

# UNIVERSITY GRADUATES UNEMPLOYMENT AND THE LABOUR MARKET IN NIGERIA

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## Abstract

The main focus of this paper is on the problems of university graduates unemployment. In order to examine the problems, the paper focuses on: planning the supply of university graduates as manpower into the labour market; the labour market; types of unemployment and factors associated with unemployment. Related literatures were reviewed and they revealed that there is high rate of unemployment of university graduates. Statistics also showed that there are more graduate output in liberal arts, education, social sciences courses than sciences and critical skill areas such as: medicine, pharmacy, engineering, veterinary medicine, et cetera. Also, the unemployment rate of the nation between 1990-1999 is put at 3.0% (Federal Office of Statistics). This rate is very low for a nation with the population of over 120 million people. The paper, therefore, recommends that: government being the major employer of labour in the formal sector should lift the embargo on employment. There should be a bridging of the gap between manpower supply and the labour market, and the agricultural sector should be expanded.

## Introduction

University education is of paramount importance for the development of high level manpower in Nigeria, university education is perceived as the instrument that will lead to economic development and technological breakthrough for the nation, these felt needs of the nation are clearly reflected in the national policy of education.

According to the federal ministry of education(1998) in formulating the national policy on education clearly states that university education shall make optimum contribution to national development by:

Intensifying and diversifying its programmes for the development of high level manpower within the context of the needs of the nation.

In order to meet the felt needs of the nation, there has been diversification of programmes, there have been huge investment and quantitative expansion of the universities within the past forty- three years of Nigeria's independence, at the moment, Nigeria has federal, states and private universities, the quantitative expansion of universities also entails increase in enrolment of students as well as output from the turn out of university graduates into the labour market, the supply of university graduates seems to have out-stripped the absorbing agency, which is the labour market, the result is university graduates' unemployment.

The crisis of university graduates' unemployment in the country is a matter of concern to parents, government and larger society. At the international level, the phenomenon of unemployment is also of major concern to the United Nations Labour Agency. For instance, in the United Nations Labour Organization's report (2004), it was stated that global unemployment rose in 2003 to a record of over 185 million. The report added that people without fixed jobs or steady self-employment has grown and the "working poor" defined as those living on one dollar a day or less has remained at, an estimated 550 million people, therefore, unemployment is becoming a global issue.

Unemployment is a situation whereby people who are professionally qualified, able and willing to work are unable to find employment. It is therefore essential to investigate why there is university graduate unemployment in Nigeria. Is there any relationship between the university education and the needs of the labour market?

This paper seeks to examine the relationship between the supply of university graduates into the labour market and utilization by the labour market. Is the labour market able to employ all university graduates? what should be done to remedy the problem of university graduate unemployment?

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#### Planning The Supply Of University Graduates As Manpower Into The Labour Market

The university is the highest institution where specialized human resources are developed, the trained human resources at the university level form the high level manpower for the nation's economy. The university plays a crucial role in developing human capacities for leadership, management and technology. Access to university education therefore reflects the level of a country's production of skilled manpower into the labour market. Planning the supply of university graduates as manpower into the labour market is a major concern of the educational planners in many countries. The goal of the educational planning involves such task as to ensure that the enrolment/output of university graduates match the needs of the labour market.

The first attempt to plan the supply of high level manpower to meet the need of Nigeria's labour market was made in 1959 when the Ashby commission was set up to investigate Nigeria's needs in the post secondary school education over the next twenty years.

Fafunwa (1974) asserted that in the Ashby Commission's report, it was estimated that Nigeria would need 31,200 personnel in the senior category. Out of which 20,000 should have had a university education, it was therefore recommended that Nigeria would need to produce 2,000 university graduates yearly. This estimate was however by rule of thumb. The manpower requirement of the nation far exceeded the estimated number.

In view of the need to increase the development of industries and achieve the technical breakthrough, there is need to adopt the manpower requirement approach for planning higher education in Nigeria. In support of this, Aghenta(1993) asserted that there is nothing bad in educating everybody in the society except that the resources are not enough to do so. But advised that social demand approach should be used to planning primary and secondary school levels of education while other approaches should be used for higher education.

If manpower plan and educational plan are to have a close relationship of output from educational sector as graduates and utilization of the out-put (graduates) as manpower Borishade(2000) suggested that a new approach to educational development is needed to address the educational deficits and determine whether to have a productive workforce in the 21<sup>st</sup> century, furthermore, he highlighted that the current situation whereby people make career choices without recourse to the manpower needs of the nation has to be monitored in order to check the unemployment situation, there should be a strong link between the manpower board and the admitting bodies. The first step to solve the problem of graduate unemployment is to harmonize the education of the higher levels of the sector with the manpower needs of the nation.

#### The Labour Market

Labour market is a market for the exchange of skills, knowledge and energy for a wage or salary in monetary terms, according to Anyanwu (1987) labour market is a market in which wages (in return for human effort) and conditions of employment are determined, it is a market in which labour as a factor of production is bought and sold.

Labour markets are both local and international, the marketers are employers of labour. The healthy nature of the market depends on the economic buoyancy of the environment of the market.

In Nigeria, the labour markets are in three categories, these are government agencies and parastatals or public sector, private sector and self-employed. The Nigerian labour market constitutes all the employers of labour in the country. The public sector or government agencies and parastatals comprises the civil service, educational institutions, military and Para-military sector, all enterprises that employ labour on a permanent and regular basis for fixed records. Self-employment comprises all small scale business owners, farmers, artisans, traders, hairdressers, photographers, drivers etc.

The objective of the labour market is to allocate and distribute labour among alternative uses determines price to be paid for such labour. The capacity for the labour market to absorb all applicants for employment depends on the economy of the nation. Economic development of a nation is measured along the line of the standard of living of that nation. Olutunla (2001) related economic

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Table I: Gross National Product (GNP) per capital from 1999-2000

	GNP Per Capital			
	1979	1983	1992	1998
Low Income Economics	<370	<400	<675	<760
Lower Middle - Income	401	1,500	675-2,695	761-3,030
Middle Income (oil exporters average)	1,060		-	-
Middle Income	<370			
Upper Middle Income		<2,500	2,696-8,356	3,031-9,360
Industrialized Countries Average	9,400	11,060	-	-
Nigeria	670	770	320	300

Source: World Development Report 1999 - 2000

development concept to the common person and family who want higher standard of living i.e. better and more varied diet, better education for his children, more opportunities for travel and enjoyment necessities, comforts and amenities to make life meaningful.

In 1960 when Nigerian got her independence, Olutunla (2001) put the manufacturing growth rate at 14.1% while employment growth rate was only 5.3% during the period. Presently the employment rate is 3.0%. countries of the world are classified according to the economic development, which tend to reduce poverty, unemployment and income inequality.

based on the economic concept of development, the world development report published annually for the world bank classify countries of the world into two broad categories:- the developing countries are variously called less-developed, under-developed, low income and, middle income countries, the classifications are based on the countries gross national product (GNP per capital in united states of America (USA) dollar, the world development report 1999 - 2000 grouped countries according to the GNP per capital as shown in the table 1:

From table 1, Nigeria GNP per capital dropped from 670 in 1979 to 300 GNP per capital in 1998. This reduction in gross national product per capital could be attributed to the nation's sole dependence on crude oil, secondly, mismanagement of funds realized from sale of crude oil. The reduction in the gross national product per capital is one of the reasons for the high rate of unemployment and poverty in the country.

### Concept Of Unemployment and Unemployment Rate

The phenomenon of unemployment is becoming a global issue. The increasing number of graduates' output is corresponding with the number of those unemployed. Layard et al (1994) conceived unemployment as those able bodied men and women who are within age bracket of 18 - 60years who are willing to work for a wage/salary/fee but could not find any work. Unemployment reduces output and increase inequality in the society. Unemployment causes misery, social unrest and hopelessness for the unemployed.

### Unemployment Rate In Nigeria

The employment capacity of any country is the ability of the economy of that country to give employment to all people in the age bracket 18years to 60 years in that country. Englama (2001) views unemployment rate in an economy as the number of people unemployed expressed as a percentage of the total labour force. The total labour force is defined as the number of people employed plus the number of people unemployed within the age bracket of 18 - 60years. Many studies reviewed have noted that there are many problems associated with getting the accurate data for the rate of unemployment in Nigeria. The reasons adduced are the ever growing size of the informal sector, the diverse nature of the unemployed and weak database. However, the Federal office of statistics gave the rate of unemployment between 1990 and 1999 in Nigeria as shown below:

**Table II: Unemployment Rate**

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Composite	3.5%	3.1%	3.4%	2.7%	2.0%	1.8%	3.4%	3.2%	3.2%	3.0%
Urban	5.9%	4.9%	4.6%	3.8%	2.3%	3.9%	6.1%	6.0%	4.9%	5.5%
Rural	3.0%	2.7%	3.2%	2.5%	1.7%	1.6%	2.8%	2.6%	2.8%	2.5%

Source: Federal Office of Statistics

The average national unemployment rate for the years 1990 - 1999 stood at 3%. from the table above, urban unemployment with 5.5% is higher than rural unemployment, which stood at 2.5%. this difference could be attributed to the urban rural drift. Most young people are in the cities seeking for job leaving the rural areas to the aged.

### **Factors Associated With Unemployment**

There are so many factors associated with graduates unemployment in Nigeria such factors include : harsh economic environment, lack of knowledge of where there are available jobs, government must deliberately create jobs.

1. **Harsh Economic Environment:** The nation's economic environment is very harsh, often times, the reasons being that the nation's low gross national product per capital of \$300 in 1998 as shown on the table of world development report 1999-2000 has affected the economic life of every Nigerian. The trend is that there is economic recession and structural adjustment programme, which has reduced rate of employment in the formal sector or government employment agencies. The private sector and self employment are not left out of the harsh economic situation.

Janadu (2003) lamented that the nation's achievements were below expectation because as at 1960 when Nigerian got her independence, there were agricultural products even without oil which attracted a lot of foreign exchange with its very wide market. There were jobs for the willing while agriculture produced raw materials for various processing industries in the country. Now the reverse is the case as raw materials are often sourced from outside the country. Manufacturing industries in Kano, Kaduna, Jos and Lagos as at then depicted growth, has more than half collapsed, those that survived are producing below 30% capacity. The economic hardship as observed by Musa (2003) is one of the reasons for continued rise of large number of graduate unemployment.

As obadan (2003) asserted that the abundance of natural resources would not solve the nation's economic problems if the political leadership is inept and corrupt and the government wastes public funds and is unable to design sound policies and administer them sensibly and effectively. The country will remain poor and university graduates would continue to experience unemployment.

2. **Lack Of Knowledge Where There Are Available Jobs:** Many university graduates do not know where to seek for employment especially those without a specialized skill, secondly many employment agencies do not advertise for job vacancies especially government agencies. Thirdly, there are no employment registration bureau agencies to register those who are unemployed and link them up with agencies or parastatals that need their services. Although these do not cause unemployment but affect the possibilities of getting employment.

3. **Deliberate Creation Of Jobs By Government And Private Sectors:** The main sources of employment for university graduates in Nigeria are: the public sector, the private sector and self-employment.

(a) . **The Public Sector:** The public sector comprises of government parastatal, ministries, schools and military, the public sector, which is the formal sector, is the biggest employer of labour in Nigeria, in most cases university graduates are reasonably employed in the sector.

In recent times, the dwindling economic of the nation has affected the absorption of university graduates output as employees in the sector. For example in a survey carried out by Nigerian Manpower

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Board(1999) on applications and hires in the Federal civil service revealed the number of applications received from university graduates and the proportion of those employed as shown on the table III:

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 Table III: Proportion of University Graduates Employed From applications Received.

Year	Number of Applications	Number of Graduates	Proportion of Graduates	Number of Offers	Percentages Absorption
1993	9650			2459	25.5
1994	8694	5673	65.2	617	7.1
1995	14,312	9398	66.5	756	5.3
1996	10,250	7220	70.4	329	3.2
1997	9441	6390	65.6	179	1.9
1998	8172	5139	62.9	138	1.6
1999	63,414	-	-	226	0.35
*2000	50,000	-	-	3301	6.6

source: Federal Government of Nigeria, Federal Civil Service Commission. \* the 2000 figures are provisional

From the table iii, it can be seen that the federal civil service could not absorb much of the graduates who applied for employment. In 1998 out of 8,172 applications received 5,139 are graduates while only 138 (i.e. 1.6%) of them are employed. This is an example of the situation that exist in the public sector.

The provisional report of the survey shows that 50,000 applications are received but , only 3,301(6.6%) of the applicants are offered appointment. This is the picture in most government establishment, probably because of embargo on unemployment as a result of dwindling economy.

Obadan(2003) rightly asserted that the abundance of natural resources would not solve the nation’s economic problems if the political leadership is inept and corrupt and the government wastes public funds and is unable to design sound policies and administer them sensibly and effectively, the country will remain poor and university graduates would continue to experience unemployment. Government should therefore, deliberately create jobs. First by lifting embargo on employment, and secondly government should expand the existing industries as well as create news ones.

#### Recommendations

The following are therefore recommended:-

##### 1. Removing Embargo on Employment

The public sector in recent times had placed embargo on employment because of the nation’s economic depression. Government should make effort to lift the embargo on employment. Vacancies exist in most public establishments but the inability of government to pay salaries had led to closing the gate to employment.

In ideal Labour Market, vacancies are announced. In Nigeria because of the dwindling economy many vacancies are filled through referees, internal advertisements and promotions. In view of this situation many university graduates are unable to get employment.

##### 2. Bridging The Gap Between Manpower Supply And The Labour Market.

The increasing supply of higher level manpower into the labour market has led to a wide gap between manpower supply and utilization. The labour market that utilizes the higher manpower (i.e. graduates) is unable to absorb graduates supplied annually. This paper is recommending that there should be a bridge between the gap of manpower supply and labour market. The bridging of the gap should be done through the adoption of the manpower requirement approach in planning education at the higher level. This will help in bridging the gap between manpower supply and utilization in the labour market.

Etukudo (2001) observed that in Germany, universities have specialties in fields that are closely linked to the needs of industries. He gave examples of universities of Stuttgart, Hanover and Branusschwig specialize in automotive while some on chemical engineering and industrial manufacturing engineering, these universities and their research institutes are linked to industries, that would need the graduates after training. Nigeria tried to do the same by establishing the university of agriculture and the university of science and technology. There is doubt if these universities of agriculture, science and technology are linked with the industries that need the graduates of the

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institution after training.

### 3. **Expanding the Agricultural Sector of the Economy**

The agricultural sector is a very wide sector, if developed would solve the problem of graduate unemployment in related areas. The nation should shift its attention from oil exploration only and develop the agricultural sector and open up other areas such as mining, construction, manufacturing, communications etc. Development of other areas of the abundant natural resources would help to solve the problem of the present university graduates unemployment.

### **Conclusion**

The development of any nation depends on the development of its human and natural resources. The high level manpower is a key to the development of the nation's human resources and the proper harnessing of the natural resources. Nigeria has surplus high level manpower yet has not been able to harness her rich natural resources because of graduates unemployment, as well as some of the graduates not having the right type of skills. The consequence of graduates unemployment is being witnessed in the area of crime. There is high rate of crime such as armed robbery, cultism, prostitution, forgery etc. The citizenry are living in fear and insecurity. The solution to these problems is employment.

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