



Unemployment and the Socio-Economic Development of Nigeria

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Abstract

Unemployment is currently one of the most serious problems in Nigeria. The Country has battled with this menace for decades and it seems to be getting worse day by day. The huge unemployment problem has led Nigerian society into high rate of poverty, increased crime rate, poor economic growth, insurgency etc. As a result of unemployment, most people cannot afford to buy food, pay rent and even transport themselves to various locations. However, the effect of unemployment on socio-economic development of Nigeria can also be curtailed to ensure economic development. The broad objective of this paper is to identify the causes, effects as well as solutions of unemployment in Nigeria. More so, to realize the stated objective of the study, secondary sources of data collection were used. The paper also makes use of descriptive and historical approach as its methodological orientation. Based on the findings of the study, the paper recommends the following: Restructuring of the educational system, tackling of insecurity, reopening of close down sectors, controlling of population growth, diversification of the economy etc.

Keywords: Development, Socio-economic Development, Unemployment, education restructure and diversification of economy

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Introduction

Unemployment in Nigeria is one of the most critical problems facing the country, despite the fact that Nigeria has abundant human and material resources which have not been utilize effectively to yield maximum economic benefit to the country. More so, the negligence and underutilization of these resources has resulted to poor standard of living in Nigeria, high rate of poverty, poor economic growth etc. Unemployment describes the condition of people who are without jobs. Nigeria's unemployment rate has been rising steadily since 2016 (7.06%). In 2017, it increased to 8.39%. In 2018 the unemployment rate was 8.46% while in 2019, it increased to 8.53%. However in 2020, it increased again to 9.79% while in 2022 it increased to 33% (Forecast unemployment rate in Nigeria 2001-2022). The International Labour Organization (ILO) defines the unemployed as members of the economic active population who are without job, but are available and seeking for job including people who have lost their jobs and those who have voluntarily left their job.

Adebayo (1999) stated that unemployment exists when members of the labor force wish to work but cannot get jobs. The scramble for employment in Nigeria has become so massive that it is common to have millions of applicants chasing for few vacancies advertised. The situation is such that many graduates are ready to do any job just to earn their living. Many graduates have abandoned their certificates to pick up lesser jobs such as POINT OF SALES (POS) services, political touts, keke na pepe drivers, motorcycle riders, security agents, etc. Furthermore, the economic consequences of unemployment are clearly explained in the words of Akpakpan (1999) Thus "when the economy does not generate enough job to employ all those who are willing to work, valuable resources is lost, potential goods and services that might have been enjoyed by consumers are lost forever". This is the real economic lost of unemployment and no insurance plan can eliminate it. This is why economists often say that unemployment is a colossal waste of resources and should be avoided. Moreover, unemployment devalues the standard of quality of life in the society. Therefore; the paper will identify the causes and effect of unemployment on the socio-economic development of Nigeria. Additionally, this brings to light the need to proffer possible solutions to salvage our nation Nigeria.

Conceptual Review

Concept of Unemployment

Every economy is characterized by both active and inactive population. The economically active ones are referred to as the population willing and able to work, and include those actively engaged in the production of goods and services and also those who are unemployed. According to Fajana (2000), unemployment refers to a situation where people who are willing and capable of working are unable to find suitable paid employment. Ahuja (2011), defined unemployment as a state of affairs whereby in a country, there is large number of able-bodied persons of working age who are willing to work but cannot find work at the current wage levels people who are either unfit for work e.g. Sadhus are excluded from the category of the unemployed.

The international Labor Organization (ILO) defines the unemployed as members of the economically active population who are without job but are available and seeking for job; including people who have lost their jobs and those who have voluntarily left work (International Labor Organization 2003) In the same vein, summers (2002) defined unemployment as a condition of not having a job by an individual. Hence unemployment is one of the macro-economic problems which every responsible government is expected to monitor and regulates to avoid high poverty level and other associated welfare challenges.

There are several forms of unemployment, but the main types of unemployment are: frictional, structural, and cyclical unemployment.

Frictional Unemployment: This is a short term and a natural part of the job search process. It occurs when workers leave their old jobs but have not yet found new ones. It is the unemployment suffered by people who are in the process of changing jobs. Thus frictional unemployment is a temporary kind of unemployment.

Structural Unemployment: This exists when shifts occur in the economy that creates a mismatch between the skills workers have and the skills needed by employers. Hence structural unemployment is suffered by workers who have lost their jobs because of structural changes in the economy. An example of this is an industry's replacement of machinery workers with robots. Workers now need to learn how to manage the robots that replaced them. Those that do not learn Need Retraining for Further Jobs or Face Long-Term Structural Unemployment.

Cyclical Unemployment: This is caused by the contraction phase of the business cycle. That is when the demand for goods and services falls dramatically; it forces businesses to lay off large numbers of workers to cut costs. As the name implies, cyclical unemployment results from fluctuations in economic activity which creates more unemployment. The laid-off workers have less money to buy the goods and services they need. That further lowers demand (Balance, 2022).

Concept of Development

There is no agreement among the political economy scholars on the exact meaning of the concept, development. It is to a large extent not a concrete concept. It means different things to different scholars. However it is believed to be a relational concept because it also refers to relationship between and among human beings, within and among nations in international community. Chavismen (1984) cited in Ezeibe and Oddih (2021) defined development as the process of societal advancement where improvement in the wellbeing of people is generated through strong partnership between all sectors, corporate bodies and other groups in the society. Ezeanyika (1999) stated that development is a sustained change along a trajectory leading to growth. Development goes beyond the confines of economics. It includes more than the material and financial well-being of the people. Development also deals with social aspects of people's lives. It should therefore be conceived as a multifaceted process encompassing the organization and redirection of the entire economic, political, and social systems, embodying radical changes in administrative, Institutional and social structures, popular attitudes and sometimes customs and beliefs.

In the views of Nwachukwu (2003), development is being seen as an integral process of identifying opportunities for individuals, social groups and territorially organized communities at small and intermediate scale and mobilizing full range of their capabilities and resources for the common benefits in social, economic and political terms. In theoretical terms, the idea of development has been closely connected with the idea of progress, it presuppose change for the better. More so, Rodney (1972) cited in Ezeibe and Oddih (2021) asserts that development of human society is a many sided process. At the level of individual, It implied increased skill and capacity, greater freedom and creativity, self-discipline, responsibility and material wellbeing. At

the level of a social group, it implied an increasing capacity to regulate both the internal and external relations was self-sufficient in food production, independent control of the economy etc.

On the above premises therefore, Nigeria development ought to be based on the major core values of development; the life sustenance value of development, the self-esteem value of development and the freedom value of development. The life sustenance value of development is the ability to meet basic needs of food, shelter, health, and protection at the right quality, right quantity and at affordable prices. The self-esteem value of development stressed more on the need for a sense of worth, dignity and respect, a feeling of not being inferior and not being used by others. The freedom value of development also emphasizes on emancipation from alienating material conditions of life and from social servitude to nature, ignorance, other people, misery dogmatic beliefs etc.

Concept of Socio-Economic Development

Social Development should be seen in conjunction with cultural development. It is a reflection of the quality of life of individuals and groups in the society and the way they perceived and interpret the world around them. It could also be regarded as the existence and access to the ordinary man, of certain basic facilities which enhance his well-being (Ebirinwa, 2014).

Indicators of social development include: improved health care delivery, improved education, provision of agricultural infrastructural facilities, increased urbanization, and provision of adequate housing facilities.

Economic Development on the other hand has to do with the establishment and promotion of an economic system capable by itself to raise and maintain production and the income levels of all groups in the society.

Socio-Economic Development can be seen as a modernization process which reflects the traditional strength required to adapt to new changes, strategies and technologies for improving social welfare of the society. Nevertheless economic growth must be seen as a social factor in the process of development because it involves:

- A movement from simple traditional techniques to the application of scientific knowledge.
- A movement from subsistence farming to commercial production of agricultural goods, a transition from the use of human and animal power to industrialization, a movement from permissivity to modernity (Desjardins, 2013).

Ezeoke (2009), Identified some indicators of socio-economic development that usually gives green light to describing a nation as developed, developing and underdeveloped. They are as follows: the Gross domestic product (GDP), the life expectancy, the literacy level, employment rate, and changes in less tangible factors (such as personal dignity, freedom of association, personal safety, freedom from fear or physical harm, and extent of participation in civil society). Furthermore, to achieve sustainable development in Nigeria, there's need for adequate improvement on all the socio-economic developments indicators.

Causes of Unemployment in Nigeria

Adebayo, (1999), Adeloye, (2011) and Okafor (2011) have identified the major causes of unemployment in Nigeria. Some of them include;

- **Low Standard of Education:** Some scholars have argued that as far as the formal sector is concerned, the average Nigeria graduate is not employable and therefore does not possess the necessary skills needed by the employers of labour for a formal employment. After all employers do not need people to pay or spend their money on but people that will help their organization to become more productive for profit making. Most times, this is attributed to Nigeria's poor educational system. The course contents of most tertiary education in Nigeria lack entrepreneurial training such as tailoring, computer, etc.
- **Corruption:** Corruption in all sectors of the economy has robbed the country of developing a strong economic base. Funds meant for development of projects are being embezzled, misappropriated, and diverted to personal accounts overseas. The misuse of the country's resources has led to crippling of economic conditions across the country. More so some incompetent corrupt bureaucrats and administrators have liquidated public organizations and parastatals.

➤ Rural-Urban Migration: Lack of infrastructural facilities makes rural life unattractive hence resulting to rural urban migration. People move to urban cities in search of lucrative jobs, more so the presence of social amenities in the urban areas is also a major factor that make people to migrate to the cities. This meant that the rural areas are being deprived of social and economic benefits. Even with much migration to the urban centers, there is every tendency, that these centers will get saturated to the extent that there will be unemployment cases. Hence the population of people searching for job will be bigger than the jobs available.

➤ Poor Infrastructure: Poor infrastructural development in Nigeria impedes business growth. When private sectors do not grow maximally, they cannot provide more jobs. More so with the unfavorable business environments, poor policy structure and framework for implementation, the private sector is still struggling to sustain business

and create employment opportunities. Although faced with these harsh realities, innovations and the development of wealth persist. The private sector continues to expand and to provide employment. However the number of jobs created in these conditions is not enough to reduce the unemployment rate in Nigeria.

➤ Rapid Population Growth: The current population of Nigeria is 219, 683, 924 as of Monday February 27, 2023, based on worldometer, elaboration of the united nations data (worldometer, 2023) .With this population, Nigeria is the most populous nation in Africa. It is argued that the high population growth rate has resulted in the rapid growth of the labour force, which is far outstripping the supply of jobs. The accelerated growth of population on Nigeria's unemployment problem is multifaceted.

➤ Poor Investment Climate: Failure of government to create an enabling environment for sustainable growth hinders the creation of job opportunities by the private sectors. Lack of steady and sustainable power supply increases the cost of operation of most private sectors. Most firms depend on the use of generators for power supply which entails high cost of buying, fueling and maintenance of these generators. In addition to this, high and multiple levies and taxes being paid by these firms result to high cost of operating a business in Nigeria.

- However, when the firms and factories closes and relocates to a friendlier economic environment, workers are being laid off and prospect of recruiting new ones are always low.

Effect of Unemployment on the Socio-Economic Development of Nigeria

- **Terrorism and Insurgency:** Unemployment in Nigeria has resulted in increase in activities of Boko Haram and many other crimes going on in Nigeria especially at the North-West, North-east of Nigeria. Boko Haram activities in these regions have resulted to destruction of personal and government properties, loss of life, killings, kidnapping, oil production disruption due to pipeline vandalism, armed robbery etc. The Niger Delta armed groups and their activities in the south-east and south-south cannot be left behind. However terrorism and insurgency has remained one of the critical issues affecting the Nigerian government today. Its social, political and economic implications on the economic growth and development of our country cannot be over emphasized.
- **Social Insecurity:** Apart from terrorism and insurgency, Nigerian cities have become dangerous because of the activities of thieves, pick pockets, ritual killers and armed robbers. Some of the youths involved in these acts are unemployed graduates who are trying to make ends meet. They are being often used by the politicians for any form of activities that disrupt peace in the country. In addition, social insecurity has affected the activities of foreign investors in Nigeria. The illicit activities in our country have been so horrible, directly and indirectly affecting the socio-economic development of Nigeria.
- **Low Standard of Living:** When unemployment becomes rampant as it is in Nigeria today, peoples standard of life begin to go down. Some people can no longer afford to take care of their basic needs (food, shelter and clothing) because of high prices of food items and almost everything in the market. This also puts many people out of business like house owners with tenants who can no longer afford to pay rent. Unemployment therefore contributes to reducing the standard of life of Nigerian citizens.
- **Family strife and disintegration:** On a social effect, unemployment can lead to family strife and disintegration due to parents' failure to support the needs of their children. Due to individual demands and family pressures, unemployment raises the crime rate and criminal actions. It leads to boredom, resulting in unpleasant thoughts and suicidal

attempts. It also causes a sense of disconnection from society and social functions, it also leads to health problems.

- **Inequality of Income:** The National Bureau of Statistics opined that in 2010, 65% of Nigeria's wealth was owned by 20% of the population which led to concentration of wealth on the hand of few individual while many were in abject poverty. Presently, inequality of income, poverty and unemployment has led to increase in violent crimes in Nigeria. Hilary (2012) opined that the crisis in Nigeria was as a result of failure of government to address socio-economic issues facing the nation.
- **Reduced Tax Revenue:** On the economic effects, unemployment causes the government to lose the taxes it would have gotten if people were employed whether in the private or public sector. Consequently, it reduces the national output of goods and services, increases debt rates, leads to wastage of resources, promotes social unrest and increases poverty incidences in the country.
- **Illegal Emigration:** The unemployed young Nigerians feel cut off from the society and have little faith in the political system. As a result of this situation, some teenagers have decided to leave the country as a result of the evils associated with unemployment. Sadly, most Nigerian emigrants commit all kinds of crimes in Italy, China, South Africa, Malaysia and many other countries just to survive. All these nefarious activities give our country a bad reputation and subject its citizens to torture and imprisonment in these countries.
- **Increased Rural Urban Migration:** Unemployment is a major cause of rural-urban migration in Nigeria. Our cities such as Lagos, Port-Harcourt etc. are already crowded, still people are moving from rural areas to the urban centers to hustle because they believe they will make money if only they get there.
- However; this is not true because the same problems rural dwellers faces are the same problems faced in urban centers if not worse.
- More so, most of these people are not skilled and this prevents them from securing employment in the cities. However they end up joining gangs and causing all kinds of problem that impede the state's economic development.
- **Decline in Gross Domestic Product (GDP):** Unemployment has led to serious decline in Nigeria's gross domestic product. Gross domestic product (GDP) is the measure of

productivity of a country and this determines how well they compete in the international market. However; with the persistent increase in unemployment in Nigeria, productivity is low affecting the country's ability to thrive in the international market. The GDP of Nigeria must increase for us to have a better life; hence increase in GDP requires employing the unemployed.

Theoretical Review

The theoretical perspective for this discourse is the Keynesian Employment Theory. According to Keynesian employment theory, the level of employment is determined by effective demand. The term "effective demand" refers to a demand for goods and services backed up by the ability and willingness to pay for them. A considerable increase in aggregate demand according to Keynes would affect employment and vice versa.

Unemployment would result from a decrease in total effective demand. Keynesian unemployment, according to the theory is the departure of unemployment from its natural rate. The natural unemployment rate is the rate of unemployment that prevails when the labour market is at its most balanced. Keynesian unemployment is generated by economic downturns that are part of the business cycle, which are the economy's natural swings. It frequently occurs due to structural and frictional joblessness. To Keynes and his followers, unemployment exists in an economy as a result of deficiency in aggregate demand. Therefore for the problem of unemployment to be solved in Nigeria, there is need for government intervention in the economy (business day, 2022).

The government of Nigeria has to put in place several policies to generate employment. The policies and reforms can be traced back from the first National Development plan of 1962 to the current five year National Development plan of 2021-2025. Thus there has been some intervention programmes aiming at lowering unemployment like NAPEP, SURE P, YOU WIN and N-Power. These are some of the few government sponsored interventions aimed at assuring economic growth and job creation. The establishment of skill acquisition centers by the government in most cities has been of immense benefit to the masses and to the country at large thus promoting the socio-economic development of Nigeria.

Summary of Findings

The paper revealed the major causes of unemployment in Nigeria. They are as follows: low standard of education, corruption, rural-urban migration, poor infrastructure, rapid population growth and poor investment climate. Furthermore, the paper also revealed the effect of unemployment on the socio-economic development of Nigeria. Unemployment in Nigeria has resulted to terrorism and insurgency, social insecurity, low standard of living, family strife and disintegration, inequality of income, reduced tax revenue, illegal emigration, increased rural-urban migration and decline in Gross Domestic Product (GDP).

Conclusion

Unemployment has remained one of the most serious challenges on the socio-economic development of Nigeria. The paper critically identified the causes and effects of unemployment on the economic growth and development of Nigeria. It was observed that Nigeria has battled with this menace for decades resulting to poor economic growth, high rate of poverty, insurgency, rural-urban migration etc.

However the effect on the socio-economic development of Nigeria has remained a big challenge. In addition, the paper also outlined some government policies aimed at reducing this menace. However, unemployment if well tackled in Nigeria will result to socio- economic growth and development of our country.

Recommendations

- Government should establish many industries. This will create more employment opportunities especially for the youths.
- Government should also re-open many sectors of Nigeria economy that have been close down for years, for instance, the textile industry has been shut down with many factories in major cities of Nigeria closed. This industry would have employed many graduates and reduce the number of unemployed youths; other sectors like tourism should not be left out.
- More so, the government should assist in sponsoring a number of youths every year in different skill areas such as carpentry, welding, baking, plumbing, mechanics, metal

work, tailoring, etc. By training them to acquire these skills, they will be empowered to fend for themselves and be of help to family members.

- There should be serious restructuring of the educational system, government should invest heavily on education, introduce entrepreneurial education in our school curriculum both at the primary, secondary and tertiary institutions so as to make our youths job creators instead of job seekers.
- There's also need to tackle insecurity and security threats in Nigeria. This has posed a major challenge to unemployment in Nigeria. Checkmating security threats will provide a good conducive atmosphere for foreign investors to invest in Nigeria.
- vi. There should be diversification of the economy. Agriculture should be made more attractive and those in it should also earn salaries and wages to better their life.
- Population growth should be controlled in Nigeria. Optimum population will help in solving our unemployment problems because it will bring our population to equilibrium point.
- Finally, government should embark on good development plans.

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