96.6	100.0	

Source: Field Survey 2024

Table 4.3 above depicted the age bracket of the respondents. The distribution shows that 54.2% of the respondents are between the age brackets of 18 to 25 years while 22.9% respondents are within the age bracket of 26-33 years. On the same note, 5.4% of the respondents are within the age bracket of 34 - 40 years. On the same note, 6.4% of the respondents are within the age bracket of 41 - 50 years, while the remaining respondents representing 11.1% are within the age bracket of 51 years and above.

# 4.3 Test of Hypotheses

### **Hypothesis One**

HO1: Training has no significant impact on the performance of soap firms in Onitsha Correlations

		ORP	TR
Pearson Correlation	ORP	1.000	.338
	TR	.338	1.000
Sig. (1-tailed)	TR		.000
	ORP	.000	
N	ORP	577	577
	TR	577	577

As presented in Table above there was a positive relationship between training and organizational performance (r=0.338; p<0.05). This suggests that training has a significant impact on the performance of soap firms in Onitsha. This implies that the issue of the interrelation between training and organizational performance is brought out clearly in this study.

# **Hypothesis Two**

Ho<sub>2</sub>: Government policies have no significant impact on the performance of soap firms in Onitsha

Correlations					
		ORP	GP		
Pearson Correlation	GP	1.000	.190		
	ORP	.190	1.000		
Sig. (1-tailed)	GP		.000		
	ORP	.000			
N		577	577		

As presented in Table above there was a positive relationship between government policies and organizational performance (r=0.190; p<0.05). This suggests that government policies have a significant impact on the performance of soap firms in Onitsha. This implies that the issue of the interrelation between government policies and organizational performance is brought out clearly in this study.

# **Hypothesis Three**

Ho<sub>3</sub>: Work environment has no significant impact on the performance of soap firms in Onitsha

Correlations				
		ORP	ER	
Pearson Correlation	ER	1.000	.045	
	ORP	.045	1.000	
Sig. (1-tailed)	ER		.139	
	ORP	.139		
N	ORP	577	577	
	ER	577	577	

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As presented in Table above there was a positive relationship between work environment and organizational performance (r=0.45; p<0.05). This suggests work environment has a significant impact on the performance of soap firms in Onitsha. This implies that the issue of the interrelation between work environment and organizational performance is clearly stated in this study.

# SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION 5.1 Summary of the Findings

The basic objective of this study is to critically examine the problems of shortage of skilled workforce and its implications: A study of soap firms in Onitsha. Seven hundred and eleven (711) respondents were randomly selected five hundred and seventy-seven (577) questionnaires were returned and analysis of the data were based on this number. From the analysis of the data especially, and the testing of hypothesis it was realized that:

However, the research study also made the following specific findings;

- Training has a significant impact on the performance small scale businesses in Anambra State
- Government policies have a significant impact on the performance of small scale businesses in Anambra State
- Work environment has a significant impact on the performance small scale businesses in Anambra State.

#### 5.3 Conclusion

The result of data analysis and the findings of the study thereafter have revealed the effect of the problems of shortage of skilled workforce and its implications: a study of soap firms in Onitsha. Training, work environment and government policies were found to have significant impact on organizational performance and this implies that with a properly trained staff, a conducive work environment, and above all sound government policies geared towards encouraging the growth of SMES, there will be a significant improvement in organizational performance of SMES in Nigeria.

#### 5.3 Recommendations

Based on the analysis of data, the results and the discussion of the results, the conclusions that was drawn, we were able to make the following recommendations:

- 1. To manage the situation, there is a need for absorbing and training of more skilled workforce in the organization so as to enhance performance.
- 2. The government and policy makers should formulated polices that will enable SMES thrive against competition from older and foreign firms in their environment. Policies like tax holidays and subsiding cost to enable compete favourably.
- 3. A good work environment equal a productive staff. Management of organizations should see to it that their workers are provided with facilities that aid work and a conducive environment to enhance productivity.

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