



GLOBALISATION: THE CHALLENGES OF UNEMPLOYMENT AND POVERTY IN NIGERIA

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Abstract

Globalization is a worldwide movement from local to universal socio-economic system aimed at unifying the world market into a global village, accessible to all. The paper therefore sought to examine the functional correlation between globalization, unemployment and poverty in Nigeria. The exploratory method of research was adopted to facilitate extensive literature review. The study revealed among others that; Nigeria seems to have been marginalized and left behind by wave of globalization. Despite the fact that globalization leads to growth in gross domestic product (GDP), this has not translated to job creation or alleviated the poverty of thousands out there. The paper found that globalization, which is today's order of the world economy and reputed to have far reaching good economic consequences has aggravated the problem of unemployment, and as a result, it was recommended that Nigeria looks beyond the statistics of high GDP growth rate created by globalization and finds solutions to the high unemployment and poverty rates in the country. It was also recommended that the government should come up with strategies to create jobs through developing tourism and encouraging entrepreneurial development. The paper concluded that Nigeria has not benefited enough from globalization owing to the over dependence on crude oil exports, inadequate infrastructure and corruption.

Keywords: Globalization, poverty and unemployment.

Background to the Study

Globalization is the defining socio-economic characteristic of our time (Khor, 2000). Time and space are shrinking and many borders are disappearing, giving rising to an increasing interdependence between economies, between cultures and between people. From the 1990s onward, globalization triggered an economic order, prescribing and describing ways in which business concepts and events are organized around the world. It is a phenomenon that has affected people differently in different spheres of life (Scholte, 2000; Bataoel, 2003). Globalization amounts to an effective opening of national borders for economic activities. The latest historical stage has created new opportunities and raised new hopes for the developing world. Technological innovations, expanding trade and increasing direct foreign direct investment offer enormous potential to eliminate poverty in the century that has just started (UNDP, 1999). Ukpere (2010) posited that "globalization is a powerful force that cannot be denied, as it has brought positive facets to some parts of the world, however, conversely, it has also threatened life, a broader sense".

According to Scholte (2000), globalization means “internationalization (cross border relations between countries); liberalization (removal of government imposed restrictions on movement); universalization (spread of various objects/experiences); westernization or modernization (dynamism); and deterritorialisation (spread of super territoriality)”. The process whereby political, social, economic and cultural relations increasingly take on a global scale and having profound consequences for individuals' local experiences and everyday lives is referred to as globalization (Aluko, 2006). It is a state whereby national boundaries turn totally porous with respect to the movement of goods and capital and, to an extent human, which is viewed in this context as cheap labor, and in some cases, cheap human capital (Pasricha, 2005). Consequently, border-crossing is activated and accelerated through this process, and enable capital, companies, industries, people, ideas, diseases and even governments to cross borders. Until now, government has been driven by expansion of markets leading to increasing levels of inequality in income, resources and opportunities. It has benefited only one-fifth of the world's population, while marginalizing the rest. This paper therefore correlates analytically globalization, poverty and unemployment in Nigeria.

Statement of the Problem

The African continent seems to have been marginalized and left behind by globalization. Capitalist globalization as much as it has created wealth, also increased and intensified inequality, unemployment and poverty. Nigeria is one of the African countries with high rate of unemployment and poverty, despite the country being globalised. The main issue is that without the necessary facilities and knowledge, globalization is just a mirage in a nation's economy. Therefore, this paper sought to explore the relationship between globalization, unemployment and poverty in Nigeria.

Literature Review and Theoretical Framework

Concept of Globalization

Sklair (2002) defined globalization as a particular way of organizing social life across existing state borders. It has also been viewed as the process of interaction and integration among the people, companies and government of different nations. It is a process driven by international trade and investment and aided by information technology. This process has effect on the environment, culture, political systems, economic development and prosperity, and on human, physical well-being in societies around the world. Giddens (1990) observed that globalization is “the intensification of worldwide social relations, which link distance localities in such a way that local happenings are shaped by events occurring many miles away and vice versa”. Jameson and Miyoshi (cited in Streeten, 2001) stated that “globalization is the untotalisable totality, which intensifies binary relations between its parts, mostly nations but also regions and groups, which, however continue to articulate themselves on the model of 'nation's entities”. Adejo (2003) also defines globalization as “the integration of economies worldwide through trade, finance flow and widespread adoption of information technologies and internetworking.

Conceptually, globalization could be seen as internationalization, which means the intensification of cross-border links between nations, liberalization (a process by which government imposed restrictions and barriers are removed to create an opened international economy). Globalization is universalisation, which means spreading of various values and experiences around the different corners of the world (Baylis & Smith, 2001). Globalization is an increasing interconnected and interdependent word in international trade, management, administration, communication, investment and finance (Wolfensohn, 2001). Apparently, the globalization phenomenon has become so popular to the extent that it has acquired different names in different world languages. Giddens (1999) observed that globalization may not be a particular attractive or elegant word, but absolutely, no one who desires to understand the prospect of this century can afford to ignore it.

In France the word is modernization. In spite of these awesome names and definitions, a relationship between globalization, unemployment, income inequality and poverty, particularly in Africa should be further investigated. In the expression of Forgha (2010) globalization is the increasing interaction of the integrated national economic systems through growth in international trade, technical changes, financial integration, international labour flow, investments and capital formation. Globalization poses myriads of opportunities to the reformed banking sector in Nigeria. It helps in repositioning Nigerian banks and strengthens their competitive position in the global arena. It could offer Nigerian banks the opportunity of attracting foreign earnings through international business transactions (Akpan, 2011).

The Concept of Unemployment

An expanded definition of unemployment broadly includes everybody who can work, but is without a job. Samson (2009) described unemployed as one without a job although able and willing to work.

Presently, there are increasing number of people that have been added to global unemployment figures, those who move from one place to another in search of jobs, which might have evaporated owing to automation and retrenchments or moved to other regions in order to take advantage of favorable business climates and government concessions, namely cheap labor, lax environmental laws and tax holidays. According to International Labour Organization (2009), Sub-Saharan Africa stands out as a region with extremely harsh labor market conditions and with highest share of working poor. This Organization added that about 7.2 percent of Africa's youths are unemployed and an additional 46.9 percent are underemployed or inactive.

In Nigeria, the textile industry which was the largest employer of labor has folded up. Textile Companies numbering about 145 in the 1980s have created jobs for millions of people. However, capitalist globalization, which some refer to as 'financialisation' (Went, 2000; Dorasamy, 2010) have made the financial sector to become more booming than the productive sector in Nigeria. Conversely, the financial sector has over the years been able to create only about 300,000 jobs out of which more than 50 percent are casual jobs. This is quite meager when compare to the jobs previously created through the productive sector. There is bound to be problems owing to the vacuum created by economic mismatch.

Entrepreneurial initiatives in Nigeria have not been properly funded by the government most probably because the global logics seem to have taught the nation's leadership that government do not interfere with the economy or job creation. Consequently, about 54.4 percent of the nation's citizens go to bed hungry every night. In the same picture of gloom, over 5 million Nigerian youths are estimated to be unemployed. Unemployment has reached a critical height in Nigeria. The everyday sight of the growing armies of the unemployed youths roaming the streets with despair written all over their faces attest to the gravity of the job market situation in Nigeria (Samson, 2009).

In the absence of any national security system to cater for the jobless, more people will turn to crime. Indeed, there is a correlation between retrenchment, unemployment and crime. Rising unemployment increases the number of idle persons and, hence the number of criminals (Chinonso, 2007). As the crime rate increases in any society, investors become increasingly less confident. Decreased economic growth leads to a higher level of unemployment, while the unemployed, unable to make a living turn to crime (Bendix, 2005). It can therefore be asserted that, as unemployment decreases, crime rate will decrease, but the problem lies with fuelling necessary economic growth, while crime prevails. Crime affects every aspect of society business. Therefore, companies that is quick to retrench workers without considering the social effects that it may have, may be acting irresponsibly and may at the end, suffer the consequences of increased crime and economic recession. In fact, unemployment could be a reason why one could find some university

graduates as criminals in Nigeria. These are able-bodied persons who are willing and ready to work after their university education and national service but without jobs. (Chinoso, 2007). Even some previously employed graduates may have faced the wind of competitions to respond to these putative global forces is mainly via further retrenchments and unemployment (Bloch, 1998; Scholte, 2000).

Several research points to the fact that there is a positive correlation between globalization, internationalization and unemployment in Africa. In fact, one of the major effect of globalization in Africa is structural unemployment (Slabbert, 2006), which implies that there is an escalation at the bottom level of unemployment owing to the current policy of worldwide tariff reductions and a trend towards transferring some business and production facilities abroad (Adams et.al, 2006). Growing unemployment and underemployment, which have been witnessed in Africa, can as well be attributed to the global logic of competitive profit-making management techniques of downsizing atomization and widespread automation (Ukpere & Slabbert, 2008). In addition, the positive aspect of automation boom, which has brought new jobs into the Information Technology (IT) sector, and predicted to afford cheap access to information superhighways, has been weakened by endemic job destructions and losses that have been witnessed in other sectors of the economies. Currently, customers have utilized the innovations and developments within the IT sector to make online travel bookings, perform banking operations as well as other kinds of purchases and retail trade via the Internet. These present trends have resulted in the withering away of a large section of the labor market and have as well contributed to the problems of rising unemployment and income inequality in Africa (Ukpere & Slabbert, 2008).

Thus, globalization has provided an opportunity for labor exploitation while recently; many skilled workers have begun to occupy jobs for which they are over-qualified, owing to the large pool of the unemployed in the Continent (Adams et.al, 2006). This has resulted in widespread job insecurity and an increase in the number of workers who are retrenched without severance pay (Matthew, 1998).

The Concept of Poverty

Human poverty is defined as 'the denial of choices and opportunities most basic to human development to live a long healthy and creative life and to enjoy a decent standard of living, freedom, dignity and the respect of others' (UNDP, 2005). The rate of poverty has increased in Africa owing global inequality. Indeed, increasing in income inequality and poverty in the poorest developing countries over the past decades can be attributed to globalization (Salvatore, 2004). Bonded and trafficking laborers, owing to restrictions on global labor mobility, are locked into livelihoods that provide no opportunity to shift from poverty. An initial guesstimate by Hulme and Shepherd (2003) provided a range of 389-727 million people in 32 developing countries as chronically poor. Chronically poor people are found across the world. However, the highest incidence of chronic poverty is in the Sub Saharan Africa, where 30-40 percent (about 90-120 million people) live on less than \$1 per day. Ukpere and Slabbert (2007) stated that "most of the incidents increasing the rate of poverty around the world today cannot be attributed to nature, but to man and selfish capitalist institution created by man". For example, 64.7 percent of the population of Nigeria was in severe poverty during the late 1990s. Africa has the largest proportion, namely almost half its population (Ukpere & Slabbert, 2007). The situation in Sub Saharan Africa is really acute.

Nigeria has been rated in 2006 as 141 poorest nations on human development index. The nation is also considered as one of the 20th poorest countries in the world with 70 percent of the population classified as poor and 54.4 percent living in absolute poverty (UNDP, 2005). According to Suberu (2007), Nigeria has earned around US\$500 billion in oil revenue since 1970s, yet remains mired in poverty, unemployment, a burgeoning domestic debt, infra structural squalor, abysmal health

and education services, and attendant social frustration and unrest. It is conspicuous that poverty has been a serious problem confronting the Nigerian nation since independence. Nigeria instead of advancing has degenerated into one of the poorest countries of the world. In fact, more and more people are becoming poorer every day. In 1960, the poverty level in the country was about 15 percent and by 1980, it has reached 28.1 percent. In 1985, the poverty level was 46.3 percent but dropped to 42.7 percent in 1992. Perhaps, the drop may not be unconnected to the coming of elections slated to hold back then in 1993 (Ugoh & Ukpere, 2009). Nonetheless, with the termination of the democratic processes by the military government, the poverty level rose 43.6 percent in 1995.

Several decades after the end of colonialism, most parts of Africa is still fighting with problems such as high poverty rate, lack of basic infrastructural facilities in all sector of the economy, unemployment, high mortality rate, political instability and insecurity of live and property (Ikanna, 2009). Africa is not a poor continent but its people are poor. Africa has huge and unexploited wealth of natural and mineral resources, wildlife, fish, river basin, lakes and huge arable lands. These are not being exploited or utilized by Africans (Ngozo, 2010). Dare (2001) observed that 'many transnational corporations (TNCs) have acted as predators in Africa, gobbling up national resources, distorting national economic policy, exploiting and changing labors relations, committing, environmental despoliation, violating sovereignties and manipulating governments and the media. In order to ensure uninterrupted access to resources, TNCs have also supported repressive African leaders, warlords and guerrilla fighters, thus serving as catalysts for lethal conflict and impeding prospects for development and growth. Many African societies are characterized by minimal opportunities for education and self-development, collapsed infrastructure and debilitating debt burden. These conditions have made the continent even more susceptible to international financial control. Typically TNCs seek out societies with low production costs, poor working conditions, and abundant and easily exploitable resources, where profit can be maximize and repatriated without legal constraints. The icing, of course, is a political leadership that is weak, corrupt, and ready to cut the deals. There is also a strong perception that globalization is a stumbling block to African development. In any case, these are divergent opinions. However, one cannot gainsay the fact that current logics of globalization have escalated the rate of unemployment, inequality and poverty in Nigeria and African as a continent.

Poverty-Unemployment Relationship

Poor people have severely limited access to, and control over key assets, including land and physical and human capital. Lacking production and labor market endowments, the poor have low income and low consumption. Most poor people are also inadequately educated and may be less healthy than the rest of the population. Many depend on (low productivity) subsistence agriculture or on the informal sector, where returns to labor and capital are generally low for their livelihoods. Workers in the informal sector have low salaries, limited protection and frequent spells of unemployment. These factors, coupled with lack of access to the institutions that shape policies, prevent poor people from acquiring the capabilities for decent living. The number of people living below poverty line only tells half the story. In Africa, not only do many people live below poverty line but they also stay poor for long sustained periods. Many of these chronically poor people only emerge briefly from poverty because of seasonal employment, but lack the impetus to contribute to technological change and economic growth. In sum, the absence of a clear link between economic growth and poverty reduction has been shaped by two factors first, the low employment intensity of the growth process, and the second peoples' inability to integrate into the growth process and reap the gains from opportunities.

Conclusion

Globalization has dramatically altered the way the world is organized. It has brought people closer, increased wealth tremendously, democratized the access to information and raised new

hopes for the future. Many of these hopes however have not yet materials for a majority of the world's population. The world is still very unequal and a majority of its occupants suffer from either poverty or increasing human insecurity and unemployment. The challenge for the new country is therefore, immense. As the 1999 Human Development Report clearly recognizes, we need to 'find the rules and institutions for governance local, national, regional and global to preserve the advantages of global markets and competition, but also to provide enough space for human, community and environmental resources to ensure that globalization works for people not just for profits' (UNDP, 1999). In our ability to succeed, rest the chances of constructing a world in which human poverty and inequality are no longer a problem. Within the domain of unemployment, inequality and poverty in the era of globalization, renewed problems of global competition, job termination, wage reductions, labor immobility and technological displacement of workers; have accelerated the rate of global unemployment, the corollary of which is endemic inequality and poverty in Africa. This paper therefore concludes that corruption, lack of good governance, inadequate infrastructure, lack of human capacity development, ineffective educational system and neglect of agriculture, among others are reasons why globalization has not benefited Nigeria rather has increased the rate unemployment and poverty in Nigeria.

Recommendations

The implications of high rate of unemployment and poverty in Nigeria cannot be overemphasized. Though there is no reliable figure indicating the rate of unemployment in the country, the fact remains that its gravity is not out of place. The paper therefore recommends the followings and it believes that if implemented accordingly, it will go a long way in reducing the rate of unemployment and its consequences in Nigeria.

1. Fight corruption in all the sectors, whether private or public. This will create an enabling environment for foreign investors and entrepreneurs in the country and eliminate situation of MNC's and TNC's (multinational companies and transnational companies) exploiting the nation resources and enriching the corrupt government that brought them in and not the nation.
2. Power sector is one of the most sensitive and essential sectors of the nation's economy. This is because adequate power supply ensures a productive economy that is capable of creating significant employment to local artisans, cottage and manufacturing industries. Hence, there is need for a revolution in the power sector. If the power supply is significantly improved, many industries that have either close shops or relocated to other neighboring countries, or collapsed, would return and commence operation or increase to full production.
3. Government should make provision for bail-out funds for both private and public companies and industries that their collapse or closure have rendered their workforce jobless. The environment should be made conducive to make them function effectively. Government as a matter of urgency needs to address all the operational challenges and threats confronting the manufacturing sectors and other investors in the country.
4. Agricultural sector should be given proper attention. Government at all levels should recognize the activities of rural farmers. Agricultural loans and other farm inputs such as fertilizer should be released on time and made accessible to the rural farmers during farming season. This will lead to increased exports agricultural product and full utilization of globalization across border trade.
5. The role of local entrepreneurs in economic development cannot be overemphasized. Hence, government should create an enabling environment for Small and Medium scale Enterprises (SMEs) to survive and grow. The government and private individuals should provide start-up capital in form of loan or grants to those who want to go into business and become self-reliant or self-employed and consequently employ others.
6. The non-governmental organization should collectively join hands with government agencies in organizing seminars and workshops geared towards training the citizen to

- explore their environment and God-given resources, maximize their potentials so as to become self-reliant.
7. The educational system should be made functional. To achieve this, emphasis should be laid on entrepreneurship education so that students should have acquired the basic skills needed for self-reliant before graduation, and start-up businesses that can become globalised and invariably reduce unemployment and poverty.
 8. The government should set up labor laws that protect the right and privileges of citizens, so that the multi-national companies that operate in our country can employ the citizens of the country and give them commensurate payment with their counterparts in same position in other country. Generally, Labour laws prevent labor exploitation.
 9. There is need to allow private sector to go into economy to help in developing the nation's economy. Government should set standards and ensure that these standards were followed in order to regulate exploitative tendencies of the bourgeoisies and also provide an environment conducive for them to operate.
 10. There is need to look beyond the official statistics of the so called high GDP growth rate and get down to the hard business of creating real jobs that take out hungry, angry and jobless youths from the street into workplaces. Nigeria needs to develop comprehensive strategies to create jobs locally. Africa has more than 80 percent of its labor force engaged in survivalist small and medium sized enterprises (SMEs). These enterprises could be nurtured through government and NGO supports to become vibrant growing businesses that could create additional job for the continent. This measure will help to curb the level of unemployment, income inequality and poverty in Nigeria.

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