

The Paradox of Youths Unemployment in An Oil Producing Country. The Lesson from the Nigerian Experience

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ABSTRACT: *The inundated search for reducing the high rate of unemployment in Nigeria (approximately 12%) in the midst of abundant resources is an unresolved puzzle. Analytical review of relevant literature and observations revealed that the non-aggressive approach to job creation in Nigeria resulted from several factors. Lack of vision, and inadequate human capital formation in the midst of lack of other co-operant factors of production like dearth of capital for infrastructure, small-scale credit, and the scare of insecurity, inability to tap natural resources, and corruption are some of the major causes. Conclusively, economic empowerment of youths as a vulnerable and most volatile group can strengthen the workforce, expand markets, alleviate poverty, improve standard of living and national income, and drastically reducing inequality of wealth and the rate of insecurity. But all poverty alleviation schemes, and job creation programmes have failed to achieve enviable result, because of alleged vices in high places (of the cabals). Despite being Africa's second largest producer, and housing one of the world's richest hydrocarbon resources, Nigeria still harbours some of the world's greatest unemployed youths. This is incredibly a paradox. The coma of unemployment in Nigeria can be reversed through massive investments in; infrastructure and small-scale credit to youths, entrepreneurial development, diversification of the economy and periodic socio-economic summit.*

I. INTRODUCTION

Inadequate job creation in the midst of abundant human and natural resources like fertile land with several attractive minerals, including petroleum, the 'black gold' is really a paradox. It is a paradox because government unwillingness to make huge investments in employment for long lasting positive economic shift is ironical. In Nigeria, it is rational to adjudge that the growing rate of unemployment is not only out of omission and/or commission, but also out of naivety between selfish goals (corruption) and rather out of economic malaise. Because of the 'Arab Spring' it is estimated that Nigeria temporarily limped-up in the ladder of petroleum exporting countries that earned an estimated \$200 billion between 1999 – 2009 (Nwadioke, 2012). With the ouster of the military from politics, Nigeria has enjoyed a stable democracy since 1999, which is an essential pre-requisite for socio-economic development. But despite being home to the second largest oil reserve in the continent, some contend that oil tends to be more of a curse than blessing for the majority of the population (Nwadioke). According to the above analyst, others ponder the paradox whereby a country with some of the world's richest hydrocarbon resources harbour some of the world's poorest people due to unemployment, corruption and other vices.

The chequered history of unemployment in Nigeria is that of unabated growing trend. So, ironically, unemployment in Nigeria presently stands at about 20% (Tende, 2011) with over 63.1% of her citizens living below the poverty line of one (1) dollar per day (world bank, 2010) but estimated to be about 71% by UNICEF (op. cit).

Examining the lacuna in job creation for youths in Nigeria forms the main thrust of this paper. A specific objective of this paper is how to turn Nigeria's abundant resources to create sustainable and consistent job creation schemes in the country. Youths are the most vibrant but vulnerable and volatile group in every society. Youths constitute approximately 40% of any segment of the country with over 10% unemployed.

In Nigeria, the unemployed include the unemployed school leavers, graduates, retrenched workers like the sacked motor cycle riders in major cities across the country for alleged risk associated with it, plus others who are virtually unskilled and have no job.

Tende (op. cit) posited that a major cause of the rising unemployment in Nigeria is the embargo on employment in the public sector which is the largest employer of labour in Nigeria. This has made the majority of the people who turned out annually from universities, polytechnics, Colleges of education and other tertiary institutions to roam the streets in search of non-existing jobs. Hence, there is a rising unabated trend of unemployment in the country in the face of failure of the poverty alleviation schemes and ineffective youth employment policies. The National Bureau of Statistics (NBS) and the National Association of Sciences, Humanities and Education Research (NASHER) have put the number of graduates of tertiary institutions who

secure paid jobs at 10% out of an average of 140,000 annually. Embargo on employment and rationalization have since aggravated the situation.

According to Yahaya and Nuhu (2012) the growing unemployment in Nigeria has made it imperative for a multidimensional approach to resolving this macro-economic distortion. Hence, they saw entrepreneurship as a panacea for unemployment. Their postulation is predicated on the belief that self-employment is capable of minimizing the incidence of unemployment. This position corroborates that of Blink and Vale (1990) that entrepreneurship plays a key role in the process of economic development through employment creation.

From the above analysis, stimulating greater supply of goods and services, bridging the gap in income distribution and support for alternative modes of resources allocation, optimum use of resources, raising the general level of national income, taxes and economic development have been seriously impaired by the high rate of unemployment. The consequence of this and the failure of viable job creation plans for youths in Nigeria is a 'time bomb'. It has predictable consequences – misery, poverty, insecurity and lack of economic development. The prevalent high rate of unemployment will further dampen the hope of achieving the Millennium Development Goal by 2015, and Nigeria's Vision 20:2020. Indeed, Nigeria can hardly be anchored to the global process of the emerging comity of nations without fast tracking the employment of the majority of her teeming youths.

II. THE CONCEPT OF UNEMPLOYMENT

Human resources consist of both active and inactive populations. The economically active population refers to the willing and capable labour which consist of the employed and the unemployed. The willing and capable population, but idle or unemployed is otherwise referred to as those who are unable to find jobs (Fajalana, 2000).

Fajalana (op. cit), Alao (2005) Wikipedia (2010) and Yahaya and Nuhu (op. cit) identified the following types of unemployment:

- (i) Technological unemployment caused by changes in the techniques and methods of production. Due to the continuous technological changes manual labour continues to lose out to mechanization.
- (ii) Residual unemployment caused by personal disability due to old age and other physical and mental retardation. This type of unemployment is prevalent in the North of Nigeria which is prone to polio that causes temporary or permanent disability. Other causes of residual unemployment include inadequate training and attitude to work.
- (iii) Cyclical unemployment, otherwise called Keynesian unemployment also known as demand deficient unemployment is caused by business cycle. This type of unemployment is caused by excess aggregate demand over aggregate supply. In other words, when the purchasing power falls below full employment level of output, cyclical unemployment arises as long as the cyclical depression persists.
- (iv) Seasonal unemployment due to seasonal variations resulting from climatic changes. As a tropical country, Nigeria has two major seasons, the rainy and dry seasons. The harsh dry season is unfavourable to agriculture. Due to poor irrigation, most farmers who cannot find alternative occupation use to experience temporary unemployment annually.
- (v) Frictional unemployment caused by a mismatch of the necessary skills to jobs, or the lack of awareness of the existence of jobs. It could also be due to industrial friction in which people remain unemployed due to lack of raw materials or mechanical defects in industry.
- (vi) Structural unemployment. This type of unemployment which is prevalent in developing countries is caused mainly by structural changes in industry, changes in technology and / or inadequate capital to meet up with the productive capacity of an enterprise.

III. THEORETICAL FRAMEWORK

As in a mixed economy, unemployment situation in Nigeria is better explained in the context of the classical theory. According to Neva et al (2006), in smooth functioning market economy, the equilibrium wage and equilibrium of labour is set by the market forces. In classical market (ideal for labour) the main cause of true unemployment is anything that interferes with the adjustments of free markets like the imposition of legal minimum wage. Employers are by law required to pay minimum wage at above the equilibrium wage level.

This model predicts that employers hire few workers. At an artificially high wage, employers' demand for labour falls, hence there is a situation of surplus labour above supply (unemployment).

The classical economists suggest other market interferences as reasons for unemployment. The economy might provide less than the optimal number of jobs because of artificial restrictions on the growth of demand for labour, union activities that cost employers, and cost saving technologies which reduce job growth.

Other theories include the "Effort of insiders" in keeping wages high, as opportunists the highly placed individuals enshrine themselves and acting as barriers to further entry into the organizations by prospective

employees. This is particularly common in the Nigerian public sector as the aged workers turn themselves as cabals and 'god fathers' desire not to retire from jobs. Hence, prospective employees find it difficult to gain entrance into many organizations.

Secondly, there is a theory that employers may develop explanations that they have difficulty in paying their present workforce.

A practical approach to resolving unemployment situation in an economy is termed Schumpeter Theory.

Audretsch and Fritsch (1994) found that unemployment is negatively related to new-firm startup in which newly established firms stimulate and generate employment substantially.

The 15th century view of fast tracking entrepreneurship due to unemployment termed as Refugee Theory points to the importance of entrepreneurship as a panacea for unemployment as supported by Chigunta (2001).

IV. UNEMPLOYMENT IN NIGERIA

The story of economic growth without increased employment, high productive capacity and increased output of goods and services is ironical. The high rate of unemployment in Nigeria poses a serious threat to her meeting up national and international challenges. High rate of unemployment refers to the inability to participate in any productive activity in either the formal and informal sectors of the economy, which extends to small-scale business and hawking.

The pre-1960 Nigeria recorded a labour force of 18.3 million with unemployment rate of below 2% as in the record of the formal Federal office of Statistics. But the economic depression of the 1980s took its toll on the Nigerian economy, and by 1985, unemployment rate had risen to 9.8% (FOS, 1997). Since then government measures to combat unemployment has been ineffective. This is manifested in the dearth of employment in the formal sectors of the economy, coupled with lack of small-scale credit for self employment in the informal sector. This situation is worsened by the culture and orientation of priority interest for white cola jobs.

Table 1: National Unemployment Rates in Nigeria (1996 - 2007)

Year	Rural	Urban	Composite
1996	2.8	6.1	3.4
1997	2.6	6.0	3.2
1998	2.8	4.9	3.2
1999	3.7	5.8	3.1
2000	3.7	7.2	4.7
2001	3.9	4.8	4.2
2002	2.7	3.8	3.6
2003	2.7	3.2	2.9
2004	2.6	3.3	2.8
2005	2.5	3.4	2.8
2006	2.5	3.5	3.1
2007	2.3	4.1	3.0

Source: National Bureau of Statistics

The main problem of idle resources in Nigeria include insufficient co-operant factors of production to set them to work, poor entrepreneurial skills and aptitudes, government neglect, inaccessibility to small-scale credit, inability to tap natural resources, insecurity, lack of economic diversification.

(i) Technical and entrepreneurial aptitudes. The rate of self-employment generation in Nigeria is poor, resulting from poor entrepreneurial thought, insufficient small-scale capital, and high rate of illiteracy, poverty and lack of endurance to enterprise thrift, lack of resourcefulness and perceived economic opportunities. These factors are particularly prevalent in the North, and in the educationally disadvantaged zones in the country. In addition, the preferential attitude of some youths who roam the cities for non-existent of jobs constitutes frictional perspective to the unemployment.

(ii) Inadequate Capital. Accessibility to small scale credit is very poor due to high cost of capital. This is worsened by the high rate of poverty which makes capital formation difficult the vast majority of Nigerians are poor. Hence, capital formation and the ability to attract formal credit remain relatively low. Again, the relatively low rate of capital investments in youths' employment has not yielded the desired result. Government inability to meet up the 25 percent annual budget provision for education (United Nations bench mark, U.N 2011) is typical of the low aggregate capital investment in human development. Therefore, the rate of

entrepreneurial development in Nigeria is also poor, and actually applies to most parts of the country, especially in the rural areas where the standard of education, and of course the level of employment continues to fall faster.

(iii) Government Neglect. The lack of political will on the part of government to provide the 25 percent of annual budget for education, inadequate assistance to small-scale industrialists, lack of heavy investment in agriculture as a key sector, ineffective job creation programmes, and the inability to provide complete investment friendly environment can be attributed to lack of political will of the government.

(iv) Poor private sector participation in job creation. For instance, most of the graduate national youth corpsers hardly find it difficult to find temporary mandatory one year service in most private organizations. In the least situation, graduate employees who find themselves in the private sector are in several organizations underemployed.

(v) Unconducive environment, with porous security which discourages investors from promoting enterprise and employment through large scale and commercial investments. Even under this present democratic dispensation, the achievement of the restoration of law and order which is an essential prerequisite for economic growth and development is today tasking than ever.

(vi) Lack of economic diversification. The mono type of economy in which Nigeria over relies on petroleum to the neglect of other key sectors of the economy like agriculture, tourism and manufacturing is un-investment for job creation.

(vii) Lack of continuity and sustenance of job creation and poverty alleviation programmes. Poverty alleviation and economic intervention agencies in Nigeria were almost as many as the several regimes, because different regimes have their own programmes. Hence, most of the agencies and programmes mentioned in this paper are extinct. Hence, inconsistency of government policies constitutes an impediment to meaningful development effort.

V. THE IMPLICATIONS OF YOUTH UNEMPLOYMENT IN NIGERIA

Youth employment in Nigeria is critical to the achievement of economic development in Nigeria.

But the painful economic adjustment reforms of Structural Adjustment Programme (SAP), National Poverty Eradication Programme (NAPEP), Family Economic Advancement Programme (FEAP), Youths Employment Scheme (YES), National Economic Empowerment and Development Strategy (NEEDS), and Subsidy Investment Programmes, etc have failed to make adequate provision for youth empowerment and therefore unable to resolve the development disaster facing Nigeria.

There is a direct relationship between the stock of human capital and the level of development. Job creation is a way of strengthening the workforce and therefore a means of achieving sustainable development.

First and foremost, job creation for youths in Nigeria can raise the psychic and moral of people.

Secondly, youth employment means engaging more human resources or labour which can in turn create more goods and services. This can also boost the economy via more trade, more taxes accruing and more income through the multiplier effect, and a fiscal lift (Lam, 2011).

Thirdly, creating more jobs for youths will boost future earning, improve the standard of living and possibly reduce youth restiveness via improved engagements, higher health delivery services, and further development of skills and creation of more market at home.

Fourthly, job creation for youths will strengthen the system of income redistribution in the market economy which is dependent on employment. If people don't have jobs, they don't earn income. Generally, people worry about unemployment of labour than unemployed capital, because it is labour that facilitates turning capital into use to create further wealth for better living.

Again, increased government spending on creating more jobs for youths will raise the general levels of the national income, taxes and economic growth. Hence, an increase in job creating expenditure will cause the national income to increase at high points due to direct increase in aggregate demand upon incremental government spending.

It is good to emphasize that the size of the multiplier (economic boost) will be greater than the naira investment on job creation.

The most visible negative implication of the high rate of youth unemployment in Nigeria is the prevalent high level of poverty. The Federal Ministry of Finance in collaboration with the World Bank (2000) put the high level of poverty in Nigeria as 67.1 million people, with approximately 64% unemployed youths. Other consequences of unemployment in Nigeria include lack of income and productive resources sufficient to

guarantee sustainable livelihood, hunger and malnutrition, ill-health, limited or lack of access to education and other basic services, homelessness and poor housing, social menace and socio-cultural exclusion.

VI. CONCLUSION

Full employment of both human and material resources has far more positive socio-economic and political implications than it can be imagined. It can lead to efficient allocation of resources, raising the morale of people, creation of more markets, raising the purchasing power of people, and hence, a higher standard of living and a positive multiplier affect on the economic growth and development in general. It is therefore rational to conclude that creating more jobs for youths will fast track the economic development of Nigeria.

But the lesson from the Nigerian experience is that rather than turning the vast resources including huge oil revenue, the giant, invisible hands continue to swindle and mismanage what could have turned the so called giant of Africa into an emerging economy. That heavy industries like the Steel Rolling Mills at Ajaokuta and Aladja have been neglected, manufacturing, and agriculture not given the required attention is a paradox.

VII. RECOMMENDATIONS

1. The Global Monitoring Group (2004) suggested certain priority areas for particular attention of the poor Sub-Saharan African countries for employment creation in order to alleviate poverty and hunger as follows:
 - (a) Improving the enabling climate for private sector activities.
 - (b) Strengthening capacity building for the public sector and good governance.
 - (c) Scaling up investment in infrastructure and ensuring its effectiveness.
 - (d) Enhancing the effectiveness of service delivery in human development.
2. Direct government intervention programmers like resuscitating the Youth Empowerment Scheme (YES), massive funding of the NDE, and public works scheme on roads, sanitation, self-help groups and other employment generation measures.
3. Accelerated capital formation measures such as:
 - i. compulsory investments in key sectors of the economy like agriculture, tourism, and manufacturing by the three tiers levels of government in Nigeria.
 - ii. Specific policy measures to promote agriculture in Nigeria like promoting cooperative enterprise, agricultural extension services at subsidized rates to farmers, subsidies for inputs, price and income stabilization.
4. Diversification of the economy whereby non-oil sectors of the economy are given adequate priority – agriculture, manufacturing and tourism.
5. Specific measures for promoting manufacturing should be given a serious attention by improved budgetary allocations for small-scale industry, total industrialization of the economy so as to achieve balanced economic growth.
6. Vigorous promotion of entrepreneurship through the provision of micro credit and improvement in the institutional arrangement for training and human capital development.
7. Massive Investments in infrastructure like energy, transportation and communication. Resuscitating rail transportation, proper maintenance of roads etc. have become imperative.
8. The government should develop political will to provide good governance, promote political stability, and make huge investment in security in order to create the enabling environment for attracting foreign investors to come to Nigeria.
9. Urban renewal approach with impetus or support from the federal, state and local government. Despite the strive for private sector led economy, the public sector as the prime mover of the economy should take the lead in employment generation which should not however replace private efforts.
10. Periodic review of the employment Act to redefine and broaden the responsibility of each of the three tiers of government on matters of job creation for the teaming skilful youths.
11. Attitudinal change, sustenance of government employment or poverty alleviation policies and strategies can go a long way to ameliorate this hydra headed problem called unemployment. The entrepreneurial education mentioned above should inculcate in youths attitudinal change from their preference for white cola jobs.
12. Private sector participation in job creation should be encouraged.

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