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Edited by:
E.O. Ezeani
Department of Political Science
University of Nigeria, Nsukka.

And

N. N. Elekwa
Sub-Department of Public Administration
And Local Government
University of Nigeria, Nsukka.



JAMOE ENTERPRISES (NIGERIA)

Urban Unemployment Situation in Nigeria

Onah, F. O.

*Sub-department of Public Administration & Local Government
University of Nigeria, Nsukka*

Introduction

The newly enthroned democratic government has announced its intention to lift the long overdue job embargo in Nigeria. Considering the many reasons adduced for this gesture, it is obvious that the government intends to ameliorate the crushing and debilitating pangs of poverty among its teeming unemployed graduates, mostly residents in urban towns. To this end, the present administration believes that the problem of unemployment lies, in a strict sense, at the roots of most other socio-economic and political problems in the country.

There is no doubt that unemployment is not peculiar to Nigeria alone. It is a worldwide socio-economic problems, but in Nigeria, since the early eighties, it has assumed an alarming and disturbing proportions with millions of able-bodied persons who are willing to accept jobs at the prevailing rates or even at rates that are much below the prevailing rate, yet unable to find one.

This problem according to Akangbou (1988) surfaced only after the Ashby Commission had recommended for more manpower development centres. This led to the establishment of more institutions, such as University of Ife, University of Lagos, and ABU, Zaria.

The side effect of the proliferation of such institutions as noted by Basil (1983) is not only that millions of qualified people

are seen roaming the streets for months and sometimes years without jobs; but, that lots and lots of others have since the austerity measures, occasioned by the economic recession, lost their jobs.

Akinifesi (1986) noted that successive governments have at different times recognised this problem, yet, the solutions so far proffered have been mere palliatives. Accordingly, Nigeria is said to be an underdeveloped nation characterized by high population of unemployed people.

Consequent upon this, this chapter addresses the following issues: what constitutes urban unemployment? Why is unemployment persistent in urban areas? And what are the factors responsible for unemployment in the urban areas? The chapter shall also look at the consequences of urban unemployment and the mitigative measures toward ameliorating the problem of urban unemployment.

Conceptual framework of analysis

At this point, it is germane to do some conceptual explication of the major terms- urbanization and unemployment. The two variables will be married to give a clear understanding of what constitutes urban unemployment. Thereafter, some explanatory frameworks will be discussed.

Urbanization

Okonjo (1974) saw urbanization as a social process change whereby a sizeable proportion of the population of country live in cities. To Mabogunje (1988):

urbanisation no longer denotes merely the process by which persons are attracted to a place called the city and are incorporated into its system of life; it rather refers to that cumulative accentuations of the characteristics distinctive of the mode of life which is associated with the growth of cities, and finally to the changes in the direction of the mode of life recognised

as urban which are apparent among people, wherever they may be, who have come under the spell of the influences which the city exerts by virtues of the power of its institutions and personalities operating through the means of communication and transportation.

Also, the *New Encyclopedia Britanica* (vol. 12) defines urbanisation as the process by which large number of people become permanently concentrated in relatively small areas, forming cities.

Thus, from the foregoing, it can be deduced that urbanization denotes the movement of people from small rural communities concerned chiefly with agriculture to other larger communities, whose activities are primarily centred on government, trade, manufacture or allied interest. Such areas in Nigeria include Abuja, Lagos, Kaduna, Kano, Enugu, Portharcourt, Aba, Onitsha, etc.

Unemployment

Although the term unemployment literally applies to all persons without work, it has come to have a more specific meaning in contemporary discussions in social and economic policy. *Encyclopaedia Americana* (vol. 27) posits that only individuals able to work and actively looking for work are usually classified as unemployment. Obviously, this implies that people who are attending school, too ill to work, retired or have given up looking for work are outside the labour force, and as such, they are not taken into cognizance.

Usen A. (1987) noted that in Nigeria by the end of 1985, the unemployment rate had reached desperate and alarming proportions. He stated that the number of the unemployed as at the end of 1986, was well over three million people.

Against this background, we shall for lack of "one best" definition on the concept of urban unemployment, attempt an operationalised definition.

Urban Unemployment

Urban unemployment stands for the conglomerate of people with diverse background, willing and able to work in urban areas, resulting in pressures of supply of labour over the demand for labour, thus, causing joblessness. Implicit in this definition are the following assumptions:

- i. there may have arisen a situation of excessive manpower supply over manpower demand.
- ii. there may have arisen a situation whereby job seekers possess irrelevant or not immediate needed educational qualifications.
- iii. both the public and private sectors may not have evolved a calculated policy to afford them the opportunities for self-employment through planned programmes.

Explanatory framework of analysis

Some four models will be used to analyse the issue of urban unemployment in Nigeria. They include:

- The Monetarist or conservative model.
- The Keynesian or centrist model.
- The Marxist or leftist model.
- the Harris - Todaro (N-T) model.

The monetarist/conservative model

This model posits that the problem of urban unemployment is traceable to the fault of workers and the various trade unions powers. The school believes strongly in the theory of supply and demand. Therefore, it insists that urban unemployment is caused by over supply of labour more than the capacity of the economy. Furthermore, the school argues that the demand for too high wages by workers without a corresponding increase in productivity renders products costly thereby discouraging competitiveness among local industries and foreign industries. The implication of this trend is the reduction of sales which further leads to mass retrenchment of workers.

Obi (1983), in advancing another monetarist argument that applies to the Nigerian situation, noted that Manufacturers Association of Nigeria (MAN) had argued over the lack of foreign exchange guarantee for importation of raw materials and the high naira exchange value. This according to MAN, is a contributive factor to the mass retrenchment of workers.

This model is being criticized by those who insist that an industry which after ten years of existence still depends almost entirely on imported raw materials is simply being used as a front to siphon the nation's foreign exchange.

Another limitation of this model as viewed by critics is the government's over dependence on oil revenue for her foreign exchange earnings. Obi (1983) argued that if the government embarks on diversification of the economy as well as encourages the private sector to look inwardly for the procurement of their raw materials, then the monetarist model of explaining urban unemployment in Nigeria would lose its relevance.

The keynessian/centrist model

This model argues that unemployment is as a result of deficiency in the propensity to consume, leading to reduced demand, loss of production and consequently, retrenchment. In Nigeria, this model would recommend more government control of the economy. Obi (1983) in a critique, asserts that this model is problematic drawing the experience of the era of the austerity measures which lead to 16 percent unemployment. Other factors he advanced against the applicability of this theory include lack of economic foresight, blatant mismanagement of resources leading to poverty in the midst of plenty and corruption generally.

The marxist/leftist model

This model postulates that unemployment is characteristic of the capitalist economy which survives on the misery of workers. The theory states that the mode of capitalist production thrives on

unemployment, because unemployment is deliberately created by employers to make labour cheap and maximize profits.

Critics agree that this model is relevant to the Nigerian situation pointing out that some companies exploited the austerity measures to retrench workers.

A leap beyond these models will give us a more balanced and pragmatic theory explaining the present unemployment standard/situation in urban areas.

The harris-todaro model

Umeh U.C. (1997) quoting Thingan (1996) enunciated the views of Harris-Todaro in their theory of migration and unemployment. The H-T theory is based on the experiences of tropical African nations facing the problem of rural-urban migration and urban unemployment. The proponents argued that labour migration is due to rural-urban differences in average expected wages. The minimum urban wage is substantially higher than the rural wage. If more employment opportunities are created in the urban sector at the minimum wage, the expected wage shall tend to rise and rural-urban migration shall be induced, leading to growing levels of urban unemployment. To remove urban unemployment, the proponents suggest a subsidised minimum wage through a lumpsum tax.

We dare to say that the "H-T" model is most realistic and apposite to Nigerian situation than the other models. It tries to tackle the problem of rural-urban migration with its consequence on urban unemployment that actually exists in less developing countries (LDC).

Urban unemployment in Nigeria today

There exists convincing evidence that the bulk of the urban unemployment in the country is among able-bodied youths. Data show that in 1966-1967, one-tenth of the urban unemployment were concentrated in the 5 - 29 age bracket. Even within this age bracket, the concentration is in the 15 - 24 age bracket, with a percentage of 69.5.

Fapounda (1974) in his report, shows that 90.3 percent of the unemployment persons were in the 15-29 age bracket, and the concentration was also within the 15-24 age bracket. Available records indicate that only a small percent of the urban unemployment are illiterate. Being young school leavers, most of the urban unemployed are usually new entrants into the labour force with little or no vocational training and experience.

Not only that millions of qualified people are seen roaming the streets for months, and sometimes years with no jobs, but lots have in recent times lost their jobs through retrenchment, redundancies, lay-offs, rationalization, and compulsory retirements.

A survey by the UN International Labour Organization (ILO) indicates that as many as 33 million Nigerians fall within the working age. Out of this, 9% or about 3 million are unemployed. This figure precludes those who are underemployed. A further study on the geographical distribution of those unemployed shows that as many as 2.7 million out of the 3 million live in rural areas (ILO survey Report: African Concord, 1986).

It has been argued that the current level of unemployment of graduates of Nigerian schools started in 1982. For instance, out of the 35,000 Nigerians who completed the National Youth Service Scheme (NYSC) in 1982, about 70% found no permanent job. The ILO survey reveals that the number of unemployed high school graduates has grown annually by about 4% in 1983, and 6% in 1985. Going by this trend, it was projected that only about 6,000 out of the 37,000 members of NYSC that passed out in 1984 obtained permanent employment (African Concord, 1986). Thus, these young people will have to join their retrenched parents/relatives and the like to look for jobs that are not forthcoming.

Comparatively, a study carried out in Nigeria between 1990 and year ending 1994 (see Table 1), to ascertain the rate of unemployment between the urban areas and the rural areas shows clearly that urban unemployment is higher and marginally higher than rural unemployment.

Table 1: National unemployment rates, Nigeria year-ending (December) 1990 - 1994

Survey Period	Composite	Urban	Rural
December 1990	3.5	5.9	3
December 1991	3.1	4.9	2.7
December 1992	3.4	4.4	3.6
December 1993	2.7	3.8	2.5
December 1994	2	3.2	1.7

Source: Federal Office of Statistics.

It is not easy to put hand on dependable current urban unemployment rates in Nigeria but, the evidence and indications of urban unemployment are overwhelming. However, the present administration has announced a laudable programme to create ample job opportunities for its unemployed youths and the embargo on job recruitment has been lifted.

Factors responsible for urban unemployment

Fetterson (1929), classified the causes of unemployment generally into two groups viz: objective or environmental factors, and subjective or personal factors. He grouped the objectives or environmental causes under physical, social, economic and political environment. Under physical factors we have flood, drought, storms, etc. Under the social factors, we have direct or contributory causes of unemployment. The subjective or personal causes of unemployment encourages crime, indolence, disease, degeneracy, old age, and various physical, mental or moral defects.

However, there are some causes of unemployment which are peculiar to urban areas in Nigeria. Among these causes are:

- i. *Rural-urban migration:* The rural-urban difference in Nigeria has been discovered to be a major cause of urban unemployment in Nigeria. This drift is attributable to differential level of socio-economic development of urban areas viz-a-viz, the rural areas. Because of this, the disfavoured rural communities lack remunerative and attractive employment opportunities thus, creating the desire to seek greener pastures in the urban city.
- ii. *Increasing population strength:* The rapid growth rate of the population is also responsible for unemployment in urban areas. From the statistics of the various causes conducted in Nigeria, it holds that the urban areas absorb greater part of the total population. In 1963, the figure stand at 55.6 million, 79.76 million in 1973, and 88.5 million in 1991, with a growth rate of 2.8% and a higher 2.85 growth rate for urban areas.
Based on this, one can argue that there is a sharp increase in the population size of the country. Today, one can make a projection of over hundred and twenty million people. But the demographic misfortune is that the population of Nigeria is more of a liability than an asset. Let us note that it is not basically the population strength that is responsible for high rate of unemployment, but, the gap between the geometric progression of the population as against the arithmetical progression of production base of the urban economy.
- iii. *Change in the method of production:* As modern industrial society is dynamic, there are numerous and constant changes in methods of production. This form of economic adjustment is represented by the invention of power machinery, introduction of new methods of manufacture, transportation and communication. This development has its human cost in form of unemployment, because, works that can be done by many people are being done by a machine in a much faster time, and with a better quality production. Consequently,

Eboh (1995), noted that many people will be laid off as their services are no longer required.

In addition, foreign deregulation by the Central Bank of Nigeria (CBN), had compounded the problem of unemployment by making organisational resources very expensive. As such, the capacity utilization of industries declined from 42.4 percent in 1989 to 39.4 percent in 1991. Presently, there is no strong indication that this decline has stopped.

- iv *Embargo on employment:* Since the public sector is the largest employer of labour and the government's machinery for creating employment (Ministries and Parastatals) are concentrated in the urban areas, whenever official pronouncement of embargo is slammed on employment, the urban dwellers are usually the victims. Closely related to the issue of embargo is the issue of staff rationalization exercise, aimed at trimming down the staff strength of establishments. This creates unemployment too.
- iv. *Educational system:* The ever-increasing number of qualified young school leavers is also a cause of urban unemployment in Nigeria. The unplanned increase in the number of schools; has been responsible for the high turn over of qualified young people. But unfortunately, the various government in Nigeria had placed much premium on mass education without paying commensurate attention to the fact that these young people will come out to look for employment. Based on this, Ajayi (1992), opined that unemployment in Nigeria is a cyclical phenomenon, whereby at the end of each year, tens of thousands of graduates at the secondary and tertiary levels swell the labour market. This alone, he argued, was enough to drive the unemployment rate upward.
- v. *Poor policy making and implementation:* After enacting a policy, it is incorporated in the financial plan to enable implementation. However, as a result of selfish interests, perverted social values and political over tune, policies are

badly conceived and misdirected. For instance, instead of embarking on projects that could generate sufficient employment opportunities, large sums of money are spent merely for political prestige, and on not-so-economically viable projects, rather than on industrialization which is a necessary step towards economic development and eradication of unemployment.

Consequences of urban unemployment

The consequences of urban unemployment appear obvious. Momoh (1984) observed that it creates for man hopelessness and planlessness of life, since nothing is expected by the end of each month upon which his life and that of his family can be planned for. This often leads to regular quarrel among members of the family as bills mount up.

There could also be effect of long term unemployment on the physical health of the jobless. It can also lead to frustration, aggression and even committing of suicide by the jobless. In fact, even the marital existence of the jobless is threatened.

Unemployment is heavily responsible for the increasing rate of crime in Nigeria today. Many unemployed youths in their bid to make body and soul meet, without a gainful employment, would regrettably resort to crime.

Both economic and social consequences in the country are related to the impact of unemployment on the nation's production of goods and services, that is, the Gross National Product (GNP).

Sharp et al (1988) noted and maintained that social effects are just as real as the economic effect. The increase in the incidence of HIV/AIDS has also been strongly associated with the unemployment. Urban unemployment also relates poorly with the much valued sustainable development as unnecessary pressures are mounted on the highly depleted resources in the urban areas.

Mitigative measures to urban unemployment

Having seen how adverse unemployment in Nigeria has been, we shall then put forward the following mitigative measures:

- i. There should be a check on the rural-urban drift. This could be done through integrated rural development (IRD) programmes; provision of social amenities, and citing of small scale industries in the rural areas. This will help balance the rural-urban wage difference, argued by Harris and Todaro in the "H-T" model.
- ii. Checking of population growth. This would be possible through persuasion, family planning, legislation and general education.
- iii. There should be a direct link of relevance between education and employment. Greater emphasis should be placed on Science and Technology, as well as on the acquisition of knowledge for self employment. The educational system should be reviewed.
- iv. There is urgent need to diversify the base of the nation's foreign exchange earning. Non-oil exports should be greatly encouraged.
- v. Small scale industries should be established, through direct government investment, incentives to private enterprenueres, provision of infrastructural facilities and liberal credit policies.
- vi. Modernization of agriculture by introducing modern equipments such as tractors, incubators, etc., to make agriculture more attractive to young people.
- vii. Political instability should be discouraged. It does not put in place a favourable investment climate, which would in turn create job opportunities. The current democratic experiment should be encouraged.
- Viii Development of manpower programmes. The increasing recognition of the need to formulate the goal of full employment in structural as well as aggregative terms calls for not only appropriate use of money - fiscal measures, but also the development of a comprehensive manpower

Conclusion

This chapter has attempted to look into the pitiable situation in the country where many people are idle and jobless, even though many are willing and able to work, but cannot find jobs. In doing so, four models of urban unemployment have been identified and used to explain their relationship to the Nigerian situation.

The chapter also identified some of the causes of this problem, and equally looked at the effects of unemployment, basically on the socio-economic aspects. It is our belief that government should focus attention on pragmatic policies and programmes that will lead to optimum use of human resources in the country, and as well stabilize the economy. It is only by doing this, that this problem of urban unemployment can be meaningfully reduced.

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