

GLOBALIZATION: EMPLOYMENT GENERATION AND POVERTY REDUCTION IN NIGERIA

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Abstract

Against the backdrop that globalization is detrimental to most countries especially LDCs, this paper examines the gains of globalization and offers recommendations on how Nigeria can work on herself so as to improve and benefit from the globalized world economy. Since it is acclaimed that globalization has reduced world poverty level, then Nigeria must fit in and prepare her economy to use the opportunities provided by globalization to generate employment and reduce poverty. The paper suggests an upgrade of industries to improve international competitiveness; upgrade of school curricula to reflect and promote innovative capacity; improvement of our domestic investment climate and the ever-increasing need to sincerely tackle corruption, embezzlement and mismanagement of public funds amongst other as ways of preparing the groundwork to reap more gains of globalization.

Introduction

Globalization is a multifaceted process which intensifies economic, political, social, environmental, cultural and religious relations across international boundaries. This paper is however focusing on economic globalization.

In the last two decades, economic globalization has been inextricably linked with the neo-liberal economic policies of the 1980s and 90s, manifested in unleashing of market forces, deregulation and liberalization, minimizing the role of the State, amongst others. It is principally aimed at the transcendental homogenization of political and socio-economic theory across the world. It deals with the increasing breakdown of trade barriers and the increasing integration of world markets. (Obadan, 2001; 2006; Omorogbe and Alu, 2008).

Economic globalization refers to the process of change towards greater economic integration through trade, financial flows, exchange of technology and information as well as the movement of people. Developing countries have become more integrated with the world economy but Sub-Saharan Africa is reported by Omorogbe and Alu (2008) not to have kept pace with the whole. Africa is the least integrated in terms of both trade and financial integration. She faces structural, policy, institutional and external obstacles to effective beneficial integration with the world economy, hence, Greenspan (2004) captured globalization as the extension of the division of labour and specialization beyond national borders. Africa must be seen actively participating in specialized aspects of the world economy if it must reduce unemployment level and reduce poverty.

Unemployment is generally defined as a situation in which persons who are willing and able to work at the prevailing wage rate cannot find jobs. Unemployment can be voluntary (that is when a job is not accepted at the going wage rate) or involuntary (that is when no job exists).

One of the major causes of unemployment in African countries is the low level of labour absorption. Globalization transfers technologies which further reduces the need for intensive labour absorption. This is further perpetuated by increasing inequality in opportunities engendered by economic growth. (Monye-Emina, 2007).

In Nigeria, unemployment varies greatly between rural and urban centres, being higher in the latter. Due to the sad fact that unemployment statistics is greatly distorted by disguised unemployment and underemployment prevalent in the informal sector, government efforts at poverty alleviation through employment generation is most times ineffective.

Poverty is defined across literature and will not be repeated here. Suffice it to know however that poverty could be absolute or relative. Absolute poverty means that a person or family cannot get enough to eat while relative poverty is essentially a measure of inequality. It means being poor compared with the standards of living of the majority. The poor is unable to cater for the basic needs of food, clothing and shelter; unable to meet social and economic obligations; lacks access to health care, portable water, education and consequently limited means of enhancing or advancing welfare. Poverty is an economic situation where people lack sufficient income to obtain minimal levels of living.

Absolute poverty is characterized by low calorie intake, poor housing conditions, inadequate health facilities, poor quality of educational facilities, low life expectancy, low income, high maternal and infant mortality and general underdevelopment. Poverty is exacerbated by corruption and poor governance in Nigeria.

This paper suggests ways of reducing the twin ills of unemployment and poverty through the opportunities provided by globalization. The remainder of the paper looks at some causes of poverty and unemployment in Nigeria; the gains and pains of globalization and finally how employment can be generated to reduce poverty in Nigeria.

Causes of Unemployment and Poverty in Nigeria

Nigeria is the 6th largest crude oil producer in the world but with a GDP of only 6.5%, inflation rate of 11.2% as at June 2009, capacity utilization of 53% and 54.4% level of poverty! (The Nation Newspaper, 2009).

Nigeria ranks high in the class of fraudstardom, corruption, poor governance, gross mismanagement of resources, economically as well as a politically unstable country. One way or the other, all of these increase poverty in Nigeria. In times past, our leaders felt borrowing would solve the problem of poverty but these funds ended up in private pockets causing mounting debt and debt service burden. In 2005, Transparency International ranked Nigeria as the 8th most corrupt country in the world. Even the re-branding efforts of the present administration is flawed by the visible militancy in the Niger-Delta, over three months strike action embarked upon by universities staff across the Nation amongst others.

The causes of unemployment and poverty are multidimensional and vary across countries and circumstances. Poverty alleviation programmes like the National Poverty Eradication Programme, (NAPEP), Youth Empowerment Scheme (YES) and many more have had little or no impact on the level of poverty and unemployment in Nigeria. The real issues causing unemployment in Nigeria include

- Corruption and greed
- Mismanagement and embezzlement of public funds without punishment for same
- Lack of accountability in government
- Poor governance
- Misappropriation of funds and fiscal indiscipline
- Weak political participation especially due to heavy abnormalities in the election process
- Overdependence on oil and primary product export

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- Expensive politicking
- Poor roads, infrastructure and electricity supply
- Lack of singular focus by government, past and present.
- Malpractices in education leading to production of unemployable graduates
- Limited growth of investment and technological innovation resulting from high bank interest rates

Looking at the mountain of problems above, what can be done about poverty reduction and employment generation especially in the face of globalization? The answer will be provided after reviewing the gains and pains of globalization in other nations.

Gains and Pains of Globalization

Globalization as an economic development strategy with its principle of free market mechanism is argued promotes and encourages growth as resource allocation is improved upon. It also engenders increased competitiveness, transfer of technology and learning and improved accessibility to foreign resources. (Edo, 2004). These foreign resources can be tapped into and channeled towards employment generation which will reduce poverty levels in Less Developed Countries (LDCs).

However, public perceptions associate globalization with increasing unemployment. There is increasing skepticism about such a causal link in academic circles. The impact of globalization on poverty is country-specific as majority of developing countries increase in trade has implied an increase in economic growth and an overall decrease in absolute poverty. Padmanabha (undated) argued that neither trade nor capital flows provide a significant explanation for the problems of employment and wage dispersion. Academic opinion he reported, is moving to the view that the difficulties lie less with globalization. The issue is with long-standing structural problems in the labour and product markets with technological change; and with problems of macroeconomic policy.

The increasing integration of national economies into global markets holds a lot of potentials that can alter dramatically the volume and character of international resource flows. LDCs must be seen plugging in to get their share of the gains of globalization especially in the area of employment generation and poverty reduction.

The banking sector (domestic and international) is the major player in the expansion of global trade as they provide financing for international transactions. The increasing size, competitiveness and diffusion of international financial markets has the potentials to draw low income economies into the economic mainstream if these economies put up the right structure politically, and policy-wise.

For economies experiencing severe liquidity problems that constrain investment, increased integration into expanding international financial markets could greatly improve prospects for economic flexibility and growth. However the restriction of LDC products is yet untackled despite the 1994 General Agreement on Trade Tariff (GATT) agreement. (Todaro and Smith, 2007).

Oboh (2005) asserted that developing countries are embracing globalization only reluctantly because of their perceived inability to appropriate its benefits while absorbing its short-run costs like industrial dislocation, job losses and contagion effects of financial disturbances. He justified this concern on numerous grounds which include the nature of exports; being predominantly primary products and the fact that competitiveness (which is defined as the ability of a country to sell its goods in world markets while maintaining or increasing the real incomes of its people.) is a function of innovation, capacity building and knowledge-based processes which these countries lack.

Aina (2005) also saw globalization as a weakening force of inequality and marginalization, asserting that it has weakened the Nigerian economy creating new threats to human security and development through mounting debt profile, capital flight, collapse of local industries, galloping inflation, weak currency, monoprodukt economy amongst others. He argued that through globalization, the Western allies encourage Nigeria to open her economy for rape while she has insignificant access to these other economies because she lacks the competitive advantage and partly due to bad leadership. The question therefore arises whether these are actually caused by globalization or poor governance which has been the bane of the Nigerian nation since independence. If Nigeria is to gain from globalization she must work hard as other nations like the Asian tigers are doing.

Jan (2009) claimed that globalization is responsible for dramatically reducing the number of abjectly poor people around the world contrary to the claims that it has worsened global poverty. (Aina, 2005; Monye-Emina, 2007; Shehu and Shadi, 2008 and Bolarinwa, 2008). He claimed that many globalization critics are poorly informed about the historical records and appear not to be aware of the contributions of globalization in the struggle against poverty. Closer economic ties, reduced tariffs and greater flow of investments have made the most startling impact on global poverty.

Odiai and Okweshime (2008) had reported that liberalized trade has not benefitted the Nigerian economy claiming that it led to an upsurge of unemployment. However, Odiai (2008) suggested preparation of groundwork to enable foreign policies to work in Nigeria. The Nigerian economy is weakened by corruption and weak financial sector preparations. When these are corrected, the gains from liberalization will be more evident as will globalization.

Globalization creates new markets and wealth, even as it causes widespread suffering, disorder and unrest. It is both a source of repression and a catalyst for global movements of social justice and emancipation. In 1980, nearly 70% of the world's labour force were sheltered from international competition by trade barriers, capital control and planned trade. These have changed today because of globalization. (Lee and Vivarelli, undated).

According to Obadan (2001), globalization has over the last 30years allowed a significant number of developing countries to develop their comparative advantages and gain access to newer and more appropriate technologies as well as increase access to international private capital which permit them to realize much higher rates of economic growth.

Globalization has resulted in more open markets put pressure on international competitiveness and the domestic markets have been penetrated by foreign goods. This awakens the domestic producers to upgrade products and processes, search for new markets and develop new activities and framework needed to support them. As competition increases, the need to remain competitive is a key for assuring growth and employment in the national economy of any nation. (Pianta, 2008) Globalizations gives the consumer the best products.

Recommendations

Nigeria is well able to survive using the opportunities provided by globalization to generate employment for her people and put a dent on the poverty level of the country. The following recommendations are in order:

- a. Since globalization exposes newer technologies, Nigerian industries should upgrade so as to remain competitive and hold on to their share of the market inspite of foreign competitors.
- b. There is need for structural and technological change. First, structural change leads to exit from sectors with low export capacity and to the development of new competitive sectors.

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Second, technological change makes possible the emergence of new products and markets as well as increased efficiency in the processes for producing existing ones. These of course will create employment for the people. Changes brought by the new Information and Communication Technology (ICT) must also be harnessed through correct practical-oriented curricula.

- c. In order to achieve long term growth and reduce unemployment, more attention has to be paid to the ability to innovate in technologies, production, organisations and institutions. The teaching of entrepreneurship courses should be result driven and not a mere routine course.
- d. The glaring need to tackle corruption, embezzlement and mismanagement of funds cannot be overemphasized. These ills will make globalization gains elude Nigeria.
- e. Our investment climate must be improved upon. A working rule of law must be in place. The banks must have a well-monitored and investment friendly interest rate even as the Niger-Delta militancy issue must be sincerely addressed. Efforts to rebrand will not work if the news emanating from Nigeria is anti-investment.
- f. Nigeria should promote regional trade by being more involved in exports through her membership of regional economic partnerships. When exports are high, jobs will be created within.

Conclusion

The issue of globalization is perceived differently in literature. Some see it as an ill wind that ravages LDCs to the benefit of DCs; others see it as the vehicle for rapid poverty reduction in LDCs while yet others advocate preparations by LDCs so as to reap the gains of the process. Our stand is on the latter.

Globalization of world economies has reduced poverty levels as it has increased the mobility of labour across international boundaries. The globalization-poverty relationship is yet an on-going research especially with the fact that it is country-specific.

This paper looked into globalization and how employment can be generated to reduce poverty in Nigeria. The submission is that Nigeria must grab the opportunities provided by globalization to improve the welfare of her citizens. In doing this, Nigeria should be seen sincerely fighting corruption, embezzlement and mismanagement of public funds; encourage industries to upgrade so as to stay competitive and the investment climate must be improved upon by curbing religious, political and social unrests in various parts of the country.

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