

# Unemployment in Nigeria: The Myths and Realities

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## ABSTRACT

*One of the current economic threats in Nigeria is unemployment. Reports given by statistical authorities is not commensurable with the reality of unemployment felt by the people. Therefore, this study reviews the case of unemployment in Nigeria with the aim of unveiling what seem to be the myths and in reality what is obtainable. Data needed for the study were drawn from different records such as World Bank reports and other information from other institutions' data base and publications by different scholars who have already undergone similar problems. Findings show that retirees, underage and the employed who are not well paid are still searching for new jobs on daily basis even when their names should not be found in the category of unemployed. It further shows that some of the cases of unemployment are related to government and leadership while some are attributed to the unemployed individuals. It has been discovered that the 23.9% rate of unemployment is official while the real life situation rate is quite threatening. Major causes of this menace include insecurity, poor infrastructure, poor education, privatization, corruption, bank loan policies etc. Hence, skill acquisition centres for the training of the teeming youths who do not have sponsors to go to school; restructuring of education system in Nigeria in such a way that graduates would also become self employed through vocational training; and enforcement of private firms to pay their workers at the approved Federal Government salary scale and promotion of security on the job, so as to boost the interests of workers in the private sector are among other recommendations made for this study.*

**Keywords:** Purchase power parity, Unemployment, Nigeria

## INTRODUCTION

The problem of unemployment in Nigeria has become a subject of public concern. The impact created by unemployment on the economy of the nation has vividly shown in most, if not all the areas of the economy. It is observed that the rate of unemployment in Nigeria is alarming and intolerable; government alone cannot provide all the required jobs (Adawo and Atan, 2013). In Nigeria, the bandwagon effect posed on the economy of the nation is not commendable but serious threat on other areas of development as a result of the features exhibited at the full blown stage of unemployment such as: stealing, killing for rituals, kidnapping, false pretence, human trafficking, robbery etc. All these may in one way or another affect the development of the nation in the area of investment since no one would want to invest in an area where there is insecurity to life and property. The puzzle behind the assertion is that unemployment continues to loom

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since there would be no employment without investment. In fact, unemployment is perhaps the single most disturbing problem confronting most nations of the world today (Eminue, 2005). Afolabi (1998) supports the fact that policies such as monetary, security, investment etc. can also bring unemployment if not suitable or properly managed. Because of social and economic hazards that accompany unemployment, it is therefore no surprise that unemployment is a frequent topic of political debate. It is pertinent to note that mere political debate on unemployment merit cannot solve the problems of unemployment except when the outcomes of the debate are put to implementation backed with resolute political will (Adawo, Essien and Ekpo, 2012). It is also pertinent to note that governments at different levels have tried some strategies to reduce unemployment and create employment opportunities; but to no avail. Instead, unemployment is still looming at alarming rate. Ekpo (2004) confirms that despite various stabilization and adjustment packages from 1978 – 1990, the Nigeria economy still experience high rate of inflation and unemployment.

A cursory survey of the labour market in Nigeria has revealed the alarming rate of unemployment which causes the manifestation of poverty, hunger, inflation, insecurity cum other social vices that do not allow investment to thrive neither development but a dwindling economy on daily basis. Government has in recent times introduced series of programmes that would boost employment and reduce unemployment in Nigeria, but to no avail. These calculative strategies of government have encountered problems of fake figures, laziness, poor education, government conflicting policies, introduction of Ghost workers by corrupt officers, high rate of interest on Bank loans, privatization, socio-cultural constraints, poor mobilization of idle labour, unstable economy, inadequate commitment by government, absence of synergy between higher institution and the political/economic society, lack of advertisement and a host of other factors that incite unemployment in Nigeria. What is the cause? What is the true position of unemployment in Nigeria? To what extent has this menace impede the development of the country? Is this problem of unemployment unsolvable? What are the possible ways of solving this problem? How realistic are government policies towards job creation? The essence of this study therefore is to find out the level of damage caused by unemployment, and the strategies through which employment could be created to proffer solution to this axiomatic problem called unemployment.

### **Unemployment and Types of Unemployment**

Unemployment according to Ande (2012), is a Situation in which persons of working age, able and willing to work are unable to find paid employment. In other words, unemployment refers to a situation in which people who are capable of working and who are qualified by age and strength to work cannot find employment. Adawo, Essien and Ekpo (2012) opine that an unemployed is one who participates in the labour market with the hope of finding a job. Also, the people who were once employed are fired on daily basis while others are also hired; whereas, this determines the perpetual

flow of activities in the labour market. Unemployment refers to the non-utilization, underutilization or misutilization of a vast number of employable people in a nation. People who are unsuccessful but actively seeking work (Eminue, 2005). Unemployment is essentially of four types: cyclical or seasonal, frictional, structural and urban or mass unemployment (Umo, 1986).

***Structural Unemployment:*** This type of unemployment arises as a result of customers change in demands for certain products due to either change in price, change in production or competition of other products that proffer close substitute to such products. Then the workforce of the company must be reduced since the sole aim of a capitalist is to maximize profit.

***Seasonal or Cyclical Unemployment:*** This particular type of unemployment is peculiar to private enterprises and sole proprietorship kind of businesses. There are times some particular goods and services that have their season when consumers would patronize them. Such businesses include umbrella in the rainy season, rain boots, car screen-wiper, sweater and warmer while ice-cream, yogurt, fan, and many others move in the dry season. There are also some professional jobs that are so lucrative in the dry season due to high-rate of ceremonial event that take place such as wedding, convocation, end of the year festival, new year's festival, traditional marriages and so on. Therefore, to successfully crown these events, some logistics must be put on ground and the provision of these goods and services generate employment to people. Such employment include cultural dancers, live band players, musicians, canopy renters, decorators, stewards and cooks, cheffs, clowns and so on. During these periods of festivities, those who are involved in such businesses would make more money that would take-care of their needs throughout the year, but when rainy season approaches, they become unemployed.

***Frictional Unemployment:*** This type of unemployment happens as a result of change in techniques of production whereby machines are used to replace manual labour. For instance, the technological development that took place in Europe in the late 18th century which brought about the abolition of slave trading in Africa could be a typical example. Because even when Dutch and Portuguese actually discouraged slave trade on the "Gold Coast" in the 17th century, it did not work, because manual labour was still needed (Rodney, 1972). Again, in Nigeria, the advent of sand dredging machines has rendered so many manual sand scoopers unemployed.

***Urban or Mass Unemployment:*** This is the type of unemployment which affects many sectors and industries at the same time. It is usually caused as a result of government policy that does not favour the social justice, thereby affect the purchase power parity (PPP) that will result in retrenchment of workers due to lack of patronage. One example of such policy is the IBB's Structural Adjustment Programme (SAP) which people simply described as "Tragedy of the Poor". In this case, it was not as a result of lack of patronage but as a result of privatization which called for the transfer

of government property and responsibility into the hands of few capitalist who would maximize profit and leave the people unemployed (Udo, 2012). Another type of unemployment is the one identified as casual unemployment which involves jobs that are not permanent. This is so common with the unskilled type of labour who are also doing part-time jobs. Their services could be employed for two years and thereafter faced with relief of appointment. Therefore, from the time of relief of appointment till time of getting another job, they remain unemployed.

### **Causes of Unemployment**

A myriad of factors could count responsible for the unacceptable rate of unemployment in Nigeria according to Adawo (2013). These factors include the following:

**Poor Development Plans:** Over a long period of time, government does not formulate plans that can create employment opportunities to the people, whereas, the first (1962) and second (1970) National Development Plan were concrete enough to ‘back’ the philosophy that was spelt out in the objectives which were to establish Nigeria firmly as:

- (i) A united, strong and self reliant nation,
- (ii) A great and dynamic economy,
- (iii) A just and egalitarian society,
- (iv) A land of bright and full of opportunities for all citizens;
- (v) A free and democratic society

Under the First National Development Plan (1962 – 1968), a total investment expenditure of about N2.132b was proposed. Out of this, the public sector investment was expected to be about N1.352billion while the remaining investment expenditure of N780 million was expected to be undertaken by the private sector. This implies that the private sector investment was expected to be about 38% while the public sector investment covered 62%. But in a situation, such as that of Nigeria where the private sector is given license to take the lead on investment of the nation, unemployment is always the case.

**Corruption:** The cankerworm that has eaten deep into the Nigerian system and has even pierced the bone and enters the marrows of the nation is not poverty neither natural disaster nor God’s punishment as opined by some spiritualists, but “Corruption”. Corruption is so deeply rooted in Nigeria to the extent that Nigeria is noted all over the world as a corrupt country (Adawo, 2013). It has gone to the level when corrupt office holders could graduate from one stage of leadership to another without anything done to them to serve as deterrent to other cases of corrupt practices such as the SURE-PN4.9bn fraud reported by Vanguard Newspaper, with the Caption “Aggrieved SURE-P staff protest over N4.9bn fraud. The report has it that a PDP Chieftain, Chief Olabode George among other Nigerians have been accused of embezzlement to the tune of N4.947 billion from 51,000 jobless Nigerians recruited as Federal Task Force officers for the protection of Subsidy Re-investment for more than three years without

any allowance, neither training nor any kind of incentive. Where, the forms that were sold to them were boldly written on top “Not for Sale”, but they were forced to pay N30,000 each, plus other charges extorted from the 51,000 victims. Another report of CORRUPTION on the former Minister of Petroleum Resources Mrs. Diezani Madueke has the Caption “\$6.6bn Oil Deal: Diezan’s Ally, Omokore quizzed, released. The same woman that was arrested by the Britain’s National Crime Agency (NCA) and charged with money laundering and bribery in London was again involved in the \$6.6bn shoddy oil deal. During her time as a Minister, the then Central Bank of Nigeria Governor, Sanusi Lamido Sanusi who is now the Emir of Kano, alleged misappropriation of \$20bn oil money, and no one seemed to take it serious under the then Goodluck Jonathan’s administration (Daily Sun Newspaper, 23rd September, 2015).

In the 22nd day of September, 2015, the Permanent Secretary of the Federal Ministry of Finance, Mrs. Anastasia Nwaobi was disclosing to the House of Representatives Adhoc Committee on Non- Implementation of Capital Expenditure that N221.1 billion not appropriated in the 2015 budget was spent on fuel subsidy between January and July. The big question that is yet to be answered is “who gave the approval for the release of money not budgeted for”. In the last four years, there have been several alarming and scandalous cases of corruption in which perpetrators have been charged to court while some have never been investigated. These are the few of such cases and how they were treated by Nigerians:

- N195 Billion Maina Pension scam – No Punishment, he later traveled out of the country.
- Kerosene subsidy scam - Sanusi exposed that the subsidy was eliminated by Yaradua’s administration in 2009 but \$100m was still going astray for the subsidy every month. No punishment, no further investigation to ascertain where the money is.
- \$4 billion fuel subsidy scam - notable People’s Democratic Party (PDP) members, Mamman Ali and Mahmud Tukur were fingered to have defrauded from the fuel subsidy fund for more than two years. Court case has been instituted, no conviction.
- 123 billion Naira Fraud by Stephen Oronsaye the former Head of Civil Service of the Federation whose tenure misdirected such amount between 2009-2010 no action taken till date.
- Stella Odua Car Purchase Scandal - She spent N225 million on a bullet proof BMW car in the aviation Ministry. There was no punishment.

In fact, it is in Nigeria that the Anti-craft agency has a very good romance with corruption. During the tenure of Chief Obasanjo as President of Nigeria, he constituted the Economic and Financial Crimes Commission (EFCC) to investigate cases of financial corruption and financial crimes. The agency was working well though with special interest of persecution to anti-PDPs. Recently, the agency has become a “comfort zone” for criminals and a love-making bed for both the corrupt and the anti-corrupt agency (EFCC). The EFCC former boss, Mr. Ibrahim Lamorde was alleged of defrauding

the nation of seized funds from corrupt Nigerians under investigation. The same Lamorde also was alleged of doctoring of Bank Accounts and diversion of already sized loots to his personal accounts to the tune of N2.051 trillion (more than the annual budget of some counties, but embezzle by one man in Nigeria). Now the Nigerian Senate is divided on whether to probe Lamorde or not. Now, with this amoeboid situation of the country, how can government save money for industrialization that could cater for employment of our teeming youth?

***Inadequate Education:*** This is one of the major causes of unemployment. Nowadays that the government of Nigeria places so much value on paper qualification, such that the ‘perfect tradition’ of learning is degrading, it is therefore impossible for Nigeria graduates to be employed as professionals within the scope of their profession. Instead, companies, such as the Chinese and German’s would prefer people of no paper qualification but ones with skills; and the kind of skill that would be required of a graduate is not found in the Nigerian ‘roadside - technicians’, thereby calls for the employment of same ‘roadside – technicians from other countries who have the needed skills.

***Rural - Urban Migration Due To Lack of Meaningful Agricultural and Rural Development:*** The idea of moving from the rural - urban areas is as a result of the perceived opportunities in the urban areas which are described as pull-factors (Ademola and Arokoyu, 2002). In the process of moving from rural to urban searching for ‘green pastures; the underdeveloped resources in the rural areas remain untapped, while the scared resources of the urban would be struggled upon by both the citizens and the immigrants. The few that were employed must definitely experience exchange of baton as a result of influx of labour.

Today, as quoted by Eminue (2005), expected opportunities in the towns continue to be the “push factors” for urban-ward migrations, and sometimes, these turn out to “blind” migration, which tend to merely compound the already existing problems of urban unemployment and underemployment (Umoh, 1986) aptly pointed out by Sarah-Anyanwu. Despite the introduction of government programems to ameliorate this problem such as operation Feed the Nation (OFN) in 1976, the Green Revolution in 1980 and Agricultural Development Programme (ADPs) in 1976 which were expected to generate employment, income and infrastructural facilities for the rural populace and thus revitalize and transform Nigeria but have failed to achieve those lofty objectives.

***High Interest Rates on Bank Loans:*** In an economy where more than 50% of investment is undertaken by the private sector, it means that bank loans will be the nearest option for business to thrive. Therefore, if the interest rate is so high, the business man may not want to take such risk that will later ruin his business. In Nigeria for instance, the 25% rate against interest free rate in other countries does not allow private enterprises to make investment, whereas, the more the investment would be made, the higher the rate of employment opportunities would be created. The implication of this



25% rate is that, no rational entrepreneur would think of expanding his business through bank loan and employ people. There are many other factors that do not seem to be major causes of unemployment but they contribute immensely to the growth of unemployment in Nigeria. Such factors include; fake data presentation, lack of electricity, poor road network, poor communication system, insecurity, poor political system, conflicting policies, over population, deficiency in demand, use of automated machines, lack of industrial growth, poor social amenities, socio-cultural constraint, under utilization of labour resources, political mobilization of youths, economic instability, undeveloped nature of small-scale enterprises and a host of other factors that would not allow any shallow policy concerning employment work out.

### **CURRENT UNEMPLOYMENT RATE IN NIGERIA**

According to World Bank Report (2013), the Nigeria Labour Force is pegged at 54, 196,350 from recorded population of 140 million as posited by National Population Commission (2006 Population Census), while employed is reported to be 48.5 million.

**Table 1:** Unemployment Rate in Nigeria (2000 - 2011)

Year	Unemployment Rate (million)	Percent Change
2000	13.1	-
2001	13.6	3.82%
2002	12.6	-7.35%
2003	14.8	17.46%
2004	13.4	-9.46%
2005	11.9	-11.19%
2006	12.3	3.36%
2007	12.7	3.25%
2008	14.9	17.32%
2009	19.7	32.21 %
2010	21.1	7.11%
2011	23.9	13.27%

**Source:** International Monetary Fund, World Economic Outlook Database, April 2015.

### **The Myths and Realities of Unemployment in Nigeria**

It has been observed that different bodies have posted different data of unemployment rate in Nigeria, which are also different from the real life situation of unemployment in Nigeria. For instance, the official rate of unemployment posted by the Central Bank of Nigeria (CBN) is always and generally low (Adawo, Essien and Ekpo, 2012). Between 1990 and 2002 the official rate was averaged 3.6, while another rate posted within the same period by a private research institute known as Economic Frontier Research Group (EFRG) was 37% (Ndebbio, 2006). Equally, Ekpo (2011) quotes official unemployment rate to be 21% which is almost in consonance with year 2011 International Monetary Fund (2015) rate of 23.9%. This report is in a disagreement with that of National Institute for Social and Economic Research (NISER), with 72.1% for the same period (Adawo, Essien and Ekpo, 2012). The NISER report seems to have the resemblance of the reality of unemployment in Nigeria though some key factors may also be considered the reason, why the official rate is always below the expectation

and what seems to be the real life expectation and the real life situation of unemployment such as; the fear of posing a threat on the economy through exaggerated information, people's reluctance in the submission of unemployment data due to government "talk-and-fail" policies. Other reasons include the fact that the official report has its data from the officially documented source and follow the normal formula for the calculation of unemployment rate. For instance, the Nigeria's population is pegged at 140 million (NPC, 2013), while labour force is 54,200,000, which signifies only 38.7% of the total population. According to the National Planning Statistics, 61.3% of the population including the retirees, casual labourers, underage and the aged people is too high to be a dependent rate on the 38.7% and whereas, the retirees and the casual labourers are not supposed to be included in the list of unemployment (official) but they are searching for new jobs due to insecurity in the pension scheme of the Nigeria government.

### **Effects of Unemployment in Nigeria**

Unemployment has posed so much effect on both the individual and the society. The effects posed by unemployment on the individual include depression, unused potentials, poverty, hunger, criminal activities, prostitution, advance fee fraud (419), killing for rituals, kidnapping, robbery and other vices. On the other hand, unemployment has contributed immensely to the insecurity of the society, thereby resulted in lack of investment which also generates a new set of unemployment and increase the number. The amount of money spent on security is enough to cater for industries that would proffer employment to a good number of unemployed youths in the society. Unemployment represent the untapped human resources in which government only wastes her resources on the problem by way of training and giving money which may not really metamorphose into empowerment due to unfavourable – business – environment. Unemployment makes it difficult for government to bridge the gap between the rich and poor which is one of the paradigms of development.

## **CONCLUSION AND RECOMMENDATIONS**

The study has established why official rate of unemployment always differ with what is obtainable in real life situation as well as current level of unemployment as 23.9 per cent which is very high as against 11.5 in 2005. Due to this high level of unemployment, the economy could not grow, which conforms to Okun's law, quoted by Adawo, Essien and Ekpo (2012) that unemployment reduces growth. The Nigerian government should see unemployment as a hindrance to development and give urgent attention before it goes "out of hand". The effort made in the study is to proffer solution to the lingering problems of unemployment in Nigeria. Based on this, the following recommendations are made:

- i Government should make laws that graduates who have passed out of the National Youth Service Scheme be paid unemployment allowance till when they get jobs and become independent.



- i Skill acquisition centres should be created in all the Local Government for the training of teeming youth who do not have sponsors.
- iii There should be a policy made by Government that all graduates who intend to enjoy the Federal Government largess during the National Youth Service Year, must learn and acquire skill that could make them employers of labour if awarded financial assistance by the government before they would be allowed to participate in the NYSC Scheme.
- iv Education system of Nigeria should be restructured and planned in a way such that graduates become professional in their own field and not half-backed graduates.
- v All registered companies should be forced to employ people according to their status before it commences operation.
- vi All private firms should be regulated to pay the same salary scale with Government and make sure their pension deductions are paid into the employees personal account that could be withdrawn after a period of 10 years.
- vii All privatized public corporations should be retrieved and managed by Government through its MDAs.
- viii Government should forget about Youth Empowerment through Agriculture, since it is capital intensive and perishable in nature. But should rather employ more people and take over the agricultural sector by itself.
- ix Government should employ indigenous policing system as a measure to curb insecurity in the country, so that investors and their investment could have the assurance of protection.

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