The Pattern of Employment in Nigeria between 1981 and 2014

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Abstract
Unemployment is a major macroeconomic malaise in Nigeria. It has been high and rising over the years across dictatorship, democratic, administrative, and economic regimes. In the process sectoral employment transitioned from the productive sectors of agriculture and manufacturing to services sectors of trade and services and administration sectors of the economy. This study examined the patterns of unemployment and the transitioning of sectoral employment during the economic growth period between 1981 and 2014.

It concluded that, despite the fact that economic growth was a common factor, unemployment worsened during democracy, and more so under the Yar’Adua / Jonathan administration. Unemployment was best managed under the military, ironically, and better under the Obasanjo administration, respectively.

Keywords: employment, unemployment, underemployment, pattern, transition

1. Introduction
The escalating problem of unemployment has remained intractable in Nigeria. Various governments, military and civilians alike, have applied various measures aimed at stimulating employment among the various macroeconomic aggregates. These regimes could be classified broadly as military or civilian (democracy) or pre-SAP and post-SAP eras. SAP means structural adjustment programme, originally midwifed by the World Bank/IMF (International Monetary Fund) Group in 1986.

In sum, the objectives of SAP were to restructure the fundamentals of the macro economy of Nigeria in line with market forces with the hope to engender privatisation, diversification, commercialisation, growth, improve balance of trade and payment and moderate inflation,
with little attention to the employment or unemployment impact. Complementary polices, which include the setting up of the National Directorate of Employment, were later introduced to ameliorate the painful effects of SAP. The policies of SAP that was originally supposed to be for two years, between July 1, 1986 and June 30, 1988, were extended and modified over the years.

Against the above background, this study seeks to examine and paint the patterns of the unemployment variable over these periods, regimes and administrations. Furthermore, it is becoming increasingly important for students of Economic History to hold Nigerian leaders accountable for the performance of the economy under their watch with the hope that future leaders will learn to lead well. Needless to say that these report cards should be presented in simple graphical and understandable form.

2. Literature Review

The rate of unemployment, according to National Bureau of Statistics (2015) by the end of the first quarter of 2015 was 7.5%, and 8.2% by the end of the second quarter despite the growth performance of the recent years according to the record of the bureau.

Unemployment and underemployment was highest for persons in the labor force between the ages of 15-34 which represent the youth population in the labor force. The unemployment rate by the second quarter of 2015 (Q2, 2015) was highest for the age cohort of 15-24 at 14.9% (up from 13.7% in the first quarter of 2015) while the underemployment rate for the same group in the same period was 33.8%, up from 30.6% in the first quarter of 2015 (NBS 2015).

For the labor force age cohort 25-34, unemployment rose to 8.9% in the second quarter of 2015 from 8.2% in the first quarter of 2015 and 6.9% in the fourth quarter of 2014, while underemployment for the same age group was at 19.5% from 17.7% in the first quarter of 2015, and 19.0% in the fourth quarter of 2014. Accordingly, 48.7% of Nigerians in the labor force aged 15-24 were either unemployed or underemployed in the second quarter of 2015 compared to 44.3% in the first quarter of 2015, while another 28.4% aged 25-34 were either unemployed or underemployed in the second quarter of 2015 compared to 25.9% in first quarter of 2015.

Furthermore, according to NBS (2015), unemployment and underemployment was higher for women than men in the second quarter of 2015. While 9.6% of women in the labor force (those between 15-65 willing, able and actively working or searching for work) were unemployed, another 21.6% of women in the labor force were underemployed in the same quarter. On the other hand, 6.9% of males were unemployed in the second quarter of 2015, while another 15.4% of males in the labor force were underemployed.

The duality between urban and rural economies also manifested when NBS (2015) reported that underemployment is more of a rural phenomenon (22.1% rural underemployment compared to 7.4% rural unemployment) because of the nature of their jobs largely as seasonal farmers, whereas, unemployment is more of a concern in urban areas (10.1% urban unemployment compared to 7.4% urban underemployment) given the preference for the
educated youth to search for formal white collar jobs located mostly in urban centres.

According to Ajakaiye, et al (2016), Agriculture is the lead contributor to employment in Nigeria, accounting for more than 50% of employment. However, they reported an increasing marginal shift from the Agricultural sector in both absolute figures and the proportion of people working in the sector. Although, overall employment in Manufacturing, just as in Agriculture, also fell significantly between 2005 and 2014, Agriculture consistently had the largest negative contribution to the change in employment rate in Nigeria between 2005 and 2014. During the period, only Mining and Services sectors registered absolute employment growth. Employment contribution, however, shrunk in all sectors, except in the services sector, where GDP contributions also more than doubled (Ajakaiye, et al, 2016).

In more recent times, unemployment has worsened in Nigeria. This has been accentuated by economic decline since 2015, arising majorly from the fall in the price of oil, the principal export product, and the slow take-off of the current regime. The country eventually slipped into recession in the second quarter of 2016 (FGN 2017). This was characterised by massive job losses besides the fact that the economy became weak in creating new jobs. According to the National Bureau of Statistics of Nigeria report for the second quarter of 2020, unemployment has climbed to 27 per cent from 23 per cent in the third quarter of 2018. Within the same period, underemployment also deteriorated from 20 per cent to 29 per cent (NBS 2020).

The economy was just trying to sustain a minimal growth regime after coming out of recession in 2017, when the COVID-19 pandemic broke out in Nigeria in 2020. According to the Federal Government of Nigeria’s (FGN 2020) economic sustainability plan, “The COVID-19 pandemic has created severe economic consequences for all countries around the world. Nigeria has also been very badly hit. The lockdowns have frozen economic activities, causing massive job losses and supply chain disruptions. It has also depressed the demand for crude oil and precipitated an unprecedented oil price crash. Nigeria’s dependence on oil for revenue and foreign exchange makes it particularly vulnerable in this situation.”

Adeniyi (2019) observed that unemployment in Nigeria is unacceptably high. Decent employment capable of lifting people out of poverty and delivering acceptable level of socio-economic well-being is scarce. This is compounded by very high levels of informality in some sectors, like transportation. It was also observed that employment or unemployment is not generally targeted in development plans and budgets. Most usually, government and policy makers expect employment and a particular level of unemployment to be an automatic consequence of uncoordinated government policies, programmes and activities.

Addressing the unemployment malaise, particularly at the current threshold, requires more than a passive interest, since a particular level of employment or unemployment in an economy results from a complex web of inter-sectoral and inter-temporal activities and interactions, which nations must know how to simulate, juggle, and drive deliberately to achieve desired targets (Adeniyi, 2019).
3. Methodology

The secondary data used for the study were collected from the National Bureau of Statistics (NBS).

The variables collected, collated, analysed and presented were the figures of Gross Domestic Product (GDP), Sectoral Gross Value Added (sectoral GDP), aggregate employment, sectoral employment, from 1981 to 2014. Only descriptive statistics – Tables, percentages, ogives, bar charts, etc. - that all Nigerian leaders could comprehend and appreciate were used, since the minimum qualification to contest even for the highest political position in the land was secondary school living certificate.

Various methodologies have been employed in literature to study unemployment, ranging from the simple, non-parametric to the most complicated econometric models. Unfortunately, the policy makers, particularly the political class, have little or no appreciation of the econometric models like the Vector Error Model (VECM) recently employed to study sectoral employment. In a country like Nigeria, where the qualification for the highest political job in the land is only secondary school certificate, simple, non-parametric / descriptive models will facilitate easy understanding of the research and the adoption of research recommendations by the target audience, who are being invited to make good employment stimulating policies. The methodology is, therefore, fit-for-purpose.

4. Findings and Discussions

During the period under review, unemployment rate was on the ascendancy in Nigeria. After a slow rate of increase between 1981 and 1987, unemployment rate declined steadily between 1987 and 1993. This was followed by a spike in 1994, which rapidly declined to an all-time low in 1995. It is observed that the unemployment spike coincides with the economic slowdown associated with the June 12 political crises of 1993/1994. However, the rate of unemployment has continued to rise steadily ever since then, recording a hump between 1998 and 2005, and a steeper hump between 2007 and 2013 (Figure 1).
Comparing the unemployment trend with that of inflation, it shows that the two series exhibit the inverse relationship as shown in the Phillip’s curve (Phillip, 1958) in figure 4.1.2 below. While the level of inflation grew sharply between 1985 and 1995, the unemployment rate relatively decreased during the period. The inverse of this situation happened after 1995. As the level of inflation decreased, the level of unemployment increased.
rate between 1981 and 1990 was 4.9 per cent; 5.5 per cent between 1991 and 2000; 14.7 per cent between 2001 and 2010; and, 25.3 per cent between 2011 and 2014 (Figure 4.1.2). The picture of increases in the rate of unemployment becomes even clearer when broken into decades before and decades after structural adjustment programs (SAP) (Figure 4.1.3 and 4.1.4). The pre-SAP era was characterized by a relative high level of unemployment compared to that of inflation. However, in the post-SAP period, the gap between the two series reduced considerably and the two indicators namely unemployment and inflation were almost at the same level. This suggests that SAP contributed in increasing both the level of inflation and the level of unemployment.

As can be observed from the pattern of unemployment during the period under review, the period under military administration had lower unemployment rates than that under civilian administration contrary to expectations in socio-political discourse where civilian democracies are preferred to manage the economy for better outcomes (Figure 4.1.5). It, therefore, presents an opportunity for further research to unravel the distinctive causes of this aberration.

Although, available literature on the appraisal of the Structural Adjustment Program (SAP), such as Ogbimi, 1997; Abhulimen and Tackie, 2001; NCEMA(a & b), 2004; Nwagbara, 2011; and; Ogbonna, 2012, have focused on only the cardinal objectives of exchange rate stabilization, minimum acceptable inflation rate, substantial reduction in import demand index, non-oil export promotion, reducing the dominance of unproductive investments in the public sector; and the implementation issues with little attention to the employment or unemployment impact, and a descriptive implementation of some socio-economic policies of Structural Adjustment Programme (SAP) during the period. The program was designed to redirect resources to the priority sectors of the economy, discourage import and encourage non-oil export. The programme also consisted of the liberalization of the economy, commercialization and privatization of public enterprises. The program, which was introduced by the General Ibrahim Babangida’s administration on July 1, 1986 and originally meant for only two years (July 1, 1986 to June 30, 1988) actually stretched through the successive military regimes and became a key component of the Obasanjo administration from 1999 to 2007 (NCEMA, 2004).

The following complementary policies and programs were also introduced to ameliorate the painful effects of SAP:

a) Establishment of the Directorate of Food Roads and Rural Infrastructure (DFRRRI) in 1986 to promote inclusive, sustainable, and integrated rural development.

b) Establishment of the National Directorate of Employment (NDE) to address the problems of mass unemployment, youth unemployment, vocational and skills development, small scale industries, special public works, graduate and non-graduate agricultural programs.

c) The Better Life for Rural Women Program and its successors in Family Economic Advancement Program (FEAP) etc.

e) Implementation of inclusive credit access programs, such as the establishment, in 1989, of People’s Bank, the liberalization of banking license in 1988, and the establishment of Community Banks in 1990.

f) Special SAP Relief Package - an extra budgetary package introduced in 1989 to provide, among other things, employment opportunities, improved healthcare and to reduce transportation problems, and many more. (NCEMA, 2004).

Although, according to Ogbonna (2012) SAP failed to achieve the cardinal objectives of exchange rate stability, minimum acceptable inflation rate, substantial reduction in import demand index, and non-oil export promotion, we may, however, have to assess the impact of the structural adjustment program in subduing unemployment (or in generating employment) during this period in another research.

Figure 3. Unemployment Rate Over Decades

Source: Author’s Analysis of Data collected from the National Bureau of Statistics.
Figure 4. Unemployment and Inflation Rates in Pre-SAP and Post-SAP Periods

Source: Author’s Analysis of Data Collected from the National Bureau of Statistics

Viewed differently, by comparing these two series between the democratic and dictatorship regimes in Nigeria during the period, we observed an inverse pattern. During the dictatorship regimes, the level of unemployment was relatively low while the democratic regime was characterized by relatively low inflation rate. The average unemployment rate was 4.6 per cent during the military dictatorship of 1984-1998, which was better than the rate of 16.9 per cent during the democratic dispensation between 1999 and 2014 (Figure 4.1.5).

Figure 5. Unemployment and Inflation Rates in Military and Democratic Regimes

Source: Author’s Analysis of Data Collected from the National Bureau of Statistics.
To further understand the fluctuation in unemployment, we disaggregated the democratic regime into two, namely: the Obasanjo era, covering the period 1999 to 2007 and the Yar’Adua/Jonathan era, covering the period 2007 to 2014. The figure 4.1.6 below shows that while the second democratic regime maintained the level of inflation, it however did not prevent unemployment from worsening, deteriorating from about 12% to as higher as 22%.

The better employment situation during Obasanjo’s regime when compared with the Yar’Adua/Jonathan administration may be due to better growth performance during the former, particularly between 2003 and 2007, and the very high rate of change in growth. By the time Obasanjo took over in 1999 economic growth was 1.19 per cent, but by 2003, growth was approaching double digit at 9.57 per cent.

The reason adduced for better growth outcome during Obasanjo’s regime when compared with Yar’Adua/Jonathan’s is better economic management (Soludo, 2015). Some of the major economic management tools used by the Obasonjo’s regime were seemingly more effective, and they include: privatisation, liberalisation and commercialisation. The privatisation of NITEL and the liberalisation of the telecom industry generated a lot of growth and employment. Furthermore, the introduction by the Obasanjo’s administration of the pension reforms act of 2004 and the new pension scheme has enhanced labour mobility and employment generation as workers can now transfer their services across Nigeria from areas of labour surpluses to areas of deficits without the fear of the possibility of losing their pensions (Odia & Okoye, 2012).

In contrast, the Yar’Adua/Jonathan administration reversed the privatisation of the refineries done by the Obasanjo administration, among others, thereby sending wrong signals to investors. This denied Nigeria of the output growth and hence the employment prospect that the revitalisation of the moribund refineries and the other enterprises would have generated. Furthermore, the Petroleum Industry Bill (PIB) that would have also rejuvenated the petroleum sector was not passed into law by the Yar’Adua/Jonathan administration. This has denied the sector investment flows, output growth, and employment (Faniran, 2016). Also, the partial privatisation of the power sector was a little late and not properly consummated as the potential benefits have not been attained.
Figure 6. Unemployment and Inflation Rates During Obasanjo vs Yar’Adua/Jonathan Regimes

Source: Author’s Analysis of Data collected from the National Bureau of Statistics

Sectoral Transition of Contributions to GDP and Employment between 1981 and 2014:

Tables 6 and 7 present respectively the sectoral transition of contribution to GDP and the sectoral transition of employment contribution between 1981 and 2014. The two tables show the following:

1. Between 1981 and 2014, the contribution of the Agriculture sector to GDP increased by 48.4% from 15.5% to 23.0%, whereas its contribution to employment declined by 24.5% from 68.3% to 51.6%.

2. In the same period the contribution of Mining and Quarrying sector to GDP declined by 68.0% from 33.1% to 10.6%, but, its contribution to employment remained unchanged at 0.2%.

3. During the review period, the contribution of the manufacturing sector to GDP declined marginally by 1.0% from 10.1% to 10.0%, whereas its contribution to employment decreased substantially by 42.9% from 2.1% to 1.2%.

4. Between 1981 and 2014, the contribution of the Construction sector to GDP declined by 32.1% from 5.6% to 3.8%, whereas, its contribution to employment increased by 40.0% from 0.5% to 0.7%.

5. In the same period, the contribution of Administration and Social Services declined by 2.4% from 8.5% to 8.3%, whereas its contribution to employment increased by 57.3% from 26.2% to 41.2%. By implications, there has been a relative decline in the productivity of the public sector as more people are doing less. Secondly, the higher relative contribution to
employment suggests overstaffing in the public sector, which also partly explains the relatively high recurrent expenditure of government and the high cost of governance.

6. The contribution of Trade and Services to GDP increased by 63.8% from 27.1% to 44.4%, whilst its contribution to employment increased by 66.7% from 2.7% to 4.5%.

7. In the same period, the contribution of total non-Agriculture to GDP declined by 8.9% from 84.5% to 77.0%. However, the contribution to employment increased by 52.7% from 31.7% to 48.4%.

In summary, the following generalizations can be drawn:

1. The Agriculture sector remains a significant and increasing contributor to Nigeria's GDP.

2. Trade and Services sector has emerged as a strong and fast-growing contributor to Nigeria's GDP. It's contribution increased by 63.8% between 1981 and 2014 to a staggering 44.4% of GDP. This is understandable because it consists of the fast-growing ICT and Financial Services sub-sectors of the economy.

3. The Public sector (Administration and Social Services) has emerged as a major provider of employment. With its contribution to employment increasing from 26.2% in 1981 to 41.2% in 2014, it is playing catch-up with Agriculture whose contribution to employment, though still high, reduced from 68.3% in 1981 to 51.6% in 2014.

4. The Public sector (Administration and Social Services) has emerged as a major provider of employment. With its contribution to employment increasing from 26.2% in 1981 to 41.2% in 2014, it is playing catch-up with Agriculture whose contribution to employment, though still high, reduced from 68.3% in 1981 to 51.6% in 2014.

Table 1. Sectoral Transition of Contribution to GDP Between1981 and 2014 (%)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Agric</th>
<th>Mining &amp; Quarrying</th>
<th>Manufac-</th>
<th>Construc-</th>
<th>Admin &amp; Social</th>
<th>Trade &amp; Services</th>
<th>Non-Agric</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1981</td>
<td>15.5</td>
<td>33.1</td>
<td>10.1</td>
<td>5.6</td>
<td>8.5</td>
<td>27.1</td>
<td>84.5</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>23.0</td>
<td>10.6</td>
<td>10.0</td>
<td>3.8</td>
<td>8.3</td>
<td>44.4</td>
<td>77.0</td>
</tr>
<tr>
<td>% Change</td>
<td></td>
<td>48.4</td>
<td>(68.0)</td>
<td>(1.0)</td>
<td>(32.1)</td>
<td>(2.4)</td>
<td>63.8</td>
<td>(8.9)</td>
</tr>
</tbody>
</table>

Source: Analysis of data collected at National Bureau of Statistics (NBS)
Table 2. Sectoral Transition of Employment Contribution Between 1981 and 2014 (%)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Agric</th>
<th>Mining &amp; Quarrying</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Admin &amp; Social</th>
<th>Trade &amp; Services</th>
<th>Non-Agric</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>68.3</td>
<td>0.2</td>
<td>2.1</td>
<td>0.5</td>
<td>26.2</td>
<td>2.7</td>
<td>31.7</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>51.6</td>
<td>0.2</td>
<td>1.2</td>
<td>0.7</td>
<td>41.2</td>
<td>4.5</td>
<td>48.4</td>
<td>100</td>
</tr>
<tr>
<td>% Change</td>
<td>(24.5)</td>
<td>0.0</td>
<td>(42.9)</td>
<td>40.0</td>
<td>57.3</td>
<td>66.7</td>
<td>52.7</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: Analysis of data collected at National Bureau of Statistics (NBS)

5. Recommendations

Economic planning, implementation and monitoring should be more rigorous. Long-term plans, medium-term plans, rolling plans and budgets should be executed effectively and efficiently. The plans should incorporate, among others, unemployment rate targeting. Economic planning, and budgeting and their implementation are not currently done effectively. Unemployment rate is not targeted.

The economic planning and implementation functions and the personnel responsible should not be politicised. Planning, plan implementation and monitoring should be handled by professionals with termed appointments. The military regimes were able to manage unemployment better because they made more use of renowned professionals and academics in critically important functions.

Nigeria should re-establish an apolitical planning commission. The commission should be a creation of the constitution and supported by relevant laws. The commission should, also, elevate the planning function above politics and other primordial considerations, since Nigeria has, unfortunately, not been able to overcome tribal sentiments in its National life, programme, planning and execution inclusive. The commission should convocate national planning conferences at desired intervals to draw up up perspective plans, which can later be broken down into medium term plans, rolling plans, and budgets. Every administration will have to draw up its medium term plans, rolling plans, and budgets from the perspective plans. This will ensure focus on national economic targets to avoid haphazard, and sometimes unanticipated, outcomes.

Nigeria should, also, embrace the concept of sectoral employment planning, supported by well-researched papers bearing relevance to the peculiarity of the various sectors of the economy, with a view to improving the job creating, job retention or absorptive capacities, even as employment transitions from the production to the services sectors of the economy.
Furthermore, government should de-emphasise direct employment in administration, the productivity of which has declined considerably and focus more on creating the enabling environment for the creation and sustenance of quality jobs in the private sectors of the economy.

6. Conclusions

Unemployment has been high and rising in Nigeria, despite a sustained period of growth between 1981 and 2014. Successive governments need to take job creation and sustenance more seriously than it has always done.

Perspective planning, medium term planning, rolling plans and budgets are important macro-economic management tools, which Nigeria should avail itself of in targeting unemployment rate. It is also important to execute the plans efficiently and effectively. Planning should be institutionalised and professionalised; and, taken out of the realm of politicking.

Academics and non-governmental organisations (NGO) should hold political leaders, particularly Presidents, accountable for the performance of economic aggregates, including unemployment, under their watch to encourage responsible leadership.

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