

## YOUTH UNEMPLOYMENT IN NIGERIA: DEVELOPMENT IMPLICATION

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### Abstract

Nigeria is facing an unprecedented crisis of unemployment with its concomitant implications. Unemployment is a scourge that is as old as Nigeria. It cuts across various strata of the society. Given the yearly turn out of thousands of graduates from the nation's tertiary institutions and the lack of resilience of the nation's economy in creating jobs, unemployment will continue to rise. The situation is, among other factors, compounded by Nigeria's rising population and lack of good governance. Figures released by the National Bureau of Statistics indicate that the unemployment rate stands at 23.9% while the Central Bank of Nigeria notes that 80% of the nation's youths are currently unemployed. The paper examined some of the factors that are responsible for the rising rate of unemployment in Nigeria; and further argues that, as a nation in a hurry to meet the challenges of development, unemployment has development implications, which if left unchecked, may truncate the nation's development aspirations. While secondary data was utilized, using content analysis as the method of analysis, the paper used a tripartite combination of three economic models (Classical, Keynesian and Todaro) as its theoretical framework. The paper recommended, among others, public-private sector partnership, liberalization of access to credit etc as panaceas for job creation.

**Keywords:** youth, unemployment, development, implication, economy, job creation

### Introduction

The crisis of unemployment has become a global phenomenon- the severity of the crisis lies in the fact that it is one of the greatest challenges facing developed and underdeveloped countries. Its critical nature lies in the fact that a large reserve of the unemployed constitutes an affront to the realization of a productive and self-reliant economy as envisaged in Vision 20:2020. This is because the large reservoir of unemployed people cannot be turned into human assets who can productively and transformationally contribute their quota to higher GDP growth rates necessary for poverty reduction, reducing inequality and the underdevelopment. Despite being regarded as the largest economy in Nigeria, after South Africa, unemployment in Nigeria is a time bomb, waiting to explode. With annual growth rate of 6.8% compared to 3.8% growth in Brazil, the country's labour force is very low compared to China's growth rate of 10.6% annually (Adeoye et al, 2012). In fact, Nigeria's labour force witnessed no growth between 1991 and 2010, which goes a long way to reflect the high unemployment rate in Nigeria, compared to other countries. Other countries of the world such as the China, Brazil, Bangladesh and South Africa have made considerable use of their population by turning them into productive groups through human capital development, provision of essential infrastructure and reform measures but the reverse is the case in Nigeria where the working population constitutes 53% of the population while 60% of the population are unemployed and 85% suffer from severe deprivation in terms of access to basic necessities of life like healthcare, education and good standard of living. Unemployment, poverty and inequality are endemic in Nigeria and constitute considerable obstacle to economic growth and development.

In the last two decades, youth unemployment has been on the increase. The World Bank (2011) reported that youth unemployment as a share of total population in Nigeria, increased from 72.1% in 1991-1995; 72.3% in 1996-2000 to 72.4% in 2001-2005. The current global economic crisis and political instability worsened the unemployment situation

as youth unemployment peaked at 73.3% in 2006-2011 (Adeoye et al, 2012). Nigeria is now grouped with Mauritania, Cape Verde and Cote d'Ivoire as countries with the most acute unemployment in the world (The Guardian Editorial, 2013). In the 1990s, the Federal Government introduced several programmes to ameliorate the problem of unemployment and poverty eradication. These programmes include Agricultural Development Project (ADP) in 1975; OFN 1976; ACGS 1977; National Primary Healthcare Agency (NPHC) 1989; National Economic Advancement Programme (FEAP) in 1997; Family Support Programme 1997.

Following the economic recession in the 1980s, the federal government introduced the Structural Adjustment Programme (SAP) designed to diversify the economy, attract the inflow of foreign investment, and stabilize the nation's macro-economic fundamentals. SAP exacerbated the nation's unemployment problem, which led to the closure of many industries. Additionally, SAP aggravated the nation's socioeconomic problem of income inequality, unequal access to food, shelter, education, health and other necessities of life, thereby aggravating poverty. In a bid to achieve its targets, the government enunciated some fundamental reforms geared towards achieving economic stability, diversification of the economy and the attraction of Foreign Direct Investment.

Under the current political dispensation which was instituted in 1999, the Federal Government enunciated a revolutionary programme- the NEEDS development strategy- to create jobs for the teeming number of jobless Nigerians. NEEDS is anchored on the private sector as the engine of growth in the economy, with a commitment to create 1.7 million jobs over the medium long term. Similarly, the Government's Transformation Agenda commits to job creation as a deliberate effort to develop a mass army of youths who can contribute to the attainment of Vision 2020. The major aims of NEEDS are wealth creation, employment generation, moral reorientation and poverty reduction. The main strategies of NEEDS are: empowering the people (Social Charter or Human Development Agenda); Promoting Private Enterprise and Changing the Way the Government Does Its Work (Reform Government and Institutions). At the State and Local Government Level, the equivalent of NEEDS was established as State Economic Empowerment and Development Strategy and Local Government Economic Empowerment and Development Strategy (LEEDS). In the last three decades, government embarked on youth employment programmes, leading to the establishment of the NDE, the Small and Medium Enterprises Scheme, the Poverty Alleviation Programme, the Subsidy Reinvestment and Empowerment Programme (SURE-P) and the Youth Enterprise With Innovation in Nigeria (YOU WIN). However, these employment and empowerment programmes have failed to arrest the growing problem of unemployment as a result of the distorted nature of their implementation and lack of sustainability. The undiversified nature of Nigeria's economy which renders it vulnerable to financial and economic crises, emanating from the global economy; the institutionalization of poor governance system, especially corruption and debilitating insecurity have combined to limit the creation of jobs by the federal and state governments.

Further, the low level of industrialization, dependence on foreign inputs and technology and the neglect of the agricultural sector as result of the discovery of oil, have equally affected job creation. These problems are explained in detail in the later part of this paper. More importantly, as a country endowed with abundant human and natural resources, Nigeria has a significant number of growth reserves which can be exploited to catalyze job creation to meet the relentless growth of the army of unemployed youths, if only Nigeria can put its house in order. According to the Next Generation Report on Nigeria, the country needs to create about 25 million jobs over the next 10 years in order to prevent the crisis in the job market from worsening (Musari, 2010). What is needed is the re-engineering of policies and a firm commitment by the government to enunciate a Master Plan for dealing with the debilitating scourge. The major probing questions are: why is unemployment soaring in Nigeria, despite the abundance of human and natural resources? Why is unemployment soaring despite the various cycles of oil boom which has fetched Nigeria trillions of money?; and why are the federal and state governments unable to initiate pro-active policies to contain the problem of unemployment? These questions are answered by placing it squarely on the problem of ideological, constitutional and leadership failure which have plagued Nigeria since 1960, and have resulted in the misplacement of priorities, national loss of vision and discipline, failure of ethical standards, corruption and lack of accountability, political instability, rigging of elections, enthronement of mediocrity and sectionalism as well as lack of a credible framework for the recruitment of political leaders, whose sense of leadership, patriotism and integrity transcend primordial considerations.

### **The State of Youth Unemployment in Nigeria: Some Stylized Facts**

The global nature of unemployment in Nigeria underscores the critical dimension it has assumed. According to the International Labour Organization (ILO), unemployment will likely continue to rise in Nigeria and other countries of the world in the next five years on account of slower global growth. Of the 212 million people that ILO said would be out of work globally by 2019-up from 201 million-Nigeria will contribute a significant number. The unemployment rate

is defined as the proportion of Nigerians in the labour force that cannot find work or are working for less than 40 hours a week. According to the National Bureau of Statistics (2015) Report for the third quarter, a total of 1.9 million economically active persons within the age bracket of 15 years to 64 years joined the labour force. The NBS noted that the entry of 1.9 million active persons resulted in an increase of 2.6% in the labour force from 74 million to 75.9 million. The Report noted that the new entrants to the labour market was made up of newly qualified graduates, and those who chose not to work for undisclosed reasons.

The Report further stated that, still in Quarter 3, 2015, the labour force population (those within the working age population who are willing, able and actively looking for work) increased to 75.9 million from 74 million in Quarter 2, 2015, representing an increase in the labour force by 2.60%. This shows that 1,929,800 economically active persons within 15-64 years entered the labour force. According to the 3rd Quarter Job Creation Survey, 2015, a total of 475,180 jobs were created during the period. The figure represents an increase of 236.1% (333,812 jobs) over the 141,368 jobs created in the second quarter. The rise in the number of jobs in the third quarter was driven mainly by the informal sector, which accounted for 90.2% (428,690) of the total. The formal sector jobs which followed next, accounted for 8.8% (41,672) jobs in the third quarter, while the public sector generated 4,818 jobs, which represents 1.01% of jobs created in the quarter under review (Onuba, 2015). Whereas Nigeria's population is growing relentlessly at an average of 2.8% annually, job creation lags behind, leading to a swell up in the number of the unemployed persons. Whereas Nigeria's population grew by 3.2% in 2011, from 159.3 million people in 2010 to 164.4 million in 2011, reflecting rapid population growth; in 2011, Nigeria' unemployment rose to 23.9% compared with 21.1% in 2010 and 19.7% in 2009. Insufficient jobs resulted in additional 2.1 million unemployed persons in 2011, up from 1.5 million unemployed people in 2010 (Nnodim, 2013). Unemployment was more prevalent in the rural areas, at 25.6% than in the urban areas, where it was 17% on average.

**Table 1: National Unemployment Rates, 2008-2011**

Year	Rates (%)
2009	19.7
2010	21.1
2011	23.9

Source: NBS Unemployment Survey Report, 2011

The unemployment rate has a higher prevalence among the youths (37.7%); Junior Secondary School (JSS) leavers (33.4%), female (24.6%) and rural dwellers. It was expected that the economy would generate over 1.8 million net new jobs annually to reduce the rate of unemployment, but only an average of about 160,000 net new jobs were generated annually between 2007 and 2011 (NPC, 2012). As already noted, the unemployment crisis is highest among the youths, aged between 15-24, living in the urban areas, as against 39.7% of their counterparts in the rural areas (Punch Editorial, 2010). The distribution of the unemployed by education shows that BA/BSc/HND holders are the highest followed by those who had below primary education standing at 22.7% and those with NCE/OND/Nursing Certificate holders (Tsokar, 2011). According to the former World Bank Managing Director/Minister of Finance, Dr (Mrs) Okonjo-Iweala, 50% of Nigerian university and polytechnic graduates had no jobs.

Thus, out of 84 million economically active population, the labour force stood at 61.5 million, implying that 22.5 million Nigerians within the active population were either unwilling or unable to work for different reasons or were working for less than 40 hours a week. According to the NBS, unemployment has not only risen considerably, the dependency ratio has risen to unprecedented height. The NBS further observes that if we re-calculate the dependency ratio by those actually in employment, on the assumption that it is only those in actual employment that can support others economically, then every employed Nigerian was economically responsible for over three Nigerians (Tsokar, 2010). The unemployment figures (in percentage) from the NBS show the following distribution according to states: Abia 11.2; Adamawa 33.8%; Akwa Ibom 18.4; Anambra 12.2; Bauchi 41.4; Bayelsa 23.9; Benue 14.2; Borno 29.1; Cross River 18.2; Delta 27.2; Ebonyi 23.1; Edo 35.2; Ekiti 12.1; Enugu 25.2; Gombe 38.7; Imo 26.1; Jigawa 35.9; Kaduna 30.3; Kano 21.3; Katsina 28.1; Kebbi 25.3; Kogi 14.1; Kwara 7.1; Lagos 8.3; Nasarawa 36.5; Niger 39.4; Ogun 22.9; Ondo 12.5; Osun 3.0; Oyo 8.9; Plateau 25.3; Rivers 25.5; Sokoto 17.9; Taraba 12.7; Yobe 35.6; Zamfara 42.6; and FCT 21.1.

According to ECA (2012), the following factors are the drivers of unemployment in Africa, including Nigeria: the lack of employment opportunities due to the underdevelopment of the economies, the employment prospects of African youths are diminished by the already high rate of unemployment and underemployment; a high rate of population growth; sluggish or stagnant economies; small formal private sector; low literacy rate; poor quality education and an education sector that increasingly equips young people with limited industrial skills. Specifically, the drivers of

unemployment in Nigeria include: corruption, poor infrastructure, the globalization of the Nigerian economy, poor quality/high cost of governance, lack of industrialization, lack of sufficient economic growth, and poor implementation of development policies and programmes. The consequences of unemployment include: poor living standards, rise in poverty levels, high crime rate and insecurity, loss of national production and capacity, loss of health and psychological trauma.

Nigeria's Job Challenges (World Bank, 2015)

- 53 million Nigerians between the ages of 15 and 64 were working
- Half of them were working in low productivity agriculture
- 14 million Nigerians belonged to the poorest 40 % of the population; their jobs do not pay enough to escape poverty
- 28 million adult workers, including 5 million young workers between the ages of 15 and 24, had less than a primary education
- 17 million women were not working or studying
- 8 million young people ages 15-24 were not working or studying

### Conceptual Clarification

Unemployment is referred to as the percentage of the labour force that is without job, but is able and willing to work (CBN, 2003). Fajana (2000) and Standing (1983) are of the view that unemployment is a state of worklessness experienced by persons who are members of the labour force who perceive themselves and are perceived by others as capable of work. The Keynesian economists' definition of unemployment captures the meaning more explicitly as it regards unemployment as a situation in which the number of people able and willing to work at prevailing wage exceeds the number of jobs available.

Types of unemployment have been classified by economists to include:

- **Frictional unemployment** occurs when people are temporarily out of work because they are changing jobs. In an economy where both the labour force and the jobs on offer are continuously changing, this type of unemployment is inevitable. Frictional unemployment is a type of structural unemployment which reflects temporary unemployment as a result of job search and matching difficulties in connection with a number of quits, new entries to the labour market, and job separation because of employees' dissatisfaction with the individual workers (Ogbochie, 2013). This type of unemployment does not usually pose much threat to the individual's welfare, as it is temporary in nature (Bello, 2003).
- **Seasonal Unemployment** This has to do with laying off workers seasonally due to the nature of the job that they do, eg., agricultural workers in developing countries may be laid off during the growing season. For instance, casual workers in Nigeria are laid off whenever the economy is affected by the fall in global oil price. Due to lull in activities, construction companies lay off their workers due to government inability to pay them. Or hotels lay off their workers due to low patronage.
- **Structural Unemployment** This type of unemployment occurs when the economy is experiencing full employment. Structural unemployment takes place where employment in one or more declining industries is falling. Bannock (1998) defined structural unemployment as a mismatch of job vacancies with the supply of labour available, caused by shifts in the structure of the economy.
- **Cyclical unemployment** occurs as a result of fluctuations around the natural employment rate, which can be attributed to changes in aggregate demand.
- **Disguised unemployment** This is a situation where people take up jobs that are below their educational attainment. The situation is common in Nigeria today among low skilled workers and casual workers. For instance, graduates are today into taxi driving and are recruited as security guards and casual workers.

**Underemployment-** In this type of unemployment, people receive incomes that are inadequate to support their basic needs in terms of food, clothing and shelter. This refers to employment that its pay is not commensurate with the labour. Underemployment also arises when an employee is performing a job that denies him the opportunity of making full use of his skills and abilities.

## Theoretical framework

No one theory is sufficient to explain the problem of unemployment. Employment generation has been typically explained by the classical theory in terms of stimulating growth and development through the continuous transfer of labour from rural to urban industrial centres. The classical theory posits that every economy will experience full employment because the demand for labour will always equal the supply of labour at the prevailing wage rate. The theory further states that an increase in labour supply would force wages to fall and more workers can be employed. Conversely, if there is a fall in the supply of workers, the wage will rise, thereby eliminating the shortage. Thus, according to the classical theory, there would be no voluntary unemployment (CBN, 2003).

However, following the great depression of the 1930s in the US and the widespread unemployment, the classical theory fell short of explanations for unravelling the economic problems of the time. This gave rise to the emergence of the Keynesian Theory which attributed the unemployment in the US to insufficient aggregate demand. Keynes advocated government intervention in the economy to stimulate demand. And to prevent further economic depression, he advocated government and central banks' intervention to increase the level of aggregate demand, promote growth and employment necessary for capitalism to grow. This view has been popularised by the International Labour Organization (ILO) in all its employment-generation projects in developing countries. With state intervention, the economy is revitalized through the investment of capital and the provision of infrastructure to boost production. The belief that the state should advance the common good has become widely accepted and has influenced the management of the economy in both the developed and underdeveloped worlds.

According to Ogbochie (2013), the Keynesian economists regard unemployment as a situation in which the number of people able and willing to work at prevailing wage exceeds the number of jobs available; at the same time, firms are unable to sell all the goods they would like. He further posits that the Keynesian unemployment largely applies to the situation in Nigeria because of the unpatriotic taste of Nigerians for foreign goods and services. The government is also not exempted from the blame because it gives foreign firms freedom to operate at the expense of domestic firms, thereby limiting the prospects for job creation. Moreover, unemployment thrives because of the creation of limited jobs as a result of the uncondusive environment characterised by the lack of infrastructure and technological knowhow. Nigeria is deeply dependent on foreign technology to the extent that toothpick, pencil, furniture and all types of local goods are imported. Without adequate technology tailored to meet the exigencies of the local economy, it would be difficult to create jobs to absorb the teeming number of unemployed youths. The lack of technology is responsible for the influx of foreigners into the country who take over jobs that are meant for Nigerians. For instance, how many Nigerian firms and engineers are involved in the construction industry? The situation is aggravated by elite ineptitude and collaboration which brings into the country the so-called foreign experts at the expense of locally qualified and skilled Nigerians. Most of the foreign experts are not as good as their Nigerian counterparts.

In some cases, foreign artisans are brought into the country as engineers who lord it over qualified Nigerian engineers. This couldn't have been possible without elite collaboration. These and other factors aggravate the unemployment situation in Nigeria. Until Nigeria has patriotic elite that is prepared to sacrifice their selfishness for national interest, most problems in Nigeria, including unemployment will not abate. Till today, there is no comprehensive national policy to deal with the problem of unemployment. Many of the initiatives to deal with unemployment are ad-hoc and lack sustainability. A scheme like the National Directorate of Employment (NDE) is underfunded. YOU-WIN- a programme of the Federal Ministry of Finance, enunciated by the Jonathan administration, is limited in scope of implementation and coverage. Consequently, its capacity to address the unemployment situation is limited.

Explaining the phenomenon of unemployment in developing countries, Todaro (1985) demonstrated a much more complex interplay of economic variables in explaining the phenomenon of unemployment. He attributed the real cause of the problem of unemployment to a combination of factors which include shortages of raw materials, capital, intermediate products, skilled and managerial/human resources with poorly functioning and inefficiently organized commodity and loan markets, poor transport and communications, shortage of foreign exchange and import-dominated consumption patterns among the rich, in addition to other structural and institutional factors. Thus, the simple notion that expanded government and private demand would be effective in tackling the challenge of unemployment in most Third World countries has remained a mirage, Todaro contended (CBN, 2003).

**Factors Responsible for Unemployment** The following factors, among others, are responsible for the unemployment situation:

*The globalization of the Nigerian economy*

Globalization refers to the movement of capital, technology, goods and services from country to country. Because of the primary nature of the Nigerian economy, globalization has aggravated the problem of underdevelopment and hampered the economy's capacity for the realization of a self-reliant and industrialized economy, necessary for employment generation. The neoliberal forces of globalization have instituted a parasitic economy and weak government that is unable, over the years, to liberate the nation from the shackles of neo-colonial system of production. Due to the dependent nature of the Nigerian economy, oil constitutes both the major foreign exchange earner and the major source of government expenditure. Fluctuations in the price of oil has a resultant depressing effect on government expenditure. The depressing effect is that with the fluctuation in oil price (boom and burst cycles), government's ability to fund development programmes that will address the challenge of unemployment is greatly constrained.

The National Development Plans and the NEEDS which were, among others, targeted at employment generation suffered from poor implementation due to oil price volatility, corruption and lack of sufficient political will. The fluctuations in oil price and the depressing effect that it produces creates macroeconomic instability which is neither favourable to local or foreign investment. The contraction of the Nigerian economy due to developments from the global economy results in job losses. Government is the biggest spender and when expenditure contracts, it has the effect of creating a lull in economic activities. This is because most local firms depend on government patronage for survival. Majority of the firms also depend on foreign input. The scarcity of foreign exchange with which to procure raw materials has undermined the industrialization of the Nigerian economy. Globalization has created the latitude for foreign multinationals to dominate the commanding heights of the economy.

Under such a depressing condition, the ability of the economy to be resilient and to create jobs is greatly constrained. Most of the multinationals also depend on foreign technology and highly skilled manpower, which Nigeria does not have, which is as a result of the emphasis of Nigerian educational system on theory and lack of emphasis on science and technology. According to Oni (2006), the low level of skilled manpower is a disincentive to local or foreign investors who require high level of skills in very highly sophisticated sectors like information and communication technology. Globalization has created a dependency syndrome which is responsible for the increasing vertical integration of the Nigerian economy leading to finance and human capital flight, thereby shrinking the economy's potential for job creation. The migration of highly skilled Nigerians like medical doctors and nurses to Europe has undermined the prospects for job creation. Globalization has equally created a taste and consumption pattern that promotes the consumption of foreign goods and services. The predominance of foreign goods and services in the Nigerian economy inherently creates de-industrialization as it has led to the closure of many local industries and also hampered the growth of others.

*High cost of governance/ Lack of good governance*

With the inception of civilian rule in 1999, the prospects for good governance has remained a herculean task. Nigeria has experienced various cycles of oil boom (earning trillions of dollars), yet investments in critical sectors of the economy remain poor and below world standard. Due to a materialistic culture instituted by political elite which borders on greed and ostentatious lifestyle, good governance has become unachievable. Good governance in the sense of accountability, due process and transparency, and improving the living standards of Nigerians through effective budget implementation that will guarantee access to education, health, shelter and employment, is lacking. The Nigerian economy has experienced little or no investment in terms of the critical sectors of the economy like infrastructure. Good governance is the panacea for employment generation in the sense that it will promote public accountability in such a way that when resources are voted for capital projects, the projects are executed, instead of the fund being embezzled or diverted to local or foreign bank accounts. Lack of accountability and the wanton looting of the treasury has left little or no fund for development.

Federal and State governments budgets have become mere rituals that are far from addressing the needs of the people like employment generation. Trillions of naira have been budgeted by federal and state governments without impacting on the lives of the people as evidenced by the rising poverty level which stands at 70%. More importantly, budgets have not been functionally structured to stimulate economic growth and employment generation. The emphasis is on consumption rather than expenditure as evidenced by the fact that recurrent expenditure alone gulps 70% of Nigeria's budget. Recent reports show that Nigeria's legislators are the highest paid in the world as shown by the fact that the basic salary of a Nigerian lawmaker is 116 times the country's GDP person of \$1,600 (Ameh et al, 2013). The trend of placing emphasis on consumption by successive governments has fostered a cycle of low growth, high

unemployment and low investment. According to Akpan (2008), good governance is necessary to harness economic potentials that will encourage employment and economic expansion.

### ***Lack of industrialization***

Lack of industrialization has limited the growth potentials of the Nigerian economy for employment generation. Nigeria lacks the requisite technology and the conducive environment that are germane for industrialization. The undiversified nature of the Nigerian economy is reflected in the low level of industrialization, especially manufacturing, which has made Nigeria a dumping ground for foreign goods and services. A huge chunk of Nigeria's foreign exchange earnings are spent on imported goods which makes employment generation difficult to achieve. Without a strong manufacturing sector, development experts are of the view that unemployment and under-employment will continue to define the nation's economy (Punch Editorial, 2010). The discovery of oil diverted attention away from manufacturing. In the 1980s and 1990s, the manufacturing sector's contribution to the Gross Domestic Product (GDP) grew from 4.45 in 1959, a year before independence, to 9.4% in 1970 and reaching an all time high of 11.4% in 1981.

The sector peaked in the mid-1980s, contributing 13%, but fell to 10% in 1988 due to the introduction of the Structural Adjustment Programme (SAP) in 1986. Currently, the share of manufacturing to the GDP has slumped to less than 10% in the 2010s. Attempts by the government to stimulate rapid industrial growth, through the promotion of import substitution, indigenization and backward integration schemes have proved abortive. The Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture attributes the failure of the sector to prohibitive energy costs, multiple taxes, inconsistent policies, smuggling, insecurity, crippling lending rates and dire infrastructure deficit (Punch Editorial, 2010). Industrialization is very crucial in diversifying exports and in reducing external dependence on imported goods and services; in consolidating Nigeria's foreign exchange position that would act as a buffer against oil price volatility and macroeconomic instability ; in promoting multiplier effect of the local economy by creating backward and forward integration; and in re-invigorating the private sector to fulfil its traditional role of catalyzing economic development through the investment of capital, research and development.

### ***Poor economic growth***

The double digit economic growth of the type that led to the rapid industrialization of the Asian Tigers like Singapore, Japan, South Korea and Malaysia has eluded Nigeria, despite the introduction of economic measures to boost economic growth. Nigeria experienced impressive growth rates in the 1970s, but this collapsed in the 1980s and 1990s. In more than 40 years since independence, Nigeria has never grown at 7% or more for more than three consecutive years. This era, through 1999, was bedevilled by waste, a bloated public sector, high public expenditures, a distorted budgeting system, and a weak private sector (NEEDS, 2004). The neoliberal framework of development which Nigeria adopted as mechanism for development is predicated on the belief that unemployment and poverty are the by-product of economic stagnation. With the inception of civil rule in 1999, expectations were high of robust economy growth. Hence, the government enunciated the NEEDS development programme to boost the economy.

By this, it was expected that Nigeria would experience robust economic growth that will result in employment generation and poverty reduction. The introduction of NEEDS was designed to boost economic growth. NEEDS targeted minimum annual GDP growth rates of 5% in 2004, 6% in 2005 and 2006, and 7% in 2007 (NEEDS, 2004). Empirically, growth only expanded from 6.0% in 2008 to 7.0% in 2009, 7.85% in 2010 and 7.98% in 2011; yet it was not enough to make significant dent on poverty reduction and the creation of employment. The economic growth of the past decade did not translate into higher employment rates. More importantly, the nation is yet to achieve the structural transformation of the economy, as there are no backward and forward linkages within the various sectors. The structural weakness of the economy militates against job creation and poverty reduction.

### ***High population growth***

Nigeria faces the twin problems of high population growth and urbanization. Nigeria's annual population growth rate of 2.8% poses considerable challenge to national development. If the population continues to grow at 2.8% annually, there will be 182 million Nigerians by 2015, 87 million of them (48%) living in urban areas, and 275 million Nigerians by 2030, 182 million of them urban (66%). If Nigeria's economy is not diversified and manufacturing and other services fail to grow sufficiently, and the rural areas are not transformed, urban employment will rise significantly (NEEDS, 2004). More importantly, there is dearth of accurate statistics to monitor the trend of unemployment, and the lack of proactive policies by state and federal governments to deal with the incidence has exacerbated it. Rapid population growth has enormous development implications (political, social, economic) which the nation must find solution to.

Given that most poor families depend on labour income for their survival, the lack of opportunities for a young and rapidly increasing workforce remains at the core of high poverty levels, regional inequality, and social and political unrest in Nigeria (World Bank, 2015).

### *Neglect of Agriculture*

Prior to the discovery of oil in 1956, agriculture was the mainstay of the nation's economy. The economy depended on some agricultural products: palm oil, cotton, cocoa, rubber and groundnuts, which constituted the dominant export commodities and leading sources of income and foreign exchange earnings (CRR, 2008). Rural agriculture which was subsistence in nature catered for the employment needs of the rural people with about 70% of Nigerians who lived in the rural areas engaged in subsistence agriculture. The discovery of oil led to the neglect of agriculture. Presently, agriculture has been left only for old people. The quest for white collar jobs and the allure of city life is responsible for the mass exodus of youths from the rural to city in search of elusive employment. The capacity of agriculture to create jobs is limited not only because it is subsistence, but because most of the farmers rely on rudimentary tools with the consequent demand for more time and labour but less output.

Traditionally, due to the incidence of obsolete technology, agricultural production as important element for industrialization has failed to produce the necessary raw materials to reduce dependence on imported input and boost the operations of Small Scale Industries. A major impediment to massive agricultural production that is needed to revolutionize agriculture is the neglect of its funding by federal and state governments which has exacerbated the unemployment situation. During the first republic, the three regions were competitively engaged in agriculture; but has been abandoned today due to the dependency of the federal and state governments on oil revenue. Though the federal government had introduced some agricultural schemes in the past like Agricultural Development Programme (ADP), Green Revolution, Operation Feed the Nation etc, to boost food production, these programmes failed to achieve the desired purpose. Thus, while the population is growing at a geometric rate, agriculture has not coped with food consumption, thus leading to food insecurity. The consequence of this is that trillions of money is spent on food importation with the attendant loss of employment opportunities which would have been created if the amount spent on food importation is invested in the Nigerian economy. With rapid population growth, Nigeria will sink deeper into economic underdevelopment because of its neglect of agriculture. Economic development in general and economic transformation specifically requires agricultural modernisation and industrial diversification (Nnadozie, 2012).

### *Lack of Safety Net*

Unlike the developed countries where welfare policies are instituted to provide for the basic needs of the citizens, in Nigeria, there is no such provisions as the people are left to face the harsh economic condition. Fuel prices have been rising over the years, yet there are no tangible benefits accruing to the people. An example is the recent withdrawal of petroleum subsidy which has caused the price of fuel to rise to N145 per litre. The increase in fuel price has imposed untold hardship on the people and has astronomically increased the cost of living. Nigerians are not entitled to free health, education and shelter, despite the trillions of naira the nation earned from oil revenue. Those who are mostly affected are the vulnerable groups and the unemployables. They include the physically disabled, the elderly, the ill, women and children. There are no special economic empowerment packages to take care of this group. Further, the poor have not been identified and specially packaged economic empowerment programmes targeted at alleviating their poverty. In effect, these groups who are without income earning opportunities are left to rot and die.

Thus, safety nets such as cash transfers, food stamps, subsidized food distribution, school lunches, nutrition programmes for pregnant and nursing women, basic health care, adequate facilities for primary and secondary education (including adequate financial inducements for children, who would otherwise be employed, to attend school), low cost shelter and retraining for laid-off public servants, are needed to cushion the effect of the harsh economic climate. Nigerians are presently undergoing economic recession, yet there are no special programmes to mitigate the impact of the recession on the people. The recession aggravates poverty and unemployment.

### *Lack of access to credit*

With the high rate of unemployment, job seekers who could not find opportunities either in the private or public sector, are willing and ready to set up their own enterprises, but are constrained by the lack of enabling environment. According to Oni (2006), the lack of access to investment capital and poor infrastructure is also a constraint to investment and employment generation.

## Development Implications of Unemployment in Nigeria

*"Economic development cannot be fully realized without programmes that seek to reduce poverty, especially those that empower the people by increasing their access to factors of production, especially credit. NV20:2020 aims for 99 million adequately equipped and gainfully employed citizens that are engaged in productive activities and wealth generation".*

With the large army of unemployed youths, Nigeria's exit from the tragedy of underdevelopment is farfetched. Unemployment is an affront to human dignity. It not only incapacitates the creative potentials of the individual, but also institutes a social system that thrives on alienation, frustration and anger. Unemployment leads to loss of man hours that should have been channelled into production. The current state of unemployment in Nigeria is a detraction from the realization of the full growth potentials of the Nigerian economy. Youth unemployment has political, economic, social implications for the nation's development. Nigeria aspires to be one of the 20 top economies of the world by the year 2020 with a GDP of at least US \$900 billion as against US \$212.1 billion as at 2008. Achieving Vision 20:2020 requires instituting a productive economy where employment opportunities are guaranteed and the basic needs of the people are met. According to Kwaneshie (1998), development must be human- centred to be sustainable. It must first of all focus on the basic needs of the mass majority of the population, involving them in the process and empowering them to take control of their own destiny.

The conditions for sustainable growth and development must be created if Nigeria is to achieve its economic development aspirations. Development involves turning the people into valuable assets by equipping them with basic skills and vocations for self employment generation and engendering qualitative improvements in their living conditions and environment. The Nigerian labour market is swelling on yearly basis. This is because of the limited job vacancies that are available. On yearly basis, educational institutions turn out hundreds of graduates who roam the street in search of elusive employment. The opportunities for self-employment and economic empowerment are grossly limited because of unfavourable economic and political climate, that is characterised by uncertainty, policy inconsistency and institutional failure. Majority of Nigerians, including graduates who are willing to establish businesses of their own, lack access to credit facilities. The aggregate credit facilities in Nigeria account for only 0.2% of the GDP and less than 1% of the total credit to the economy. Put graphically, the formal financial system in the country provide services to only about 35% of the economically active population while the remaining 65% are excluded from access to financial services and are served only by the informal financial sector (NV 20:2020).

Despite massive wealth from oil, the federal and state governments have been paying lip service to the problem of unemployment. Whereas the global trend is to create employment, the Nigerian government has not shown sufficient commitment to create jobs. Agencies like the National Directorate of Employment, Poverty Alleviation Programme (PAP) and ADP are underfunded. PAP was scrapped by the Jonathan administration, without replacement, and despite the partial withdrawal of petroleum subsidy. It was expected that with the partial withdrawal of subsidy in 2012, the proceeds would have been invested in massive employment generation. The reverse is the case as SURE-P was limited in scope and was characterised by elite corruption and oil price volatility, which left many of the projects that should have served as social levers to be abandoned. Paradoxically, in a nation endowed with abundant human and natural resources, Nigerians continue to live on less than 1 dollar a day.

Nigeria lack access to the basic necessities of life such as affordable shelter, health, food, good sanitary condition, security. As we had already noted, there are inadequate investments in the Nigerian economy that has constrained the capacity of the Nigerian economy for job creation. According to Iwayemi (2008), the investment-GDP ratio is not only far below the average for developing countries, which ranges between 25 and 35%, but more importantly, it remains well below the level required to achieve a significant breakthrough in the quest for rapid and sustained economic growth. Raising public investment in the critical areas of physical infrastructure (power, transportation, water, ICT) and social infrastructure (health, education, housing, food security) and creating the enabling environment for foreign and local investors to invest, is a necessary condition for employment generation. More fundamentally, instituting a good governance system that is pro-poor and anchored on transparency, due process and accountability is a sine qua non for raising the standard of life of the people, employment generation, effective public expenditure, and sound economic growth and development as well as overcoming the challenges of development.

One of the development implications of unemployment is its debilitating effect on poverty. The development implication of poverty lies in the fact that it is the greatest obstacle to not only human development but also to sustainable socioeconomic growth. Paradoxically, the poverty rate in Nigeria has increased from 27% in 1980 to 66% in 1996; by 1999, it was estimated that more than 70% of Nigerians lived in poverty. This is despite the trillions of oil revenue which

Nigeria earned from 1958 to date. High and growing unemployment undermines human development: aggravates poverty and worsens the social condition of the people. This is because high and growing unemployment increases the number of poor people (NEEDS, 2004). HDI ranking released by the United Nations Development Programme indicates that Nigeria placed 156 out of 187 countries surveyed. It is therefore not surprising that life expectancy is a mere 54 years, and infant mortality (77 per 1000) and maternal mortality (704 per 1000 live births) are among the highest in the world (NEEDS, 2004). Vision 2020 aims to reduce the number of people who suffer from hunger and malnutrition by 50% by 2015 and 75% by 2020.

The target is not realizable because of the high level of unemployment in the country. If Nigeria is to overcome the challenges of economic development as envisaged by Vision 20:2020, then it must enunciate pro-poor and pro-employment policies that will address the economic and social needs of the people. Nigeria's development trajectory exacerbates poverty. The over-reliance on neoliberal policies, with its emphasis on structural adjustment that prescribes withdrawal of subsidy, privatization and commercialization, reduction in public expenditure on health and education, worsens social conditions and increases the cost of goods and services. The lack of sustainable development, predicated on popular participation, that addresses the needs of the poor has been the bane of development in the country. Nigeria's development approach is a top-down process with government developing programmes for the people rather than programmes designed, implemented, monitored and evaluated by the people themselves.

By reversing the top-down approach to development, the citizens will have full ownership of pro-poor strategies, with greater prospects of development since the strategies will be translated into budgets, programmes and concrete results, and will also benefit the intended groups. Unemployment is erroneously regarded as only a by-product of economic stagnation. Yet, government did not institute relief measures to cushion the effect of the harsh economic climate which is responsible for the closure of many factories and the pauperization of the people. The Manufacturers Association of Nigeria revealed that 1.8 million jobs were lost in the manufacturing sector of the economy between 2002 and 2009. In 2010, the association estimates that 83,400 jobs were lost following the collapse of 834 factories. About half of the surviving factories are ailing while others are on the brink and in danger of collapsing (Punch Editorial, 2011).

Further, according to MAN, a survey of about 300 manufacturing companies carried out on direct employment generation from the manufacturing sector showed that in 2001 alone, 2,752,832 people were employed by the sector. Again, in 2002, the figure rose to 2,841,083, but the number reduced to 1,026,305 in 2008 due to high cost of production (Punch Editorial, 2011). The integration of Nigeria's economy into the global capitalist economy not only stifles the growth of local industries but creates a hostile business environment that increases the cost of doing business through the lack of infrastructure. This is because there is no elite consensus on the need to eradicate poverty reduction. The worsening social condition presents Nigeria as a nation ripe for a revolution. In nations where revolution took place, it was catalyzed by dissatisfaction with the prevalent social and economic order which is characterised by a high degree of inequality and lack of access to the basic necessities of life.

The situation in Nigeria today is not different from what the situation in France, Russia and Cuba was then, which triggered off the revolution. While the children of the rich are getting employed, the children of the poor are left to roam the streets in search of employment. Many of the children of the poor, even with masters degrees, are unable to secure employment. Some of them are under-employed- taking up menial jobs whose pay is not commensurate with their qualification. Job recruitment is becoming dynastic. The recent recruitment exercises conducted by the CBN, Nigerian Security and Civil Defence etc show the class character of the recruitment in which the children of the poor were left out of the exercise. Under the 1999 Constitution, the Fundamental Objectives and Directive Principles of State Policy mandates the following: The security and welfare of the people shall be the primary purpose of government. The State shall, within the context of the ideals and objectives for which provisions are made in this Constitution, harness the resources of the nation, promote national prosperity and an efficient, dynamic, and self-reliant economy and control of national economy in such a manner as to secure the maximum welfare, freedom, and happiness of every citizen on the basis of social justice and equality of status opportunity.

The net effect of the flagrant violation of these provisions is reflected in deepening inequality, unemployment and poverty. Unemployment and poverty are one of the biggest threat to national security and development. The nation is bedevilled by increasing cases of kidnapping, armed robbery, child trafficking, oil pipeline and PHCN cable vandalization. The activities of these groups constrain economic development and growth as no foreign investor would invest in a hostile business environment, that is already constrained by poor infrastructure. The state has failed to be alive to its responsibility. As an agent of development, the state was constituted to cater for the welfare and security of

the people, but it is tragic that the Nigerian state has been turned into a rent-seeking state with its clientist-orientation and patronage system that promotes elite corruption and the siphoning of public resources into private pockets. The state as it is presently constituted is an instrument for the exploitation and oppression of the poor.

The poor are mostly the unemployed—the artisan, graduates, market women etc, who have no access to factors of production—especially capital. In essence, therefore, the state cannot champion development and the creation of jobs because it is dedicated to the preservation of the ideology of the ruling elite, which is the preservation of the existing socioeconomic system of production which favours, empowers and preserves the elite. It is tragic that unemployment festers because of the lack of a visionary, disciplined and enlightened leadership elite that is committed to the type of good governance that championed the industrialization of the Asian Tigers of South Korea, Japan, Singapore and China. Rather than act as an agent of development, the leadership elite thrives on maintaining the existing structure of political power which confers on them the advantage of access to public wealth which they appropriate. This is because political power gives them access to wealth accumulation while neglecting the welfare of the people, including the creation of employment opportunities. It is, therefore, not surprising that the large army of unemployed youths are a potent weapon of the political elite for maintaining their grip on power.

Their recruitment of the unemployed youth for political thuggery during elections is an indication that the grim battle for power by the elite is for wealth accumulation and not for the purpose of rendering selfless service to the people. According to Ake (1981), politics is the way to power as well as wealth. The massive intervention of the state in the economic sphere and the use of political power as a means of appropriation distorts the role of the capitalist state in Africa. The emergence of Boko Haram and militancy in the North-East and South-South is as a result of the recruitment of disgruntled and abandoned (uneducated and unemployed) youths who became willing tools in the hands of politicians who deployed them for political thuggery, destruction and assault on the lives of citizens. Since then, the activities of these two groups have become a festering sore on Nigeria. Militancy whether in the North-East or South-South has led to the destruction of millions of lives and properties, and has also taken its toll on the nation's economy and infrastructure. For example, the seizures of oil platforms by militant elements in the Niger Delta in April 2005 cut the global oil output and forced the price of oil in the global market up to \$57 per barrel— an unprecedented price in the history of the global oil industry at the time.

Similarly, in December 2005, Shell's oil pipelines near the coastal city of Port Harcourt, Rivers State, were sabotaged with high voltage explosives by a group of insurgents known as the "Martyrs Brigade", substantially cutting the company's total production quota (CRR, 2008). Currently, youth restiveness in the Niger Delta is a re-occurring problem. Infrastructure is very critical for employment generation and service delivery. The destruction of the nation's infrastructure as a result of youth restiveness detracts from the nation's development. The indispensability of infrastructure as a basic mechanism for promoting industrialization is reflected in the fact that Nigeria has remained a Lilliputian economy because of the state of her infrastructure, which is not only inefficient but is below global standard. According to the International Monetary Fund, for Nigeria to close the infrastructure gap, she must achieve annual double digit growth over the next ten years. This is indeed an ambitious projection.

### Conclusion/Recommendations

Unemployment in Nigeria is rising relentlessly and it shows that the scourge has not been recognised as a development challenge that is capable of scuttling the nation's development aspirations. And unless adequate measures are taken to deal with the scourge, the future of Nigerians and especially the youths remains bleak. The global nature of unemployment demands that it should receive national attention because of its spillover effect on the economy. We recommend active collaboration between the local, state and federal governments in initiating and implementing a master plan which would compel the local/state/federal governments to create a certain number of jobs on quarterly basis, in collaboration with the private sector. More significantly, the policies to tackle unemployment must, among others, include: the incentivization of the private sector through strengthening Small and Medium Enterprises (SMEs), liberalization of access to credit, protection of local industries, speedy attraction of foreign investment, increased government expenditure on the provision of infrastructure and social services, resuscitation of moribund industries etc.

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