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# EVALUATION OF PAST POLICY MEASURES FOR SOLVING UNEMPLOYMENT PROBLEMS

BY

**PROF. NICHOLAS A. DAMACHI\***



*Prof. Nicholas A. Damachi*

## INTRODUCTION

Unemployment may be viewed as one of the most intractable problems facing Nigeria since independence in 1960 and in mid 1980s. It assumed an alarming dimension with the emergence of graduate unemployment. This prompted the Federal Government to establish the National Directorate of Employment, which was given the mandate to create mass employment.

The issue of persistent unemployment and overall manpower planning and utilization poses a great challenge to policy planners, human resources experts, and persons dealing with employment programme planning and implementation. The late President of the USA, John F. Kennedy, in the first manpower report in the U. S observed; "Manpower is the basic resource. It is the indispensable means of converting other resources to mankind's use and benefit. How well we develop and use human

skills is fundamental in deciding how much we will accomplish as a nation<sup>1</sup>. If this assertion is accepted, it puts into sharp perspective the challenge of manpower development and utilization in Nigeria which has been characterized by high rate of unemployment in the 1980s and 1990s, and its persistence into the 2000s. Ultimately, the task of solving the unemployment problem is anchored on better utilization of manpower through policies that promote economic growth. The success of any employment strategy, to a large extent, depends on the appropriateness or otherwise of the programmes and policies that are put in place to impact on both the demand and supply of labour<sup>2</sup>.

This paper undertakes a review and evaluation of the past policy measures that have been adopted to solve unemployment problems in the country. It consists of six sections. Section I provides a brief overview of the unemployment issues and situation in Nigeria. Section II examines the establishment of the National Manpower Board in 1962 which was charged with the responsibility for employment policies including measures to deal with unemployment and the nations utilization of optimal manpower. In section III, the paper focuses on the National

Development Plans adopted since independence in 1960 and which constituted the major policy tools for dealing with unemployment. Section IV addresses some sectoral policy measures that have been adopted to deal with unemployment in education, agriculture and the promotion of small-scale industrial growth. In Section V, the establishment of the National Directorate of Employment [NDE], the Government agency charged with the statutory responsibility for employment promotion is evaluated. Section VI, summarizes the lessons derived from past policy measures for solving unemployment problems. These include the imperative for institutional collaboration to deal with unemployment, better co-ordination of programmes and resource allocation. It also offers some concluding thoughts.

## **SECTION I: UNEMPLOYMENT**

There has been increased focus upon and a growing body of literature on the unemployment situation in Nigeria since the 1980s. The range of issues include an examination of the potential of the informal sector to generate jobs, promotion of long term structural change in employment

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expectations and job search practices by graduates through the provision of counselling service, and the potential of promoting full employment in Nigeria. Efforts to develop an innovative index – graduate self employment index (**GSEI**) – are also underway. The difficulty experienced by the formal sector to grow modern sector jobs, have led to the growth of the informal sector, which is situated to account for 60% of employment. The caveat is that unless the informal sector is better organised and strengthened, employment within the sector will invariably be characterised by the prevailing low productivity and low wages.

Government efforts to address the problems over the years have not succeeded in substantially reducing unemployment. In 1969 for instance, the Pearson Commission concluded that the failure to create meaningful employment was the most tragic failure of development in Nigeria. Furthermore, it observed that all indications were that unemployment and under utilization of human resources had increased in the 1960s and further warned that the problem was likely to grow even worse. As observed above, it did. Open unemployment has been aggravated by under-employment in rural and urban sectors. What is more? Formal sector employment declined under the Structural Adjustment Programme which was introduced in 1986 and which triggered retrenchments in both the public and private sectors<sup>3</sup>. The National Manpower Board estimates that today only 10% of the estimated 3 million youths

that enter the labour market yearly can be absorbed by the formal and public sectors.

## **SECTION II: ESTABLISHMENT OF THE NATIONAL MANPOWER BOARD**

In highlighting the manpower factor in national development, Harbison<sup>4</sup> observed that a strategy for human resource development, that is, the building and effective utilization of skills, is an essential element of any modern sector development strategy<sup>3</sup>. It is a paradox that today, graduate unemployment has become a major problem. An appraisal of Nigeria's attempt at systematic national development planning dating back to 1946, The Ten Year Plan of Development and welfare indicated that "the inadequacy of the administrative machinery to provide the high level manpower for implementation" was a contributory factor to the ineffectiveness of the country's first attempt at development planning. As comprehensive national development planning became a common phenomenon, Nigeria recognized the crucial role of, and the need for manpower development. In addition, the prevailing manpower problems such as shortage of skilled persons in various professions and the excess of labour particularly the school leaver, unemployment problem prompted the need for manpower planning. As a result the Federal Government of Nigeria appointed the Ashby Commission in 1959 to look into Nigeria's needs in the field of Post school certificate and higher education during the two decades 1960 –

1980. It is striking to note that unemployment emerged as a problem after this planned period. The report of the Commission was published in 1960 and included Manpower projections and several recommendations on educational and manpower planning. It became the foundation of Nigeria's manpower planning. It is striking that graduate unemployment emerged after the expiration of the planned period covered by the report 1960 – 1980. The work of the Commission had a profound effect on educational development in Nigeria and also indirectly included the sectoral policies that Government undertook to deal with products of the educational system i.e. employment or unemployment policies.

The strategic importance of manpower to economic development was highlighted and consequently, all the development plans since independence recognized the importance of employment as part of development objectives. One of the most immediate need and overriding priority was to train Nigerians with a view to overcoming the shortage of technical and managerial skills necessary to carry out accelerated programme of economic development. The National Universities Commission [NUC] was also established based on the recommendations of the Ashby Commission.

### **National Manpower Board**

The Ashby Commission recommended the establishment of a Manpower Development

Board, which should be interregional in composition and function. This recommendation was considered by the National Executive Council and led to the establishment of the National Manpower Board in 1962. The Board was charged with the responsibility for employment policies including measures to deal with unemployment and the utilization of optimal manpower resources. In short, the Board was to be concerned with finding solutions to the problems of manpower shortages, and manpower surpluses as indicated by unemployment and under-employment. It has made significant contributions to human development parastatals like Centre for Management Development (CMD), Industrial Training Fund (ITF). One of its studies provided the overall picture of the unemployment problem. In 1993 for instance, not less than 2.5 million Nigerians moved from the school system to the labour market in search of jobs. According to the NMB,

the labour market can not absorb more than 10% of this number annually. As a result, this leaves the country with a substantial cumulative backlog of the unemployed<sup>4</sup>. Figure 1 shows the evolution of employment promotion policy measures that has been undertaken since 1959 and highlights related issues

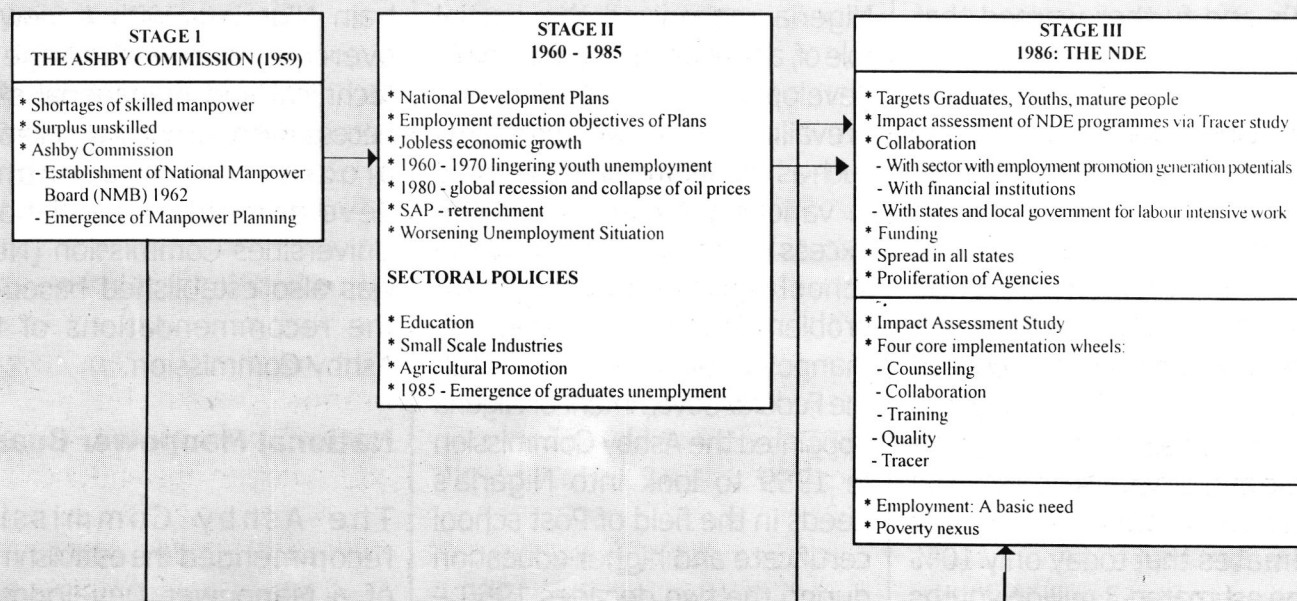
**SECTION III:  
PAST MACRO-EMPLOYMENT  
ORIENTED DEVELOPMENT  
POLICIES**

By 1986, when the Federal Government intervened by establishing the National Directorate of Employment to combat mass unemployment, Nigeria had executed four National Development Plans and 28 annual budgets since independence. By that time, it would have been expected that enough growth impulses should have been triggered off within the system to generate enhanced employment opportunities on a sustained basis. It is the failure

of these plans to do so, heightened by the aftermath of the global economic recession of the 1980s that worsened the unemployment problem and inspired intervention by Government <sup>5</sup>

In his recent speech at the maiden yearly lecture of the Development Policy Centre, Abuja, Chief Joseph Sanusi, the Central Bank Governor offered some insight into why fiscal policies fail and naturally impair development policy goals. By implication, this adversely impacts on employment promotion, since practically and analytically the goal of employment creation is hardly separable from other development goals especially those relating to output, growth and social equity<sup>6</sup>. The comments of the Central Bank Governor are perhaps as valid today as they could have been in the past. He observed that a closer study of the economy's lack lustre performance will reveal that much of it is caused, not by lack of direction, but of the political

**FIGURE 1: EVOLUTION OF EMPLOYMENT PROMOTION POLICY MEASURES AND RELATED ISSUES**



will to pursue lofty ideas to conclusion.<sup>7</sup>

Although all the past development plans included reduction of unemployment as one of their objectives. Diejomaoh<sup>8</sup> notes that in retrospect, it was clear that the employment objectives, like some other development plans, were never more than indicative, since there was little attention to the administrative and other manpower implications, especially those of implementing and financing projects. The plans, he noted, attached too much importance to economic growth per se, and growth did indeed seem to have been fast even though the statistical basis had been shaky from a financial base, Sanusi also underscored the weak database for monetary management and the poor response of the financial sector system to policy measures as some of the militating factors. During its take-off in 1986 the National Directorate of Employment (NDE) had to grapple with this issue.

J. O. Adeyemi<sup>9</sup> undertook an analysis of the impact of Development Plans on Employment Generation and offers some policy lessons. He opines that all post-independence plans as observed earlier always had employment generation as one of their cardinal objectives. In addition, efforts have always been made through the National Manpower Board to ensure that employment sensitive manpower programmes are addressed. A number of key manpower development institutions established between 1971 and

1986 to address some areas of manpower lapses include the expatriate quota allocation policy which emphasizes the training of Nigerians to take over from expatriate manpower recruited for key jobs, the Industrial Training Fund (ITF) which promotes employment of indigenous manpower through enhanced on-the-job training, the Centre for Management Development (CMD) which offers managerial training to the private sector while the Administrative Staff College (ASCON) trains managers for the private sector. The NDE, set up in 1986 trains the product of the school system to make them more relevant to the realities and requirements of contemporary labour market.

These organizations apparently have served the manpower development training and retraining needs of the country. The challenge is that their programmes should be upgraded to meet the managerial and skills requirement to cope with the challenges of the globalizing world and its attendant competitive pressures. Furthermore, attention should be devoted to serving the capacity building requirements of the informal micro and small enterprises sector, which is assuming an increasing role in the economy. These organizations can also play a significant role to enhance knowledge utilization in the economy or society.

#### **SECTION IV: SECTORAL POLICIES FOR SOLVING UNEMPLOYMENT**

Over the years, a number of sectoral policies have been

embarked upon in an attempt to curb unemployment. Notably these sectors include education, agriculture, and industry, that is, promotion of Small-Scale industries. An International Labour Organization (ILO) report on meeting the challenges of rising unemployment and under-employment has provided an in-depth examination of past efforts to deal with unemployment in a wide range of sectors<sup>16</sup>

#### **Education**

In 1968, Ukandi Damachi<sup>11</sup>, a protégé' of Harbison, captured the yawning gap between the educational system and the demands of the labour market with an article aptly titled "Education: Out of Step with Manpower Needs". The lingering youth unemployment of the 1960s and 1970s was aggravated by the neglect of vocational education and the market preference for academic certificates by students and parents alike. In fact, it is observed that even during the "oil boom" era, thousands of applicants who were seeking clerical jobs were being registered in labour exchange offices throughout the country while large number of vacancies existed for artisans, craftsmen, and various categories of 'blue collar' workers<sup>9</sup>

The educational policy measure that was introduced to address the "misstep" in educational planning was the 6-3-3-4 educational system. The system was expected to start functioning in 1982. A critical analysis reveals that the 6-3-3-4 system still places a lot of emphasis on

academic oriented education<sup>18</sup>. Through the introduction of the 6-3-3-4 system of education, Government had put in place a framework for skill orientation of the educational system. Kubor's<sup>18</sup> critical examination of the system indicated that at the secondary level, that is the Junior and Senior Secondary level, there is a need to re-orient it towards technical and vocational education and towards self-employment as against its current bias towards academic (University) education. This will promote the labour market goals of the system<sup>10</sup>

There is an enduring societal biased attitude against technical and vocational education. It is perhaps regarded as education for dropouts. However, this view can be corrected through public enlightenment, adequate funding, and above all, appropriate reward and enhanced prospect for technicians<sup>10</sup>. It is expected that this would minimize the undue emphasis currently placed on academic credentials. Furthermore, lack of adequate guidance and counselling facilities means that students can not be assisted adequately in making right decisions and carrier choices. The technical and vocational aspect of the 6-3-3-4 educational system has largely been neglected due to poor training facilities (e.g. lack of workshops and/or equipment), acute shortage of teachers for technical and vocational subjects, inadequate funding, the distaste for vocational training and the emphasis on paper qualification.

A range of vocational and technical schools, universities of agriculture,

universities of technology were also established. These institutions have not been properly staffed and equipped over the years. Consequently, this impairs the achievement of the policy objectives for which they were established.

### **Agriculture:**

The agricultural sector has traditionally been regarded as possessing enormous potential for generating employment. The view has been expressed that it is not just agriculture, but a well managed agriculture<sup>11</sup> that will solve the nations unemployment problem<sup>12</sup>. The 1995 budget speech which enunciated objectives for the revitalization of agriculture stated that "in the quest for economic recovery, agriculture must provide the lead. The major policy goals established for the sector include<sup>10</sup>:

- i. providing adequate food for an increasing population,
- ii. supply adequate raw materials to growing industrial sector,
- iii. constituting a major source of employment,
- iv. constituting a major source of foreign exchange earnings,
- v. providing a market for the products of the industrial sector

A review indicates that in prosecuting agricultural programmes, emphasis is placed on core agricultural activities and the promotion of employment appears to be a secondary objective. Furthermore, it is also observed that 90% of the agricultural products is

generated by small holders. The lack of infrastructural and social amenities in the rural areas tend to exacerbate rural-urban migration among graduates and school leavers who otherwise would have been gainfully engaged in agriculture and other activities in the rural areas. Improving the management of agriculture through collaboration with an employment agency like the NDE has several benefits. It will serve to bring the employment generation of the sector to the fore and facilitate the realisation of its employment potential. Since the NDE has a range of rural employment training schemes targeted at graduates and school leavers, the collaboration could serve as catalyst in reversing the declining interest of youths and graduates in agriculture. Through this collaboration, the participation of youths and graduates in the agricultural sector can be substantially improved. Graduate and school leaver participation, vis-à-vis peasant farmers will facilitate the attainment of other core agricultural objectives, such as increasing low agricultural productivity.

### **Promotion of Small Scale Industries.**

The 1989 industry policy states that the major policy tool through which government plans to enhance employment is the promotion of small-scale industries. The Government has indeed put in place a number of policy measures aimed at a generating employment. These include the establishment of the NDE in 1986, and maximizing private sector contribution to

employment through creation of such organs as the National Farmers Credit Programme, Industrial Development Centres (IDCs) and the amendment of Nigerian Enterprises Promotion Decree; Nigerian Industrial Development Bank (NIDB), Nigerian Bank for Commerce and Industries (NBCI), Industrial Training Fund (ITF) Raw Materials Research and Development Council (RMRDC) etc.

In spite of all these past policy measures, unemployment still remains as a major national problem. There is a growing focus on the informal sector as having the potential for employment generation. A number of gaps are discernable when the various policy measures that have been embarked upon in this sector are examined:

- a. Micro and Small Enterprises Credit Financing. In spite of the financial institutions established by Government such as NBCI, Peoples Bank, etc. the access of small and micro businesses in the informal sector to financial and credit schemes remain a major problem. Current government effort to establish the National Agricultural and Rural Development Bank appears to be addressing this issue.
- b. There is a need for provision of physical infrastructure and other services such as serviced space where small and micro businesses can build premises for operation.
- c. The training facilities for technicians and business management for small and micro

business tend to be fragmented and uncoordinated; and consequently have not made any significant impact on informal micro and small enterprises development

d. The legal and regulatory environment appears loose and there is a need to streamline the support being offered to the informal, micro and small enterprises.

Based on the experience of the NDE at promoting financial support for graduate employment promotion, there is a need for a sensitization programme for public/commercial banks and other institutions on the need for lending to small and micro enterprises.

**SECTION V:  
INTERVENTION:  
ESTABLISHMENT OF THE  
NATIONAL DIRECTORATE  
OF EMPLOYMENT (NDE)**

One approach to assess past policy measures for solving unemployment is perhaps to examine their net impact on employment. By 1986 the unemployment rate had risen to 9.8%. It is argued that the worsening unemployment was not entirely attributed to policy ineffectiveness of the employment-oriented programmes that were mapped out in successive development plans. In theory the demand for labour as a derived demand depends on the demand for output.<sup>23</sup>

The social repercussions of high unemployment were manifested by rise of delinquent and

anti-social behaviors. The unacceptable level of high unemployment prompted Government on the advice of labour experts U. G. Damachi et al to set up the Chukwuma committee to design strategies to create mass employment. The Directorate has designed skill acquisition and self-employment programmes targeted at millions of school leavers and hundreds of thousands of graduates of tertiary institutions between the ages of 13 and 25 years. When the unemployment spectrum is examined, it becomes apparent that they constitute the majority of the unemployed population and are most vocal and volatile. The overriding objective of the NDE is being achieved through the training of unskilled school leavers, as well as the provision of guidance and counselling services and other forms of assistance to graduates of Nigerian institutions, in order to facilitate their entry into productive life with the aim of launching them into self-employment.

The employment generation programme and areas of intervention are: -

- i. Training for skills acquisition;
- ii. Business and entrepreneurial training ;
- iii. Training in rural employment;
- iv. Training for labour-based work programme.

The training programmes are also supported by employment counselling services rendered through the NDE's Job Centres which are established in all states of the Federation. The NDE is a grass-root-oriented

programme in every state of the country. A number of studies have been undertaken to evaluate the effectiveness and impact of the NDE. These studies were vital because the NDE at its establishment was new and had no precedence from which some operational lessons could be drawn. It defined the learning path in employment promotion and still continues to do so.

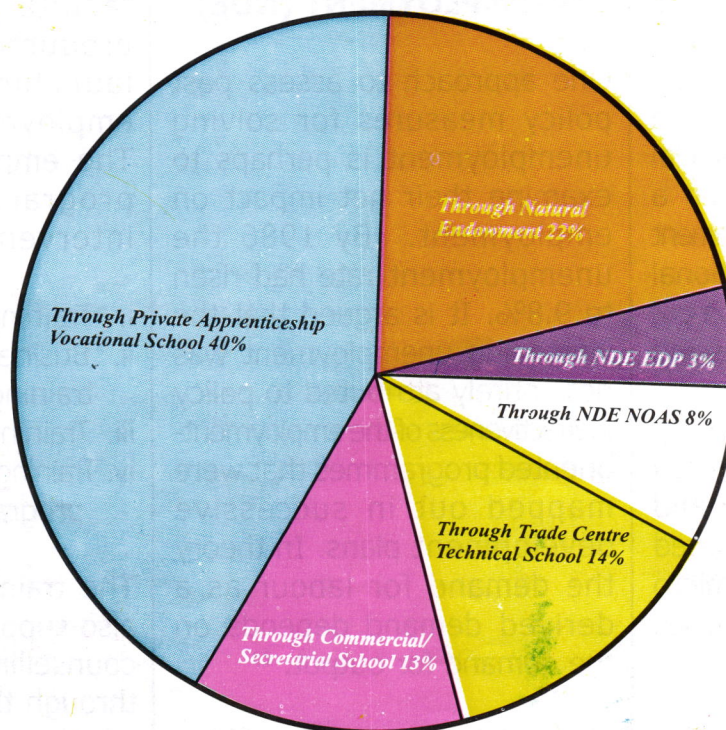
A pilot tracer study conducted to determine the effectiveness of its youth training programme, the National Open Apprenticeship scheme (NOAS) established that over 80% of the youths who before training, possessed no marketable or employable skills get wage-employment or establish their own enterprises upon graduation from the NOAS training scheme. The discussion

about vocational education usually stems from the need to provide meaningful employment for the unemployed youths through the acquisition of vocational skills. The NDE adopts an innovative system that utilizes master craftsmen and trainers in the informal sector. The effectiveness of its youth training programme was further confirmed by the results of a pilot registration of Unemployed Persons. The results (Figure 2) showed that only 8% of persons trained under the NDE's NOAS programme were unemployed at the time of registration. This contrasts sharply with the percentage of unemployed persons who acquired vocational skills from other source.

The NDE promotes graduate employment through a range of

training schemes and attitudinal re-orientation to explore self-employment and self-reliance as an alternative to limited opportunities for paid employment. The organization is promoting long-term structural change in employment expectation and job search practices by graduates. Figure 3 depicts the training schemes offered and indicates the need for promoting increased financial support for graduate employment promotion. This is crucial to the overall success of efforts to grow graduate jobs. To assess and evaluate job growth in the sector, the NDE is in the process of developing an index; Graduate Self-Employment Index (GSEI) to do so. In addition a range of strategies and incentives are being developed to promote graduate self employment <sup>16</sup>

**FIGURE 2: DISTRIBUTION OF REGISTERED UNEMPLOYED PERSONS BY SOURCES OF ACQUIRED SKILL**





The major constraint that confronts the NDE is funding. There is a dire need to improve the funding and resource allocation to the agency. After fourteen years, its programmes have been refined and fine-tuned. It is a credit to the Federal Government that after streamlining and rationalizing poverty alleviation agencies, the NDE was retained thereby ensuring policy continuity in employment promotion. The NDE may be compared to the U.S. social security system whereby successive administration may be assessed by how well they manage and improve on the system. Through the NDE, the jinx of policy discontinuity that tends to dog developing countries is being broken.

A major area that has been identified from the evaluation is the need to strengthen institutional collaboration for employment promotion. Unemployment is multi dimensional and multi-sectoral.

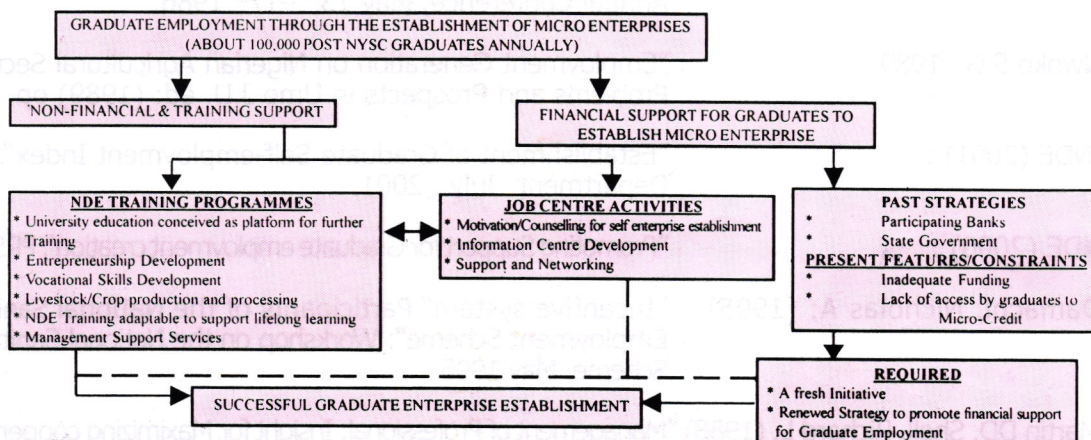
Some sectors such as agriculture and the informal sector are considered to be labour sponges. As discussed earlier, in prosecuting the programmes in these sectors the employment promotion objectives are secondary. The old import substitution policy for instance provides a poignant illustration of this point. It subsidized large-scale enterprises that were capital intensive and manufacturers that imported raw materials to the detriment of local farmers and small-scale enterprises. So, it would appear that right from the beginning of the nation's industrial policy, employment generation was never of practical consideration. There is employment serendipity in state and local government. Although employment generation was obviously not the policy objective in creating states and local governments, they offer enormous opportunities for creating jobs. The NDE has well-tested labour intensive light

equipment methods of construction that are well suited for employment promotion in Local governments and the rural parts of the country. Collaboration will unlock this potential.

**SECTION VI:  
CONCLUSION**

This paper has examined past policy measures for solving unemployment problems. There is strong need for institutional collaboration and improved coordination of policy measures for dealing with unemployment. While there are some discernable lapses, the overall policy direction for employment promotion appears to be adequate. What is required is the political will to pursue the policy measures backed by adequate allocation of resources, adequate steps to make the policies work, as well as transparency in programme implementation.

**FIGURE 3: GRADUATE EMPLOYMENT PROMOTION: AN OVERVIEW**



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