CONCEPT OF UNEMPLOYMENT

Definition: Unemployment is defined as a situation in which persons of working age, able and willing to work are unable to find a paid employment.

Unemployment rate is denoted by the symbol 'U' and is represented by a formula below:

U= Number of unemployed persons. x 100

Working population or labour force 1

Example: A country has a working population or labour force of 4.8 million of which 3.6 million people are employed. Calculate the unemployment rate of the country.

Solution

Labour force=4.8 million

No. of employed = 3.6 million

No. of unemployed=4.8m - 3.6m = 1.2m.

Therefore, =Number of unemployed persons x 100

Working population or labour force 1

1.2m / 4.8m x 100 = 25%

Types of Unemployment

1. Structural unemployment: This is the type of unemployment which arises as a result of changes in the pattern of demand of certain commodity. If the demand is low, it could lead to industries reducing their workforce and this eventually results in structural unemployment.

2. Seasonal unemployment: This is the type of unemployment which takes place in industries whose production is subject to seasonal variations.

3. Mass unemployment: Mass unemployment is the type of unemployment which affects many occupations and industries at the same time. Mass unemployment is also known as cyclical or deficient unemployment.

4. Under-employment: This is the type of unemployment which occurs when an individual works at less than his full capacity so that his productivity is below the maximum.

5. Frictional unemployment: This is the type of unemployment which occurs as a result of changes in the techniques of production. Due to advancement in technology, machines are introduced in production, which tend to replace labour and this can lead to retrenchment of workers. Frictional unemployment is also called technological unemployment.

6. Voluntary unemployment: Voluntary unemployment occurs when a worker deliberately refuses to take up paid employment even though employment opportunities are available.

7. Residual unemployment: This is the type of unemployment that arises as a result of physical or mental disabilities.

8.Casual unemployment: This is the type of unemployment which involves jobs that are not permanent. This is common with the unskilled type of labour, e.g. part time jobs.

Causes of Unemployment

1. Inadequate educational system

(2) Lack of industrial growth

3. Over-population

4. Lack of social amenities

5.Geographical mobility of labour

6. High cost of education

CONCEPT OF SELF EMPLOYMENT

Self-employment is the act of generating one's income directly from customers, clients or other organisations as opposed to being an employee of a business.

Factors to consider Before embarking on Self-employment

Once you have decided on the business venture you intend to embark on or invest in, you should take the following steps.

1. Carryout Feasibility Study: You should carryout a feasibility study of the kind of business you want to embark upon.

2. Possession of Some Capital: You should have some fund or capital to start and run the business.

3. Register a Business Name: You should go ahead and register a business name for your enterprises.

4. Study About Taxes: Do not fail to pay your tax no matter how small. At least, your income tax is a must before you can pay the other required taxes.

5.Start on a Small Scale: Start on a small scale with the capital you have. Do not go into borrowing from banks at the beginning.

6. Carry out Market Research: You should be able to identify or know the potential consumers of your products.

7.Ensure Better Packaging: Do your products and package them very well. You should try and package them differently from what is already existing.

8. Watch Out for What People Need: You should be able to watch out for what people need before embarking on such business.

9. Recognise Your Potential customers: You must recognize your potential or target customers e.g. schools, general public, children, etc.

10. Expert Advise: Make consultation or seek expert advice on new business.

11. Go for Training: Go for training on a new business you have no idea of

JOB CREATION

Job creation is a deliberate efforts made by individuals, corporate bodies and government in generating employments of different types for the unemployed citizens in the economy. Job creation in Nigeria advices the top management of companies and institutions on issue of strategy, performance, organization, manpower and operations.

Job creation is, no doubt, a pressing topic in Nigeria. It takes centre stage with policy makers at all levels of government as stakeholders struggle with the fact that despite several years of 7-8% annual growth unemployment and underemployment remair high.

DIGNITY OF LABOUR

Dignity of labour is a clause which states that all job types are equally respectable and no occupation is superior to another. It emphasizes the virtue of equality and lack of condensation.

Dignity of labour insists that it is better to be employed than stay idle.

CONCEPT OF UTILITY

Definition: Utility may be defined as the satisfaction that a consumer derives from consuming a commodity or service at any particular time.

Types of Utility

1. Form Utility: refers to the change in the form or structure of a commodity during it's manufacturing process in order to increase its utility. Eg, cotton to a clothing material.

2. Place utility: involes the changing of location of a commodity from one geographical area where it has little utility to a another area where it's utility is higher.

3. Time Utility: refers to the satisfaction a consumer will derive from the consumption if a particular commodity at a given time.

Concepts of Utility

Total Utility: refers to the total amount of satisfaction a consumer derives from the consumption of a commodity at a particular time.

Total Utility (TU) = Average utility x Quantity consumed

2. Average Utility: refers to the satisfaction which a consumer derives per unit of commodity consumed.

Average utility(AU) = Total Utility/Quantity consumed

3. Marginal Utility: refers to the additional satisfaction derived by consuming an extra unit of a commodity.

Marginal Utility (MU) = Changes in TU/ Changes in Quantity consumed

THE LAW OF DIMINISHING MARGINAL UTILITY.

The law of diminishing marginal Utility states that as a consumer consumes a successive units of a commodity, a point is reached where consumption of an additional unit yields less satisfaction.

THE CONCEPT OF ORIGIN

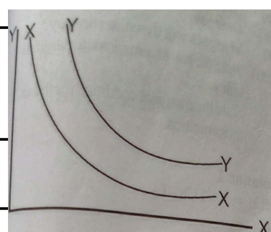
The concept of origin refers to the minimum quantity of a commodity which must be consumed before the commodity can yield any satisfaction to the consumer.

UTILITY MAXIMISATION

A consumer would want to achieve the greatest amount of satisfaction from limited resources available to him. He can maximise total Utility by reducing his expenditure on certain commodities whose increased consumption yields low satisfaction and increase expenditure on others which give him higher level of satisfaction.

THE CONCEPT OF INDIFFERENCE CURVES

Definition: An indifference curve is the one which shows the possible combination of two commodities, each yielding the same satisfaction or utility to the consumer. All the combinations of two commodities represented on the indifference curve give the consumer the same amount of utility, such that he is "indifferent" as to which particular set of combination he prefers. Combination X will not give him more or less satisfaction than combination Y, as long as both combination X and Y are on the same indifference curve.



Indifference curve

Mathematical Approach to Consumer Theory

Most mathematical questions that may come from consumer's theory requires a proper understanding of total Utility, average utility and marginal utility.

Example 1.

Quantity of goods consumed	[illegible]	Marginal Utility
0	[illegible]	0
1	[illegible]	10
2	16	?
3	?	4
4	?	?
5	23	1
6	23	?

A. Complete the above utility schedule

B. Draw the total and marginal utility curve

C. At what quantity does TU equals MU?

Cii, what is the value of MU when TU reaches the maximum?

Ciii, what happens to the value of TU as quantity consumed increases?

Civ, what happens to the values of MU as the quantity consumed increases?

Note: leave one page of your note for the above calculations.

PRICE DETERMINATION

In a perfectly competitive or free Market economy, prices are determined by the interaction of the forces of demand and supply. The determination of prices by the interaction of the forces of demand and supply is what is referred to as price system or price mechanism.

Equilibrium price is that price at which the quantity demanded is equal to the quantity of commodities supplied.

Equilibrium position or Equilibrium point: is the point where the demand curve meets the supply curve.

Equilibrium Quantity: refers to the quantity demanded and supplied at the same time.

Market demand amd supply schedule for yam

Price (Naira)	Quantity supplied (kg)	Quantity demanded (kg)
25	100	20
20	80	40
15	60	60
10	40	80
5	20	100

Equilibrium curve of yam

The concept of Equilibrium

Equilibrium is a situation which occurs when there is a balance between quantity demanded and supplied. The existence of equilibrium gives rise to the *third law of demand and supply* which states that: "The equilibrium price is that price which equates demand and supply".

Example: Supply and demand schedule of tin milk 🥛

Price per unit (Naira)	Quantity demanded per week	Quantity supplied per week

5	500	60
6	400	150
7	300	300
8	250	400
9	150	500
10	50	600

A. At what price and quantity does the market attain equilibrium and why?

B. At what price does the market exhibit excess demand and by how many units?

C. At what price does the market exhibit excess supply and by how many units?

D. At what price will the supplier be willing to sell most? What quantity will he be willing to sell at that price ?

Note: Leave 15 lines for the above calculations.

PRICE ELASTICITY OF DEMAND

Price elasticity of demand also known as the co-efficient of price elasticity, may be defined as the degree of responsiveness of the quantity demanded of a commodity to change in the price of the commodity. Elasticity of demand is expressed mathematically as follows:

ED = percentage change in demand/ Percentage change in price

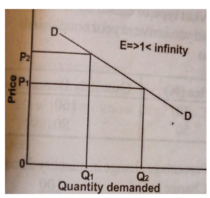
<u>Types of price elasticity of demand</u>

a. **<u>Elastic demand</u>**: Demand is said to be elastic if small change in price leads to a greater change in the quantity of goods demanded.This is also described as fairly elastic demand.

b. <u>Inelastic demand</u>: demand is said to be inelastic if a larger change in price leads to a small or slight change in quantity of goods demanded.

This is also described as fairly inelastic demand.

c. <u>Unitary or Unity elastic demand</u>: demand is said to be unitary when a change in price leads to an equal cahnge in the quantity of goods demanded , in other words, a 5% change in price will lead to a 5% change in demand.



<u>Measurement of Elasticity of Demand</u>

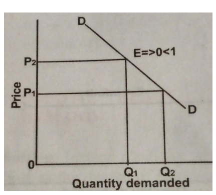
Example 1: The price of bread in 2002 was increased from N40 to N50 and the quantity bought per week by a consumer decreased from 160 loaves to 80 loaves.

a. Present the above data in a table

b. Calculate the coefficient of price elasticity of demand

c. What type of elasticity is this and how did you arrive at your conclusion?

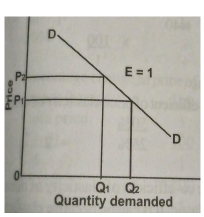
Note: leave 10 lines for the calculations above



<u>Income Elasticity of Demand</u>

<u>Income Elasticity of demand:</u> is defined as the degree of responsiveness of demand to change in income of consumers. The formula for this changes slightly to

ED = percentage change in quantity demanded / percentage change in income



Example: A weekly income of a clerk was increased from N100 to N125 as a result of his promotion in the office. He is able to purchase 300 loaves of bread instead of 200 loaves per week.

a. Calculate the coefficient of his income elasticity of demand

b. Is the demand elastic or inelastic? Why?

c. What kind of goods is bread to the consumer?

Note: leave 10 lines for this calculations

ELASTICITY OF SUPPLY

Elasticity of supply may be defined as the degree of responsiveness of the quantity supplied of a commodity to change in the price of a commodity. Elasticity of supply is calculated as

ES = percentage change in quantity supplied/ percentage change in price

Example: At N10 per tuber of yam, 24 tubers were supplied and when the price increased to N12 per tuber, 30 tubers were supplied.

a. Present the above data in a table

b. Calculate the coefficient of price elasticity of supply

c. What type of elasticity is this and how did you arrive at your conclusion?

Note: leave 1 page for the calculations above.

Mathematical Approach to Demand and Supply Functions

Note: leave 4pages of your note for the calculations on demand amd supply functions.

MARKET STRUCTURES

A market may be defined as any system or arrangement by which persons and institutions are brought into contact to exchange goods and services. In other words, a market is a point of contact, place of any means of communication whereby sellers and buyers can communicate with one another, to exchange goods and services at prices determined by the market forces.

TYPES OF MARKET

Market can be grouped on the basis of the type of commodities purchased and sold or on the basis the channel of movement of finished products from the producers to consumers, or on the basis of prices.

1. Types of market according to commodities sold in them.

i. Money market: Money market is the type of market for short term loan.

ii. Capital market: Capital market is a market for medium term and long term loans.

iii. Consumer goods market: is the type in which finished products ready for use by consumers are sold and bought.

iv. Primary products market: This is the type of market in which primary products in their raw forms are sold and bought.

v. Factor market: This is the type of market in which the factors of production are sold and bought.

vi. Foreign exchange market: This is a market which deals with foreign exchange transactions and it involves the buying and selling of foreign currencies.

vii. Labour market: Labour market is the type in which workers and employers are in close contact for the purpose of rendering services.

viii. Stock exchange market: This is a market where investors can buy and sellbexisting securities like shares, stock and debentures.

2. Types of market according to channel of distribution

i. Wholesale market: This is the type of market in which a trader called wholesaler buys commodities in large quantities from the manufacturer and sells in small quantities to the retailer.

ii. Retail market: This is the type of market in which a trader known as a retailer buys commodities from the wholesaler and sells in bits to the final Consumers.

3. Types of market acording to price

The types of market based on the prices of commodities are grouped into two:

prefect market and imperfect market.

i. PERFECT MARKET

A perfect market may be defined as one in which buyers or sellers cannot influence the prices of goods and services. Perfect market is also called competitive market or perfect competition.

Conditions or features necessary for perfect market

Homogeneous goods Free entry and exit:

Large buyers and sellers No preferential treatment

Perfect knowledge Common price

ii. IMPERFECTMARKET

An imperfect market may be defined as the market in which prices of goods and services can easily be intluenced by the sellers or buyers. Imperfect market is also called imperfect competition.

Conditions or features necessary for an Imperfeet Market

The goods are not homogeneous. There is no free entry and exit

There are few buyers and sellers. There is preferential treatment

There is no perfect information There is no common price

Difficulties in the transfer of factors of production.

Types of Imperfect Market

a. Monopoly: This is an imperfect market in which there is a single seller of a particular good or service.

Monopolistic competition: This is a market where there is a large number of producers dealing with different product or services such that no product of one is seen as a perfect substitute of another.

Duopoly: This is an imperfect market in which there are only two producers of the same commodity.

Oligopoly: This is an imperfect market in which there are only few producers or sellers of the same commodity.

Monopsony: This is the type of market in which there is only one buyer for a product.

INDUSTRIES IN NIGERIA

DEFINITION OF INDUSTRIAL CONCEPTS

firm: A firm is the basic unit within which factors of production are organised for the purpose of producing wealth. Examples of firms are Unilever Nig. Plc., Tanco Nig. Ltd, Texaco Nig. Ltd.

Industry: An industry is defined as a group of firms producing similar products and under separate administration of management. For example, in the petroleum industry we have Oando, Texaco, Total and Mobil. All produce similar products.

Plant: Aplant is a place where a firm carries out its productive activities. In otherwords, plant is a building where industrial process happens or take place e.g. a huge chemical plant and Ajaokuta Steel Plant.

Factory: A factory is a building or group of buildings in which goods are produced in large quantities, using machines e.g. a car factory

Industrial Estate: Industrial estate is a large piece of land where there are factories and businesses. In industrial estate many factories or companies are found and these factories engaged in different businesses e.g. Ikeja Industrial Estate.

LOCATION OFINDUSTRY

Definition: Location of industry may be defined simply as the sitting or establishment of a firm or industry in a particular place.

LOCALISATION OF INDUSTRIES

Localisation of industries refers to the concentration of firms or industries producing similar products in an area. In other words, it is the establishment of many related industries or firms which produce similar goods in a particular location, e.g. many cement manufacturing firms could be located in the same area because all of them produce similar goods which is cement.

Factors Influencing the Location of an Industry or Localisation of Industries

1. Proximity to source of raw materials
2. Nearness to market
3. Nearness to source of power
4. Government policies and political stability
5. Availability of labour and other factors of production
6. Joint research and training centres
7. Availability of infrastructural facilities