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Graduate Employment among Small and Medium Enterprises in Nigeria

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Abstract:

We examine the selection processes and retention of graduate staff of Small and Medium Enterprises (SMEs) in Nigeria. The findings are expected to help graduates to conduct self-appraisal, to create awareness among SME owners on how to retain graduate staff. How higher institutions can improve the quality of graduates produced and how the government can identify areas of intervention. Data were gathered from two hundred (200) Owners of SMEs; however, only one hundred and ninety-eight (198) questionnaires were okay. The questionnaire was designed using five points Likert scale ranging from strongly agree (5) to strongly disagree (1). It was also supposed to supply information on the rankings of competencies and skills, factors inhibiting performance, reasons for low graduate retention among graduate staffs of SMEs. The study found out that oral communication, written communication, and positive ethics were top on the list of competencies and skills of graduate staff as ranked by the SME owners. Graduate retention was low in SMEs due to graduates' dissatisfaction with remuneration. The need for students of higher institutions to have hands-on knowledge of the theory they were taught.

Keywords: Graduate recruitment, graduate retention, employability, small business

1. Introduction

In recent years SMEs have been identified in both the policy and academic literature as having essential roles in providing employment and in driving improvements in innovation and productivity (Hart & Barrat, 2009). The part that SMEs play in the global economy is important. They constitute an employment source of entrepreneurial skills, innovation, and employment. SMEs dominate the world business community, for example, SMEs in the enlarged European Union is around 23million and provide approximately 75million companies and 90% of the total enterprises (Melo & Machado, 2014). SMEs constitute the backbone of economic growth in all countries (Rajesh, Suresh, & Deshmukh, 2008). SMEs have an essential role to play in the development of a nation. A strong SME sector contributes highly to the economy, contributing to the gross domestic product by reducing the level of unemployment, reduction in poverty levels, and promotion of entrepreneurship (Sitharam & Hoque, 2016). SMEs have an irreplaceable contribution for economic growth, employment, and competitiveness for every country (Eliska, 2016). Researchers suggest that small business with a small investment and indigenous technology can be a potential instrument to solve the problems of developing countries like graduate unemployment, (Nkechi, Emeh Ikechukwu, & Okechukwu, 2012). Graduates are not likely to be employed in small business. Therefore, small business may represent an untapped opportunity for graduates (Denanyoh, Adjei, & Danso, 2018). As a result of an increase in the population of unemployed graduate in Nigeria, the country has started shifting her focus to SMEs to ascertain if the rising in the unemployment level could drop and if possible, reduce poverty significantly (Ogbo & Nwachukwu, 2012).

The effort to attract, compensate, motivate and retain employees is becoming a daunting task for small and medium enterprises (SMEs) as the war for talent becomes highly competitive (Abraham, Kaliannan, Mohan & Thomas, 2014). The human factor or intellectual capital has emerged as a key component in a firms' future success (Abraham, Kaliannan, Mohan & Thomas, 2014). Small business enterprises have become a leading component of economic development throughout the world (Eid & El-Gohary, 2013).

The findings of this study will help graduates to do a self-appraisal, SME owners to be aware of reasons for low graduate retention, higher institutions to improve the quality of graduates produced and for government to know the areas of intervention.

1.1. Statement of Problem

According to Wilkinson, Dundon, and Grugulis (2007), human resources is one of the primary reasons for the poor performance of SMEs. Just hiring young people is not enough for the future prosperity of SMEs. Young people of today have completely different needs and desires than older generations. Even their working habits and expectations are different (The Economist, 2016). Fresh graduates are often seen as an enigma because their potential is reduced by specific challenges such as shoddy work, readiness and unrealistic expectations about the world of work (McCracken, Currie, &

Harrison, 2016). Graduates often lack the work experience to demonstrate their performance levels and the experience they do have may be insufficient for employers to judge appropriately (McCracken, Currie, & Harrison, 2016).

Some small business owners believe that graduates are very expensive, and SME owners are also doubtful of whether these graduates meet their business operations needs (Denanyoh, Adjei, & Danso, 2018).

There has been a disconnect between the skills and competencies employers expect from graduates and those that graduates possess (Eisner, 2010; Rae, 2007). Graduates may have degree-specific knowledge but lack soft skills like communication, problem-solving, teamwork, and adaptability to work in a firm (Huq and Gilbert, 2013). Graduates are reluctant to work for small businesses. Typically, graduates do not view small businesses as providing prestigious well paid or desirable workplace opportunities (Denanyoh, Adjei, & Danso, 2018). Storey (2016) asserted that there are stress-related problems in a small business that makes employment unattractive to graduates. According to Williamson, Cable, & Aldrich, (2002), there is a shortage of research on SMEs recruitment as the focus is majorly on big companies. There is a lack of unemployed graduate statistics in Nigeria.

1.2. Objectives of the Study

The goal of this study is to appraise graduate employees of SMEs in Nigeria by owners of SMEs in terms of ranking of competencies and skills, factors inhibiting performance, and reasons for low graduate retention.

2. Literature Review

2.1. Theoretical Framework

2.1.1. Employee Engagement Theory

Theory of Employee engagement has been described by practitioners, Researchers and Scholars, with various terminologies such as work engagement, job engagement, and employee engagement (Anitha, 2014; Steger, Littman-Ovada, Miller, Menger, & Rothman, 2013). Khan first mentioned the theory of employee engagement in 1990. Khan (1990) asserted that employees' personal experiences and perception influences employee commitment, involvement, and behavior. Khan (1990) asserted that employees devote, detach, or defend themselves in their work roles physically, cognitively, and emotionally (Gupta & Sharma, 2016). The theory of employee engagement was developed to achieve strategic business goals by creating the conditions for management to be successful and for the motivation of employees to deliver the best performances for the interest of small business enterprises (Arrowsmith & Parker, 2013). The theory also measures a staff engagement level through commitment (Kang, Stewart, & Kim, 2012). Meyer, Stanley, & Parfyonova (2012) agreed with the assertion that the factors that influence an employee level of commitment could be indicators of motivators to increase employee engagement. Khan (1990) theory of employee engagement identified three peculiar levels of employee engagement: (a) Cognitive engagement, (b) emotional engagement, and (c) behavioural engagement. Business leaders and employees value employee engagement (Steger et al.; 2013). Dagher, Chapa, & Junaid (2015) asserted that employee engagement is an important business strategy that interests researchers, scholars, and practitioners as it affects organizational effectiveness and is the source of employees' performance outcomes.

2.2. SMEs in Nigeria

Globally, there seems to be no agreed and acceptable definition of SMEs. Authors & Scholars have different perspectives regarding SMEs capital outlay, number of employees, sales turnover, fixed capital investment, available plant & machinery, market share and the level of development (Lampadarios, 2016; Sitharam & Hoque, 2016). A study by Chaudhry, Ali, Fareed, and Fakher (2014) found 50 different definitions of SMEs in 75 different countries. Small and Medium development agency of Nigeria (SMEDAN) defined SMEs as a business of 1 to 200 persons. The agency further defines micro businesses as employing 1 to 9 persons, while small business employs 10 to 49 persons, medium enterprises 50 to 199 persons. SMEDAN reported that small businesses employed over 59m citizens, which constitute over 82% of the workforce of Nigeria's economy (SMEDAN, 2013). SMEs constitute 97.2% of the companies in Nigeria (General Statistics Office, 2007). SMEs, among other things, enhance the capacity building as they serve as entrepreneurial training avenues and create more employment opportunities (Rogers, 2002). SMEs are used in the development of the capacity of the citizens and are tools of creation of wealth in the economy as well as employ both skilled and unskilled workers (Dugguh, 2015). SME mobilizes idle funds and channels same into the formal sector for utilization (Ademola & Michael, 2012).

Employment opportunities are created for a lot of people in the work-force: the young, old, part time workers and cyclically unemployed through the SMEs (Holden, Jameson, & Walmsley, 2007). Agwu & Emeti (2014) identified some of the problems facing SMEs in Nigeria. Inability to engage or employ the right set of staff, insufficient capital, irregular power supply, lack of proper records or no record at all, lack of succession plan, inexperience, infrastructural inadequacies, lack of focus, inability to separate business and family or personal finances, inadequate market research, lack of proper bookkeeping, lack of business strategy, failure to distinguish between revenue and profit, cut-throat competition, inability to procure the right plant & Machinery, over-concentration on one or two markets for finished products, low capacity utilization, stiff competition from large companies, poor educational background of operators, policy inconsistencies, multiple taxation, harsh regulatory requirements and trade groups. One of the reasons why SMEs are inefficient at times is the problem of lack of HR department or specialist in the firm (Koubek, 2011). An exploratory study by Pupilampu (2005) found that human skills and competencies are required for the effective management of SMEs.

2.3. Graduate Retention by SMEs

The right working environment ensures that employees perform well. Such an environment generally includes fair treatment, the offering of support, effective communication, and collaboration (Maley, 2013). Sustainable engagement reduces employee turnover increases productivity and achieves profitable growth (Glaves, 2012; Meyer et al.; 2012). Businesses need a work environment that creates motivation for employees to want to connect with their work and job (Bedarker & Pandita, 2014). Beddingfield (2005) argues that the mismatch of expectations and a lack of preparation for the reality of working life that causes a high turnover rate among graduate employees. King (2003) observed that graduates often regard their first employment as a stepping stone to better roles and thus look for employers to offer development opportunities that will enhance their external employability. Most new graduates do not see micro-small businesses as a natural source of job opportunity, and they are of the view that SMEs cannot offer them the appropriate salary (Denanyoh, Adjei, & Danso, 2018). Employers need to develop strategies which will allow both the graduate and organization to grow together, addressing the graduate's expectations for development and opportunity (McCracken, Currie, & Harrison, 2016). There is a need to improve graduate SMEs relationship in Nigeria (Holden, Jameson, & Walmsley, 2007). Employees should be well remunerated and motivated. These will make the employees have a sense of belonging. (Saks & Gruman, 2014). Some organizations which provide an appropriate training program for their employees' learning and skill development, achieve the high ratio of success and helping to minimize the level of employee turnover. As a result, employees might have a better commitment to their job and full encouragement to stay in the organization (Amos et al.; 2008).

SMEs should focus on branding, which will result into a good reputation for both current and future employees. This will minimize high staff turnover (Bussin & Mouton, 2019). According to Mamun & Hassan (2017), the following factors influence employees leaving an organization: Managerial factors, remuneration, working environment, career promotion, fringe benefits, perceived alternative employment opportunity, being job fit, clear job expectation, and influence of co-workers. King (2003) noted that one of the main reasons why highly talented graduates choose to move to another company is related to the lack of opportunities they receive for training, development, and career progression. Grubb, Harris, & MacKenzie (2006) revealed that most undergraduate accounting and business students do not view employment with a micro-small business as an attractive option after graduation. Graduates prefer big organizations to small business because of better pay and other benefits given to employees by big organizations (Moy & Lee, 2002). The corporate culture of an organization affects employee turnover. If organizations appreciate employees, treat them with respect, and provide compensation, benefits, and perks that demonstrate respects and caring, they will stay in the organization (Mamun & Hassan, 2017).

2.4. Employability of Graduates

Employability can be described in various ways ranging from the skills essential for obtaining a job, such as an interview preparation, to the skills needed to carry out a job effectively, such as generic abilities, personal attributes and specific/subject abilities (Helyer & Lee, 2014). It can also consist of an individual's propensity to gain and maintain employment, and be effective in the workplace to the benefit of themselves, their employer, and the broader economy (Wilton, 2011). Employability is conceptualized as the skills and personal attributes considered important by industry and needed by graduates in order to secure employment (Holmes, 2013; Jackson, 2016). The expression employability is often used interchangeably with the notion of work readiness (Rowe & Zegwaard, 2017). Yorke (2010) contends (asserts) that work readiness is a set of skills which are necessary but not sufficient for granting initial employment, while employability is a set of skills which are necessary but not sufficient for gaining employment. Oliver (2015) sees employability as the ability to discern, acquire, adapt and continually enhance the skills understandings and personal attributes that make (Students/graduates) more likely to find and create meaningful paid and unpaid work that benefits themselves, the workforce, the community, and the economy. One way to identify the performance potential of graduates at the recruitment stage is through using more sophisticated selection methods such as assessment centre's and aptitude tests. (McCracken, Currie, & Harrison, 2016)

It is important for universities to better understand employer skills requirements so that their graduates can better meet those requirements as well as the crucial wider educational objectives of a University degree (McMurray, Dutton, McQuaid, & Richards, 2016). To make stable the movement from University to the employment market, graduates of higher institution should be readily prepared for the requirements and needs of future employers, and their knowledge, abilities, and skills should meet the expectations of their potential employers (Eliska, 2016). Work-integrated learning programs are now included in many universities in Australia, New Zealand, and the UK in their degrees with the goal of boosting graduate employment prospects. This view is based on the premise that universities can (and should) produce 'work ready' or 'employable' graduates (Holmes, 2013). A fresh graduate needs to be both employable and work-ready to increase their chances of employment (Sachs, Rowe & Wilson, 2017). The degrees offered in the higher institutions of learning are required to equip the students with the needed skills, knowledge, competences, and attitudes. These skills are used in employment, leading to the economic development of each person and the society in general. For the knowledge, expertise, and competencies learned in the universities to be of use, the program must be appropriate and must match the tasks, skills needed in different jobs. If the competencies do not match the functions in a particular situation, the graduate cannot do the job (Abolo, 2017). Martin & Chapman (2005) states that majority of employers do not know what a marketing degree is and thought that degrees are only relevant to large organizations, small business owners believe that the typical syllabus of studies in higher institutions does not prepare graduates for employment in small businesses. It seems higher institutions in Nigeria are rather more interested in theory than practice. Higher institutions should embark on research studies that will contribute more to improving business practices and researches that will benefit society

(Abolo, 2017). There is a need for higher institutions in Nigeria, to make their curriculum more practicable so that graduates from their institutions can fit into employment at both the private and public sector of the economy.

2.5. Empirical Reviews

A study by Martin & Chapman (2005) showed that graduates like working within the micro-small business sector, because of the culture of do everything flexibility, work with the management team, and be fully involved. While they dislike working long hours, pay and lack of promotion in small business.

In an analysis carried out by McMurray, Dutton, McQuaid, & Richards, (2016) on 1,000 job advertisement for graduates in four occupational categories (Finance, general management, HRM, Marketing) it was found that the most common skills demanded of graduate job entrants were: Communication, Information technology, Organisation, Team working, interpersonal, and motivation (Bennett, 2002).

The research carried out among 50 managers of human resource departments in the Czech Republic shows that the most critical factors for University graduates seeking employment are the knowledge of English, communication skills, professional behavior, self-reliance, logical and technical thinking and good manners (Hovorkova, 2012). Employers also expect the abilities to solve problems, make decisions, deal with people and to work in teams, as well as bear responsibility, willingness to learn, adaptability, self-representation, and flexibility (Kalaukova & Vojtech, 2008).

Previous empirical studies have observed that factors such as competitive salary, friendly working environment, good interpersonal relationships, and job security are the key motivational variables that can lead to retaining employees in an organization (Samuel & Chipunza, 2009; Kinnear & Sutherland, 2000; Maertz & Griffeth, 2004).

Okafor (2011) reported that the National Universities Commission (NUC) and the Education Trust Fund (ETF) revealed in their survey that 44% of the 20 organizations rated Nigerian science graduates as average in competence, 56% rated them as average in innovation, 50% rated them average in rational judgment, 63% as average in leadership skills and 44% as average in creativity. These statistics reflect a poor assessment of graduates of Nigerian Institutions and further buttress the argument that they are unemployable (Abolo, 2017).

The result of a study carried out by Ofori & Aryeetey (2011) in Ghana suggested that many SMEs do recruit graduates but do not retain them beyond three years. Respondents identified information technology as the most critical skill they require of graduates, followed by numerical skills, written communication skills, Oral communication skills, confidence, and self-discipline.

The summary of a study carried out by Denanyoh, Adjei, & Danso, (2018) titled Graduate's perception of employment in Micro-small businesses in Ghana revealed the following: SMEs pay graduates very low salaries/wages employable skills do play an essential role in the potential employability of graduates; graduates prefer working in large organizations as they provide attractive fringe benefits to their employees; there is no job security in SMEs from the graduates opinion; no collaboration between the University & SMEs, and there was a high level of awareness on micro-business job prospects, but most participants regard it as too stressful.

A research titled employer demands from Business Graduates by Mc Murray, Dutton, Mc Quceid, & Richard (2016) in Scotland among 71 employers found that the factors which were most important to employers when recruiting graduates with a business school first degree, were: personal attitude, employability skills, relevant work experience and degree result while the most important transferable skills to employers when recruiting graduates were: trustworthiness, reliability, motivation, communication skills and a willingness to learn.

3. Research Methodology

The instrument used to gather data for the study was adapted from the study conducted by Ofori & Aryeetey (2011) titled Recruitment and Selection Practices in Small and Medium Enterprises: Perspectives from Ghana. The questionnaire was divided into two main sections. Section A covers the basic information about the respondents, while Section B covers information on the study. The targets respondents were Owners of SMEs that employ graduates. Data were gathered from two hundred respondents; however, only one hundred and ninety-eight (198) questionnaires were okay. The questionnaire was designed using five points Likert scale ranging from strongly agree (5) to strongly disagree (1) to provide information on the criteria used in assessing SME borrowers.

4. Results

Data were collected from 200 SMEs in Lagos; however, there were 198 viable questionnaires. The questionnaire was formulated using a Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1) to provide information on the determinants of employing staff among SMEs in Lagos.

Variable	Frequency (N=198)	Percentage (%)
Industry		
Agriculture	6	3.03
Art	5	2.53
Beauty	10	5.05
Consulting	4	2.02
Construction	3	1.52
Education	5	2.53
Engineering	4	2.02

Variable	Frequency (N=198)	Percentage (%)
Event	6	3.03
Fashion	9	4.55
Finance	3	1.52
Healthcare	11	5.56
Hospitality	17	8.59
IT	13	6.57
Manufacturing	15	7.58
Telecomm	6	3.03
Trading	75	37.9
Others	6	3.03
Number of Distinct Products		
1 - 5	135	68.18
6 - 10	31	15.66
> 10	32	16.16
Number of Employees		
1 - 5	185	93.43
6 - 10	9	4.55
> 10	4	2.02
Legal Status		
Business Name	116	58.59%
Limited	82	41.41%
Date of Commencement		
Before 2004	7	3.54%
2004 - 2008	26	13.13%
2009 - 2013	86	43.43%
2014 - 2018	79	39.90%

Table 1: Characteristics of Entrepreneurs

The level of diversion in this population of entrepreneurs is evident in this study. The entrepreneurs were seen to operate in various industries of the economy with the trading industry taking the lead at 37.9% followed by the Hospitality industry (8.59%), manufacturing industry (7.58%), the Information Technology (IT) industry with 6.57%, Healthcare industry (5.56%), Beauty industry (5.05%), Fashion industry (4.55%), Agriculture industry (3.03%), Event industry (3.03%), Telecomm industry (3.03%), Art industry (2.53%), Education industry (2.53%), Engineering industry (2.02%), Construction industry (1.52%) and Finance industry (1.52%). Majority of the entrepreneurs (68.18%) had one to five distinct products followed by entrepreneurs with more than ten distinct products (16.16%) and entrepreneurs with six to ten products (15.66%). Entrepreneurs with more than ten distinct products were majorly into trading, such as supermarket owners and automobile traders. Most of the entrepreneurs had one to five employees (93.43%), while 4.55% had six to ten employees, and only 2.02% had more than ten employees.

More than half of the entrepreneurs were registered as business names (58.59%), while the remaining 41.41% were limited companies. When asked when they commenced their businesses, 43.43% said they started within the years 2009 to 2013, 39.9% said started within the years 2014 to 2018, 13.13% started within the years 2004 to 2008 while only 3.54% began before 2004.

S/N	Variable	Mean	SD
1	Information tech skills	3.57	1.28
2	Numerical skills	3.72	1.18
3	Written communications	3.80	1.12
4	Oral communication	3.86	0.93
5	Confidence	3.74	1.10
6	Self-discipline	3.74	1.11
7	Mature attitude	3.70	1.09
8	Interpersonal and teamwork	3.71	1.10
9	Leadership skills	3.66	1.10
10	Time management	3.66	1.08
11	Positive work ethics	3.79	0.96
12	Decision making	3.57	1.30
13	Problem-solving	3.52	1.34
14	Negotiation	3.48	1.35
15	Innovative	3.41	1.40

Table 2: Competencies and Skills of the Graduate Staff

The ranking by the entrepreneurs on competences and skills of the graduate staff showed positive means for all variables ranging from 3.41 to 3.86 and standard deviation ranging from 0.93 to 1.40. Oral communication had the highest mean (3.86) followed by written communication (3.80) and positive work ethics (3.79). Innovative skills (3.41), Negotiation (3.48), and problem-solving (3.52) had the lowest means.

Variable	Frequency (N=198)	Percentage (%)
Good	130	65.67%
Average	50	25.25%
Poor	18	9.10%

Table 3: Overall Competencies & Skills of the Graduate Staff

The competencies and skills of the graduate staff as ranked by the entrepreneurs was scored and classified to good, average, and poor. The results show that the majority of the entrepreneurs ranked the graduate staff to have good competencies and skills, 25.25% ranked them to be average, while 9.10% ranked them to be poor.

S/N	Variable	Mean	SD
1	Most graduate entrants have a serious skills gap, initiative and have weak interpersonal skills	3.71	1.16
2	The remuneration provided by SMEs is low	3.11	0.95
3	Poor conditions of the service supplied by SMEs	3.26	1.17
4	Some graduate has poor managerial skills	3.61	0.72
5	Cost of maintaining graduate is expensive	3.67	0.67
6	SMEs cannot afford high job earnings as compared to a larger firm	3.55	0.79
7	SMEs are not financially sound to be able to recruit more graduates and meet their demands	3.55	1.06
8	Some graduates find it challenging to apply book knowledge to practical situations	3.75	0.95
9	Lack of experience on the part of graduates	3.72	1.03
10	The nature of the job does not require graduate recruitment	3.08	0.95
11	Some graduates are not hardworking	3.84	0.93
12	Some graduates have a poor relationship with subordinates and management	3.69	0.71
13	Graduates are not flexible and cannot adapt to change	3.67	0.68
14	Graduates do not consult SMEs for employment; they only send their applications to large organizations	3.80	0.84
15	SMEs have no recruitment system in place	3.32	0.95
16	Some SMEs do not have large enough premises to recruit graduates into	3.24	0.92
17	Some SMEs cannot afford to pay graduates, so they go for SSS leavers and train them	3.61	0.92
18	Graduates are of no use in areas of decision making because the owner or manager takes all the decisions	3.60	1.10
19	Some employers especially non-graduates feel intimidated by the graduates	3.11	1.00
20	Training of old staff to do the job is more preferred	3.54	0.78

Table 4: Factors Inhibiting Performance of Graduate Staff

The entrepreneurs opined on the factors inhibiting the performance of graduate staff in SMEs using the Likert scale, and results revealed positive means ranging from 3.08 to 3.84 and standard deviation ranging from 0.67 to 1.16. The statement "Some graduates are not hardworking" had the highest mean (3.84) as one of the factors inhibiting performance of graduate staff in SMEs followed by "Graduates do not consult SMEs for employment; they only send their applications to large organizations" (3.80) and "Some graduates find it difficult to apply book knowledge to practical situations" (3.75). The statements "The nature of the job does not require graduate recruitment" (3.08), "The remuneration provided by SMEs is low" (3.11) and "Some employers especially non-graduates feel intimidated by the graduates" (3.11) had the lowest means.

S/N	Variable	Mean	SD
1	Most graduates are not satisfied with the salary, so they search for jobs while working with the SMEs and they finally leave	4.24	0.73
2	Most of the graduates go after acquiring training so they can bargain at larger organizations for better remuneration with their acquired knowledge	3.97	0.87
3	They lack the confidence to work	3.56	0.96
4	The conditions of service and company policies are not good	3.18	0.96
5	There is no job security	3.14	1.00
6	Graduates use their first jobs with the SMEs as stepping stones to greener pastures	4.11	0.91
7	They cannot cope with the demands of the job	3.65	0.89
8	The relationship between the boss and the employers is often so poor, so the graduate leaves	3.34	1.10
9	SMEs do not offer career paths and job packages that would entice graduates to stay	3.10	1.21

Table 5: Reasons for Low Graduate Retention

The entrepreneurs were presented with statements reflecting the possible reasons for low graduate retention in SMEs; results showed positive means ranging from 3.10 to 4.24 and standard deviation ranging from 0.73 to 1.21. The reason which recorded the highest mean was "Most graduates are not satisfied with the salary, so they search for jobs while working with the SMEs and they finally leave" (4.24) followed by "Graduates use their first jobs with the SMEs as stepping stones to greener pastures" (4.11) and "Most of the graduates leave after acquiring training so they can bargain at larger organizations for better remuneration with their acquired knowledge" (3.97). The statements with the least means were "SMEs do not offer career paths and job packages that would entice graduates to stay" (3.10), "There is no job security" (3.14) and "The conditions of service and company policies are not good" (3.18).

5. Discussion

The entrepreneur population for this study was diverse with their industries of operation varying across different sectors of the economy. This helps to give a good picture of the answer to the research question of this study considering all sectors. Majority of the entrepreneurs specialized in less than ten distinct products and had less than ten employees, which are typical of an average Small and Medium-scale Enterprise (SME).

Majority of the SMEs in this population were also registered at business names: a growing norm in the Nigerian society amongst SMEs due to the lower cost involved in registering and managing a business name in Nigeria as opposed to a limited liability company. The businesses were also found to be mostly new generation businesses based on their years of commencement and thus reflects the current SME staffing situation in the country.

Oral communication, written communication, and positive work ethics were top on the list of competencies and skills of graduate staff as ranked by the SME owners; however, graduate staff scored lower points in innovative, negotiation and problem-solving skills. This reflects a deficiency in practical skills for the graduate staff; it shows that although the graduate staff possesses theoretical skills as expected of a Nigerian graduate, they lack when it comes to practical skills needed in the workplace.

The SME owners agreed to the opinion that graduates are not hardworking, only prefer larger organizations and find it challenging to apply the knowledge they gained from schools practically in the workplace. The challenge with a practical application of knowledge reckons with the lower points the graduates scored in practical skills such as innovative, problem solving and negotiation skills as ranked by the entrepreneurs. The entrepreneurs also least agreed to SMEs being the problem as statements regarding poor remuneration, nature of the job, and employers feeling intimidated by graduates scored lower points. This reflects that either the graduates are the problem, or the SME owners do not want to take the blame since the answers were based on their perspective.

The SME owners were also of the view that graduate retention was low in SMEs due to graduates' dissatisfaction with remuneration and graduates using them as a training ground or stepping stone to "bigger" career opportunities. The entrepreneurs least agreed to lack of competitive packages, lack of job security, and poor conditions of service and company policies as reasons for low retention.

In conclusion, the need for students of higher institutions to have hands-on knowledge of the theory taught them cannot be overemphasized. They should be trained to acquire and use the practical skills needed in the real work environment. SME owners should also go back to the drawing board and identify the HR weaknesses causing low retention of graduates and the inability to get graduates to operate at their best capacity. They can take cues on what larger organizations are doing. There are other ways SMEs can make their HR package competitive if they are not financially capable of giving a competitive salary; they can have more competitive benefits packages such as flexibility, more extended maternity leave period, etc. Taking an HR course or employing an HR professional can help.

There is a call for further research to identify the factors inhibiting the performance of graduate staff and reasons for low retention from the perspective of the graduates themselves.

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