UNEMPLOYMENT AND POVERTY IN NIGERIA:
THE CROSS RIVER STATE SITUATION

Efefiong Inyang, Dachi Arikpo and Ndem Ndiyo
Department of Economics
University of Calabar, Calabar, Nigeria

ABSTRACT

Unemployment and poverty are two major problems that any society intending to achieve economic growth and development must tackle. This paper analysed the problems of unemployment and poverty in Cross River State, Nigeria. The study adopted some theories that explained the causes and effects of unemployment and poverty, and explored previous studies carried out by other scholars. Data were extracted from text books, journals, and the Internet. It employed the descriptive method of analysis to show the trends of unemployment and poverty that exists in the state. The findings show that high rate of unemployment and poverty still persists and leaves much to be desired of the government at both the state and federal levels. The study recommends a holistic strategy in tackling this problems which include revitalizing the agricultural and industrial sectors in the state amongst others.

KEYWORDS: Poverty, Unemployment, Urban and Rural Areas.

INTRODUCTION

Unemployment, which refers to a situation where a person who is willing to work and actively searching for job opportunities is unable to find work,. High rates of unemployment and by extension poverty still persist in Nigeria despite the rising growth rate of Nigeria's gross domestic product (GDP). Statistics show that millions of Nigerians are unemployed and the figures increase yearly given graduate turnout from higher institutions of learning.

Recently, following the rebasing of Nigeria's GDP from about 270 billion USD to 510 billion USD in 2013, Nigeria is said to be the fastest growing economy in Africa and 26th largest economy in the world (NBS, 2014) but inspite of the foregoing, unemployment and poverty constitute a daunting challenge in the Nigerian economy. Despite the fact that the problem of unemployment has formed a key agenda in successive governments in Nigeria, the problem still persists with the high numbers of graduate turnout. The high rate of unemployment and poverty is attributable to the failure of the government in translating the economic gains of Nigeria into prospects for the average Nigerian, and the non-inclusiveness of Nigeria's economic growth. Unemployment and underemployment are indicative of the existence of idle capacity. This is in terms of the failure to put to effective use an
important factor of production which is labour (Aiyedogbon and Ohwofasaa 2012). Also, the absorption rate of graduates into the active workforce is very low and the government is yet to place premium on the importance of creating job opportunities for its youths. Given that consumption is autonomous, the burden of unemployment and poverty increases on a daily basis with the unemployed population taking to unwholesome means of survival like armed robbery, fraud, corruption, violent crimes, kidnapping and vandalism of government installations amongst others. Also, there is the problem of social exclusion and frustration which is believed to account for some of the vices associated with the unemployed and poor populations. In addition to the issue of idle capacity mentioned above, the long years of staying without active employment even after years of graduation leads to human capital degradation, knowledge gained through years of study becomes obsolete and there loss of efficiency and skill. Over the years, Cross Riverians both in the urban and rural areas have been seriously affected by the dual problems of poverty and unemployment. Most rural areas in Cross River State suffer serious neglects, lacking in basic amenities like pipe-borne water, electricity, hospitals, primary education, recreational facilities and motorable roads. The rural areas are known to be over populated, having increased mother and child deaths and having mostly farmers, and they lack the technological knowhow to transform their natural resources into finished goods and by extension better income (Oluwasola, 2000). There is the high incidence of unemployment in the urban areas due to lack of/ limited job opportunities. Cross River State is largely alluded to as being a civil service state with most of the employed being accounted for by federal and state government owned departments, ministries and agencies. There is dearth of industrial, service and the manufacturing sector in the state and the absorptive capacity of the private owned enterprises for graduates is low. These trends have translated into a number of problems which include high unemployment levels, visible underemployment, low productivity, lower per capita income and low standards of living in the state (Ering, 2000). A number of studies (Aiyedogbon, 2012; Eneji, 2013; Ingwe, 2009; and Odeh and Okoye 2014) have found a causal relationship between unemployment and poverty with most of them concluding that high rates of unemployment, underemployment as well as low returns to labour are contributory factors to poverty. However, the issues of unemployment and poverty are usually analysed and discussed at national levels using aggregate data. Consequently, this paper seeks to scrutinize the situation of unemployment in Cross River state, and disaggregate the peculiar effect of unemployment on poverty in the state.

**CONCEPTUAL CLARIFICATIONS OF UNEMPLOYMENT AND POVERTY**

The International Labour Organization (ILO) defines unemployment as a situation where members of the economically active population are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work (ILO, 1982). It also defines unemployment rate as a “measure of the inability of an economy to generate employment for those persons who are not employed but are available and actively seeking work”. Unemployment can be classified as frictional, seasonal, structural or cyclical (Kaplan, 2002). Frictional unemployment occurs as a result of the time lags between job turnovers e.g. time period between searching for a job and getting one or changing from one job to the other. Seasonal unemployment occurs when people
are unemployed at certain times of the year due to the seasonal nature of demand in industries the work in, e.g. tourism and leisure sector, farming sector. Structural unemployment is said to occur due to the mismatch of labour supply and demand for workers. It is commonly referred to as skill gap. Cyclical unemployment occurs as a result of changes/swings in business cycles especially during economic downturns. Poverty on the other hand can be described as a condition of living whereby individuals are unable to afford minimum necessities that make for wellbeing and a minimum standard of living (Wenger, 2007; Haralambos & Holborn, 2000). Poverty is usually characterized by lack of means of providing material needs or comfort, inability to afford good health care and quality education amongst others. Poverty has been categories into 3 groups which include absolute poverty, relative poverty and subjective poverty. Todaro and Smith (2012) define absolute poverty to be the state of “being unable or only barely able to meet the subsistence essentials of food, clothing, and shelter”. While relative poverty and subjective poverty on the other hand are closely related and refers to poverty expressed with respect to the society/habitat of an individual and is relative to place and time, this implies inherent difference between countries and various time periods and depends on an individual’s perception of his or her wellbeing or social standing in his/her society. According to Anam (2011) countryside penury means poverty experienced by rural communities, and mainly refers to the entire several system of the rural society. A widely shared assumption is that rural poverty in the modern era operates on somewhat different dynamics than class-based urban poverty. Also, penury, lack of jobs and unequal distribution of income, have been growing at unprecedented rates. This is reflected by the Gini Coefficient shown in table 8 above. This is believed by conventional economists to constitute the major economic development problems of our time (Ndiyo, 2008).

THEORIES OF UNEMPLOYMENT AND POVERTY

Government policies and economic recessions have been identified as causal factors in the study of unemployment and poverty. The concept of unemployment has been a major feature of theorizing by various schools of economic thought. The classicalists hold that idle capacity does not exist due to the interplay of the forces of supply and demand to bring about a situation of equilibrium in an economy given the flexibility of wages. However, the Great depression of the 1930’s brought this school of thought under a lot a scrutiny and led to the theorizing by Keynes in 1936 (Keynes, 1936). Keynes holds that “the level of employment in a modern economy was determined by three factors; the marginal propensity to consume (income that people chose to spend on goods and services), the marginal efficiency of capital (the rates used to see whether investments are worthy), and the rates of interest”. He recommends government spending and inventions in situations of disequilibrium to restore equilibrium and shore up aggregate demand. It is believed in the realm of neoclassical of theorizing, that “given flexible wages, the labour demand and supply could adjust itself to clear the markets, leaving only voluntary unemployment” (Eneji, 2013), while Pigou (1934) holds that the level of employment in an economy is contingent on the interplay between real wage rates and the real demand for labour, which determines equilibrium employment given the assumption of the absence of involuntary unemployment. Poverty has also been explained by different schools of economic thought. The classicalists view social well-being (poverty or prosperity), to be largely determined by...
individuals through the mechanism of poor individual choices. These choices affect the productivity either positively or negatively. As such an individual is poor due to poor choices he or she makes (e.g. lack of self-control) which hampers productivity, given the assumption that wages are a true reflection of an individual's productivity. They explain poverty further using the concepts of the behavioural/decision-based theory and the sub-culture of poverty. The neoclassical theory of poverty, places emphasis on “the unequal initial endowments of talents, skills and capital which determine the productivity of an individua within a market-based competitive economic system” (Aiyedogbon, 2012). For the Neoclassicalists, exacerbators of poverty, include “market failures such as externalities, moral hazard and adverse selection as well as incomplete information” (Davis, 2007). On the role of uncertainty as a causal factor for poverty, Davis (2014) writes that this may be due to the fact that “the poor are more vulnerable to shocks to their well-being (e.g. recessions, sickness, family breakdown)”. The Keynesians/ Liberalists hold that in addition to market failures, underdevelopment in all its ramifications is a contributory factor to poverty. They thus advocate economic development via economic growth for the alleviation of poverty; this buttresses the role of governments in solving the problem of unemployment (Davis, 2014). The Marxist theory, argues that class divisions fuelled by capitalism and other political and social factors, cause poverty. Davis (2014), writes that “capitalists keep the cost of labour unnaturally lower than its value added through the threat of unemployment (the “reserve army of unemployed”), and therefore poverty in a capitalist economy can only be alleviated via strict regulation of the market (e.g., in the form of minimum wages)”. In Nigeria, a number of studies have been conducted to investigate the relationship between unemployment and poverty. Nwagu (2014) found a causal link between unemployment, poverty and insecurity in Nigeria. His results are similar to the findings of Effiom et. al. (2012) which indicates that poverty influenced criminal tendencies amongst unemployed youths. Antai; 2014 and Eneji; 2013, found that tackling the dual problems of unemployment and poverty is crucial for attaining sustainable development and poverty reduction in Nigeria. Aiyedogbon and Ohwofasa (2012) and Ingwe 2009 found that unemployment is crucial for determining poverty levels in Nigeria while Odeh and Okoye 2014, and Agba and Frank (2015), found that unemployment induces poverty in Nigeria.

**METHODOLOGY**

The research design in this study is the ex post facto design because it analyses the effects of the already existing problems of unemployment and poverty. This study relies mainly on data retrieved from secondary sources which comprise text books, journals, and the internet. It adopts the descriptive statistical method of analysis. Cross River State is largely a civil service state with employment opportunities accounted for by state and federal government owned departments, parastatals and ministries. Statistics from the National Bureau of Statistics showed an average unemployment rate for the state as 22.4% from 2007-2011 (NBS 2012). For instance, NBS statistics reveal that national unemployment rate was about 23.9% for 2011 and 18.2% for Cross River state in the same year. Also, the aggregate headcount of extreme poverty in Nigeria was estimated to be about 44% for years 2003-2004 and 42.2% for years 2009-2010, while the headcount of extreme poverty in Cross River state was 45.3% and 41.4% for years 2003-2004 and 2009-2010 respectively. There has however been an improvement in the statistics with the unemployment rate declining from 32.8% in 2007 to 18.2 percent in 2011 (NBS 2012).
shown in the table 1 below:

**Table 1: Unemployment rate in Cross River State (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32.8</td>
<td>18.9</td>
<td>14.3</td>
<td>27.9</td>
<td>18.2</td>
</tr>
</tbody>
</table>

Source: NBS annual abstract of statistics 2012

In a bid to tackle unemployment situation and widen the window of employment, the federal government through the National Directorate of Employment have undertaken a number of programmes from which Cross River State has benefitted. This programmes include the National Open Apprenticeship Scheme, School on Wheels and the Entrepreneurship Development Programme amongst others. The statistics of beneficiaries from the state in shown in tables 2 and 3 below:

**Table 2: Number of unemployed youths trained under annual training profile/distribution of NOAS & SOW trainees 2008-2011**

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>635</td>
<td>285</td>
<td>253</td>
<td>197</td>
<td>575</td>
<td>384</td>
<td>476</td>
<td>303</td>
</tr>
</tbody>
</table>

Source: NBS annual abstract of statistics 2012

NOAS - National open apprenticeship scheme
SOW - School on wheel

**Table 3: Number of unemployed youths trained under the Entrepreneurship Development Programme Beneficiaries (EDP) 2008-2011**

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1593</td>
<td>337</td>
<td>3006</td>
<td>2366</td>
<td>1714</td>
<td>1288</td>
</tr>
</tbody>
</table>

Source: NBS annual abstract of statistics 2012

To tackle the situation of unemployment in the state, the creation of a conducive atmosphere to encourage the growth of small and medium scale industries has been recommended. This can be accomplished by developing key infrastructure like electricity, access roads and water in the state which will encourage these industries to thrive. Tax holidays and reduce tax rates can also be given to these small and medium scale industries to reduce their overhead costs and encourage the absorption of the unemployed. It is believed that the current tax regime in the state is unfriendly and inimical to thriving any growth of business in the state. Also, there is the need to emphasize entrepreneurship development in the state and deemphasize the heavy dependence on white collar jobs. In the face of rising costs of governance and economic hardships faced by the central and state governments, it is believed that the private sector has a key role to play but the citizens have to be encouraged...
to be entrepreneurs (job creators) and to embrace blue collar jobs for opportunities for increased employment. Currently, the agricultural sector has been neglected for white collar jobs which has limited opportunities.

In a bid to handle the challenge of unemployment in the state, the current government that took over the mantle of leadership on May 29, 2015 has been exploring ways of attracting foreign direct investment to the state, developing infrastructure and overhauling the agricultural system. To this end, the state has witnessed a heavy influx of potential investors both expatriate and nationals to explore the diverse opportunities and windows for investment. It is believed that this is a step in the right direction and would yield profitable returns in the near future.

POVERTY IN CROSS RIVER STATE

Ingwe (2009), presented some indicators of penury in the state. These include the inability to afford clean energy since a disproportionately large number (536) of families in the south – south region, (74.9% of families in Cross River State) use firewood and other materials in cooking which is dangerous to their health (NBS, 2007).

In addition, the trends of poverty (extreme and absolute) are shown in tables 4 and 5 below:

**Table 4: Extreme poverty trends in Cross River State (per capita measure)**

<table>
<thead>
<tr>
<th></th>
<th>2003 - 2004</th>
<th></th>
<th>2009 - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head count</td>
<td>Poverty gap</td>
<td>Severity of poverty</td>
<td>Head count</td>
</tr>
<tr>
<td>45.3</td>
<td>16.2</td>
<td>7.7</td>
<td>41.1</td>
</tr>
</tbody>
</table>


The World Bank defines extreme poverty to be an average daily consumption of $1.25 or less which is between N200-450 when denominated in Nigerian currency. Table 4 shows that about 45.3% of Cross Riverians live in extreme poverty.

**Table 5: Absolute poverty trends in Cross River State (per capita measure)**

<table>
<thead>
<tr>
<th></th>
<th>2003 - 2004</th>
<th></th>
<th>2009 - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head count</td>
<td>Poverty gap</td>
<td>Severity of poverty</td>
<td>Head count</td>
</tr>
<tr>
<td>67</td>
<td>28.3</td>
<td>15.2</td>
<td>60.4</td>
</tr>
</tbody>
</table>


The headcount of Cross Riverians living in absolute poverty was estimated to be 60.4% for years 2009-2010. Absolute poverty has been defined earlier, as the state of “being unable or only barely able to meet the subsistence essentials of food, clothing, and shelter”. Also, the poverty gap which reflects the “mean shortfall of the total population from the poverty line” is estimated to be 25.6% for years 2009-2010.

Other indicators of poverty in Cross River state are shown in the tables below:
Table 6: Household size by absolute poverty in Cross River State

<table>
<thead>
<tr>
<th></th>
<th>1 - 3 persons</th>
<th>4 - 6</th>
<th>Over 7 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-poor</td>
<td>79.1</td>
<td>2.9</td>
<td>35.7</td>
</tr>
<tr>
<td>Poor</td>
<td>2.9</td>
<td>35.7</td>
<td>64.3</td>
</tr>
<tr>
<td>Non-poor</td>
<td>35.7</td>
<td>64.3</td>
<td>26.8</td>
</tr>
<tr>
<td>Poor</td>
<td>64.3</td>
<td>26.8</td>
<td>73.2</td>
</tr>
</tbody>
</table>


Table 7: Resource transfers required to eliminate absolute poverty in Cross River State 2009-2010

<table>
<thead>
<tr>
<th>Monthly poverty line (₦)</th>
<th>Poverty gap (%)</th>
<th>Total population (millions)</th>
<th>Total resource required to eliminate poverty (millions ₦)</th>
<th>Absolute poverty rate (%)</th>
<th>Number of poor (millions)</th>
<th>Resources required by each poor person (₦ per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4675.67</td>
<td>25.6</td>
<td>3.3</td>
<td>3971.50</td>
<td>60.4</td>
<td>2</td>
<td>1978.70</td>
</tr>
</tbody>
</table>

Table 8: Inequality (Gini coefficient) in Cross River State

<table>
<thead>
<tr>
<th></th>
<th>2003 - 2004</th>
<th>2009 - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3994</td>
<td>0.4337</td>
<td></td>
</tr>
</tbody>
</table>

Table 9: Self assessed poverty by state (%) - Cross River State

<table>
<thead>
<tr>
<th></th>
<th>Very poor</th>
<th>Poor</th>
<th>Moderate</th>
<th>Fairly rich</th>
<th>Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>20.8</td>
<td>44.9</td>
<td>33.5</td>
<td>0.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Going by the above, it can easily be inferred that the rural areas in Cross River State are more likely affected by poverty and unemployment than urban areas who are not lacking in basic amenities that encourage the siting of industries, employment of labour and subsequently reduction of poverty.

It is worthy of note that in the face of absolute poverty in rural areas in Cross River State, urban areas have always benefitted from most government expenditure, this is consistent with the opinion of Todaro and Smith (2011), that most government funding in many less developed nations for many years now, have been directed towards cities and mainly towards the industrial sectors.

**POVERTY AND UNEMPLOYMENT IN URBAN AND RURAL AREAS IN CROSS RIVER STATE**

The specific causes of unemployment and poverty in Cross River State range from inadequate infrastructural development across the state, centralization of government establishments, lack of entrepreneurial skills amongst most of the youths, to inadequate development of the manufacturing, tourism, and agricultural sectors. In an attempt to reduce poverty and unemployment in the state, the Cross River State government in collaboration with the Central Bank of Nigeria established the South-South Entrepreneurship Development Centre (SSEDC), in Calabar, in addition to the already existing National Directorate of Employment (NDE), to train the unemployed to become self-employed in order to reduce the problem of poverty.

Poverty and unemployment in urban areas in Cross River State are not as serious as the ones experienced in rural areas in the state because of the following reasons:
Cities are furnished with most of the social amenities. The contemporary facilities like the internet, telephone, television and satellite communication facilities are widely available in the urban areas. Most of the people in the urban areas are blessed with these advancements in technology. Shopping centres, theatres, hotels and restaurants are many in urban centres. Including mighty constructions, housing estate and tall buildings with elevators.

As a result of many contemporary facilities coupled with an increase in the number of educational facilities and career opportunities, city inhabitants have higher standard of living than people of the countryside. This explains the frequent occurrence of rural-urban migration—a situation where people migrate from rural areas to urban area in search of greener pastures (better jobs) in order to reduce their poverty.

On the other hand the rural areas are known for their lack in basic amenities like pipe-borne water, electricity, hospitals, good roads, educational recreational facilities etc. The rural areas are also known to be overpopulated, having increasing mother and child deaths and having mostly farmers, and they lack the technological know-how to transform their natural resources (Oluwasola, 2000). These have led to a number of problems such as increased unemployment levels, low productivity low standard of living etc. among the rural population.

**RECOMMENDATIONS AND CONCLUSION**

Premised on the above, this study makes the following recommendations:

(1) The Government of Cross River States should embark on infrastructural development across the state to make for industrialization which will in turn create employment thereby reducing poverty in the state.

(2) There should be decentralization in the siting of government establishments. Some of these establishments should be sited in rural areas to reduce poverty and unemployment. This will help solve the problem of rural-urban migration and uneven distribution of infrastructure between the urban and rural areas. This may encourage graduates to stay and find employment in the rural areas and to be self-reliant.

(3) There is need for the introduction of safety nets which could be packaged in the form of unemployment welfare benefits to unemployed youths; self-reliance skills like free but mandatory entrepreneurship development; job creation and continuous trainings for forestall situations of structural unemployment and curb the vices associated with poverty and unemployment.

(4) Rapid development of the manufacturing, tourism and agricultural sectors to stimulate job creation in the state.

The paper analysed unemployment and poverty in Cross River State. The descriptive research method was adopted in carrying out the research. Some related studies were reviewed and the underlying theoretical underpinnings discussed. Available evidence in the study indicates that the problems of poverty and unemployment still persist in the state at high rates. One of the major problems is the uneven distribution of infrastructure
between the urban and rural areas which triggers off rural-urban migration in search of white collar jobs which are very limited in supply and the neglect to the agricultural sectors in the state, despite the huge potentials for employment in the sector. Also, lack of entrepreneurial skill constitutes a major setback to solving the problems of unemployment and poverty. We therefore recommend a comprehensive and holistic development strategy in the state that should be targeted at increased economic growth, boosting of the agricultural sector, skill development and inclusive growth. This will ensure that activities aimed at developing the state will be embarked on statewide, thus solving the problems of rural–urban dichotomy, and improving the rural economy in the long run.

REFERENCES


Inyong, Arikpo and Ndiyo Multi-Disciplinary Journal of Research and Development Perspectives Volume 4, Number 1, June, 2015

Inyang, Arikpo and Ndiyo

Unemployment and Poverty in Nigeria

International Labour Organization (ILO) Resolutions Concerning Economically Active Population, Employment, Unemployment and Africa.


International Labour Organization (ILO) Resolutions Concerning Economically Active Population, Employment, Unemployment and Underemployment Adopted by the 13th International Conference of Labour Statisticians, October 1982, para. 10


