

# Industrial Employment Trends in Nigeria: Workforce Issues, Impacts and Ideas

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## Abstract

*The labour market and workforce in Nigeria are experiencing massive pressure changes, both in quantity of entrants but also in the composition of its new entrants. With higher enrolment in engineering and fewer in technical education, disruption in the manpower mix is clearly evident. This paper explores the issues and trends in workforce demographics in Nigeria, with focus on employment trends, workforce trends and the consequences of oversupply of graduates. The changing skills and composition of the informal sector is discussed. The paper wraps up with policy implications for the emerging trends identified. The paper concludes that the present situation of the Nigerian labour market, though dire is marked by certificates for employment and not skills for employment. Consequently, people are overschooled but undereducated. Thus, leaving a dearth of skills and a vacuum that is filled by workers from other countries. A stagnating labour market and formal economy has opened up a lot of young Nigerian graduates to the informal sector changing the composition of the informal sector all over the nation. It is recommended among others that Government should encourage its private sector businesses to develop activities that require graduate level skills and they need to attract new firms with these types of activity.*

**Keywords:** Employment trends, work force trends, informal economy, global skills, vocational technical education

## Introduction

The accelerating pace of technological, demographic and socio-economic changes is transforming industries and business models. The short life cycle as well as the pace of change of technologies and automation continue to alter the nature of work tasks in industries for engineers and technicians (Caleb, Usoro, Onweh, & Akpan, 2017) requiring employees to learn new skills to perform their jobs. Failure to respond wisely to these changes and social demand is fuelling the need for experts from outside the country to come in and fill the apparent skills gap. Take for instance, a basic skills/trade as house tiling, Nigerians are increasingly turning to Togolese to do their tiling, claiming that the Togolese are better skilled and focussed. The insinuation is that they have both technical skills and soft skills such as focus and creativity skills than their Nigerian counterparts. This trend cuts across all sectors of the economy. Another trend is in the construction companies, who bring in experts from outside the country as supervisors to supervise Nigerian engineers. A cursory look at the qualifications of the supervisors reveals that some of the so called “experts” are technologists and crafts men from other countries coming to supervise engineers in Nigeria. This trend appears in different guise across the Nigerian workforce. Other trends are also emerging. This paper considers the emerging trends in employment policies of companies, Nigerian society with respect to jobs and skills, workforce trends, impacts, with focus on the growth in informal economy and policy implications.

## Employment Trends in Nigeria

In the early years after independence in 1960, college graduates in Nigeria had good employment opportunities and most of them were able to secure high-level jobs in industries and government. Today, many cannot secure full-time employment and are relegated to jobs formerly handled by high-school graduates. This has even been exasperated by the employment policies of some companies.

While some companies prefer hiring University graduates such as engineers to technical graduates, not all industries and technical employers are keen on educational qualifications or a specific educational background when recruiting employees. Most companies, particularly, industries would rather seek employees who possess specific on-the-job experience and desirable personal attributes. This is the case whether or not individuals have University or Vocational qualifications. Industries employ different methods for recruitment and training of

employees. Each method employed is dependent not only on the characteristics of the job, but also on the vision of the company, whether such an employee will fit into their overall mission and objectives. For example, Josie and Nechvoglod (2015) pointed out that some firms will use on-the-job training to develop the competence of existing workers, new recruits and future leaders. In some cases changing the recruitment focus to hiring the right person rather than the right skills has also been used, especially in organisations seeking a culture change. Firms wanting to project a certain image or lifestyle will base their recruitment decisions on people who either live the lifestyle of the products being sold and marketed, or who can project the appropriate image. They will undertake on-the-job training or be coached by skilled and experienced work colleagues in other aspects of the job. Firms may employ a person who displays what they feel is the right attitude, claiming that the individual can be trained to meet company-specific needs. There is also a view that sometimes company knowledge is so specific that potential employees are unlikely to possess it.

Perhaps the most worrisome trend in the Nigeria workforce has been the focus on certificates for employment. Employers are looking for graduate-workers with high grades and performance scores, as they perceive high grades to be a function of good aptitude. Thus, if a candidate has first class or second class upper, they stand a greater chance of being employed even if they do not possess the needed skills. This is accentuated by the work of Thurow (1975) which proposed a theory of job competition which stipulates that based on attained schooling and grades on graduation, graduate-workers are ranked in order of trainability and the highest ranked worker is assigned to the highest ranked job. Leuven and Oosterbeek (2011) stated that the implication of this is that higher educational attainment raises the possibility of being employed. In other words, if you have high grades, you stand a better chance of being employed even if you do not have the skills, after all, the company will provide training.

Alternatively, the job-competition model of Thurow (1975) considers two queues: a job queue and a person queue. Each job in the job queue has its own skill requirements and productivity characteristics. Individuals competing for jobs also form a queue, their relative position in the queue is determined by a set of characteristics such as education and experience that suggest to the employer the cost of training them in the skills necessary to perform a given job. Thus, if a person can get higher scores in examinations, this will translate to higher grades, better academic performance and subsequently, higher academic qualifications which will see the person stand a greater chance of getting employed.

This situation best describes the Nigerian society today. One of the major problems facing the Nigerian Nation is the superfluous emphasis on intellectualism and less emphasis on performance (practical ability to achieve a set objective). Emphases today are on certification instead of functional education. Consequently, people today are over-schooled but undereducated. Overschooling in simple terms, means possessing enough or many degrees/ certificates, while under education is not having the skills to match your qualifications. This is the current state of the Nigerian labour force. People go to school to acquire certificates so they can be employed, however, they do not have the skills for employment. In the Nigerian society today, it is certificates for employment and not skills for employment. Increased enrolment and participation in higher education in Nigeria as with most countries of the world has been to position one to find better paying jobs. This is fuelled by the fact that most parents and wards see University education as the only way out of poverty. Thus, the competition today is on acquiring higher degrees so as to stand a fair chance of getting employed (Onweh, Ekpo & Caleb 2011).

A cursory look at most job placements shows that industries are seeking graduates with high academic grades. One of the most defining changes in the Nigerian education system has been the massive expansion in social demand for and in participation in higher education. The pressure for getting access to higher education institutions continues to increase as more and more students enroll in and qualify from secondary education. Mass higher education while furthered by government policies and societal expectations is primarily driven by changes in the economy and by growth in occupations for which secondary school education was no longer enough.

### **Workforce Trends in Nigeria**

Today, the demand for education, that is, University education, particularly engineering and sciences is on the steady rise. It is expected to grow steadily for the foreseeable future with the growth of private Universities in the country. What has become alarming is that continued growth in higher education is disrupting the manpower mix. As more and more people take on engineering and sciences, less and less people are opting for vocational technical education.

A new trend is emerging in the Nigerian workforce. The Nigerian economy is basically a marketing economy. The few private companies employing are service companies. Their main job description is to service and maintain facilities, machines and equipments. Most companies in Nigeria rarely produce or manufacture and the few that venture into manufacturing have their parent company or patents from overseas. Thus, design and innovation is done outside the country. With design and innovation done outside the country or by foreign experts, a lot of engineering and science jobs are not being created locally. With the Nigerian economy being mostly a servicing economy, a lot of vocational and technical jobs that require technologists and craftsmen to fill are being created. It will seem that graduates of vocational technical education should be the most employed. Instead, they are having to compete with engineers for few job openings.

McGuinness (2008) opined that should the supply of graduates outpace the relative jobs demand, then workers may be forced to take jobs for which they are overeducated. This is where Nigerian labour market entrants find themselves today. There is an oversupply of engineering graduates in the market today, thus, they are forced to do jobs originally meant for technologists and craftsmen and employers are happy to employ them. This process can be explained using the bumping down theory. McIntosh (2008), provides an illustration of this process, that in a situation where there are too many tertiary educated individuals in the labour market, all vying for the few available technical jobs. Some graduates will accept jobs for which an upper secondary level of education (vocational technical qualification) is required. Subsequently, individuals with vocational technical qualification, soon finds out that only fewer employment opportunities are available to them at their own level. They now accept jobs for which a lower secondary education is required. Individuals with a lower secondary education are automatically bumped down into jobs requiring low or no qualifications, and those who actually have none or only low level qualifications are replaced and thus are bumped-out of the labour market altogether.

In order for individuals with a lower secondary education that have been bumped down to return to the labour market, they enrol in vocational technical education programmes that gives them both the manipulative and intellectual skills needed to find a job. This process of going back to school increases the number of skilled workers in the labour market. This increased number of unemployed skilled workers, heightens the competition and scrambling for the few available jobs in the market. It is this state of trying to outsmart other job seekers and positioning of oneself for better opportunities that is leading to over-schooling among job seekers.

### **Growth of the Informal Economy and Employment**

Not all Engineering and Vocational Technical Education graduates are scrambling for jobs. A new path to employment is opening up in the informal sector. As the formal wage sector stagnates, making it difficult to absorb rising numbers of new entrants to the labour market, self-employment has opened up opportunities for youths who are acquiring higher levels of education and skills.

In very general terms, the informal economy is the unregulated non-formal portion of the market economy that produces goods and services for sale or for other forms of remuneration. Informal economy thus refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements (Kristina, 2004). Simply put, anybody running a business that is not registered with the Corporate Affairs Commission (CAC) is operating in the informal economy. A cursory look at the Nigerian economy shows that the informal sector has a considerable share of the market size. Informal employment is all remunerative work both self-employment and wage employment that is not recognised, regulated, or protected by existing legal or regulatory frameworks as well as non-remunerative work undertaken in an income-producing enterprise. The informal economy provides participants with a variety of benefits, which may include monetary income, goods and services, social satisfaction and cultural connection. In addition, the informal economy acts as an alternative distribution network, where those who do not have money to buy goods and services, nevertheless, are able to access at least some of what they need for both production and consumption (Shanna, 2000).

Initially viewed as a safety net for those unable to find employment in the modern sector, the image of the informal sector has begun to change with time and the education of those entering it too. Today, there are engineers plying their trade in the informal economy, there are graduates today who have taken to fashion and designs, there is the unregistered house/land agent, the bakers and confectionery businesses operating from their kitchens at home, the software designer operating from a coffee shop downtown, the service and maintenance providers, auto-shop owners using auto-diagnosis, the sales rep and traders, family owned business, the middle men and bloggers scattered all over Nigeria, the poultry farmer as well as the business-to-business (B2B) facilitator with no registered company. The informal economy is responsible for a



large chunk of low wage employments in the country. This is fuelled by graduates who could not find jobs in the formal wage sector.

Most people enter the informal economy not by choice but out of a need to survive, especially in circumstances of high unemployment, underemployment and poverty. More workers have begun to view it, not as a temporary stop while searching for employment in the formal wage economy, but as a preferred destination offering opportunities for those wanting to become entrepreneurs (World Bank, 1991).

The informal economy is largely characterised by low entry requirements in terms of capital and professional qualifications, a small scale of operations, skills often acquired outside the formal education and labour-intensive methods of production and adapted technology. Today, there is renewed interest in this phenomenon worldwide. In part, this stems from the fact that the informal economy has not only grown, but also emerged in new guises and in unexpected places. It represents a significant, but largely over-looked, share of the global economy and workforce, a fact that has become more apparent in the recent global downturn. That renewed interest in the informal economy also stems from the recognition of the links between informality, growth, poverty and inequality. The informal economy has not only grown, it has expanded with new entrants possessing University degrees and vocational technical skills (Caleb, Nsini and Hart, 2012).

### **Policy Implications for Emerging Workforce Trends and Issues in Nigeria**

The Nigerian workforce is grappling with two fundamental issues, one internal, the other external. More and more expatriates are coming to work in Nigeria and no amount of policy will stop the influx of foreign workers into the country, except Nigeria does not desire foreign investments. The world is increasingly interconnected and the new term for workers is now global workforce. This interconnection also allows for a graduate to apply for jobs outside their home country and compete for jobs in their home country with other nationals. What is required for participation in the global workforce are global skills developed locally. Furthermore, the dichotomy between vocational technical trade subjects and engineering is increasingly becoming blurred in industries as lifelong learning enables workers to upgrade their skills and educational policies allow for vertical and horizontal articulation, where workers can switch and inter-switch between occupations. The Nigerian national policy on education should be refocused towards developing a global workforce and skills. Policy should also aim at encouraging graduate entrepreneurship. Most of the poor in Nigeria are found in rural areas and in the urban informal sector. Their principal asset is their labour and improving their productivity and earnings is their main road out of poverty. Reform of policies to encourage economic and employment growth is the first step along this road for the poor, as well as for women and minorities (Caleb, Nsini and Hart, 2012).

Having an educational system that serves a national agenda as well for finding jobs is hurting the society. Education as a matter of policy and paradigm shift should be for job creation and national development in Nigeria. This will spur creativity and innovation in the market place, by introducing new products, harnessing technology, reforming business processes, all of which have the capacity to generate jobs. Such a task will require a complete overhaul of the educational policy and objectives as well as huge investments or incremental but steady investments in higher education infrastructure- human, physical and technology. This should spur research and development. Furthermore, Caleb, Nsini and Hart (2012) averred that in view of the growing proportion of people working in the informal economy, Nigeria must adopt strategies for training for self-employment and improving the productivity of the informal economy. Training, by itself, is not sufficient to raise incomes for those in the informal sector. Other interventions are often crucial—credit, marketing support, and business advice. Skills development is nevertheless an essential instrument in enabling the self-employed to generate income. Skills training in the informal sector is needed to enhance the productivity of informal sector activities, to improve the quality of its products and services, diversify the products/services and thus, to raise incomes of those working in the sector. Technical skills are crucial to diversifying product ranges and avoiding saturation of conventional informal sector markets (Law, 2007).

### **Conclusion**

This paper has reviewed the prevailing circumstances surrounding the Nigerian labour market and workforce as well as emerging trends in the workforce. The present situation of the Nigerian labour market, though dire is marked by certificates for employment and not skills for employment. Consequently, people are overschooled but undereducated. Thus, leaving a dearth of skills and a vacuum that is filled by workers from other countries. A stagnating labour market and formal economy has opened up a lot of young Nigerian graduates to the informal sector changing the composition of the informal sector all over the nation.

## Recommendations

Based on the review of literature and findings, the following recommendations are made

1. There is need for the review of the Nigerian national policy on education to capture the new focus on global skills acquisition.
2. The Nigerian Government should encourage its private sector businesses to develop activities that require graduate level skills. They need to attract new firms with these types of activity.
3. Nigerian Government intervention in human capital development in the informal sector is justified in the face of unemployment and technological upheaval. Training must go beyond the framework of initial education and develop an on-going capacity for the renewal of the technical and vocational skills of displaced workers.
4. The Nigerian Government should encourage research and development in both public and private Universities across the nation, to support the development of new products locally, with capacity for generating employment.

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