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ANALYSIS OF UNEMPLOYMENT STATUS AMONG HOUSEHOLDS IN IKOT EKPENE LOCAL GOVERNMENT AREA OF AKWA IBOM STATE, NIGERIA.

E. J. UDOH¹ • B.T. OMONONA² • E. N. UKPE¹

1. Department of Agricultural Economics and Extension, University of Uyo, Uyo, Akwa Ibom State, Nigeria.

2. Department of Agricultural Economics, University of Ibadan, Ibadan, Oyo State, Nigeria.

ABSTRACT

This study analyzed the unemployment status of households through the use of cross-sectional data collected from 300 households in Ikot Ekpene Local Government Area of Akwa Ibom State, Nigeria. The work examined the unemployment rate of males and females in the area and relates type of unemployment and the educational level and age of unemployed household members. The result of showed that unemployment rate was higher among females than male. Also the type of unemployment predominant in the area was found to be the frictional type of unemployment, which mostly affected the youth. Unemployment rate was found to decrease as age increased but increased, as educational level became higher among unemployed. The study recommended government intervention through awareness campaign on job opportunities available. Also the National Directorate for Employment should be strengthened to help the youths to be employed. Basic amenities should also be provided in the rural areas so as to attract investors thereby creating employment opportunities in the area.

Key words: Unemployment status, households, socio-economic characteristics, Ikot Ekpene,

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INTRODUCTION

Unemployment constitutes an important macroeconomic issue and in studying business cycle, employment and unemployment top the list of concern. Overtime, labour markets are impacted in the long run by demographic changes in production, and the rate of growth in potential output. In the short run, these markets will reflect volatility in the level of economic activity imbalance between the ability to spend and the ability to produce (Valentine, 2001). In a market economy, it is common for workers to seek out the best employment fit with their skill, initiative, and employment preference and salary expectation. Often those in the pool of the employed will seek change in the condition of their employment to find the best fit. Unemployment in the economic sense is the state of affairs in the market in which the supply of labour power is greater than the available openings (Lipsey and Steiner 1981). The question of why the market mechanism fails to ensure that there is equilibrium in the allocation of resources and factors of production is the central problem of unemployment in a capitalist economy.

Nigeria is potentially one of the richest countries in Africa because of the nation's large population and the large petroleum reserves and revenues. Ironically, the most dominant feature of the Nigerian economy is unemployment and poverty (World Fact Book, 2003). Unemployment has been a problem in Nigeria especially since 1980, when the nation's economy took a turn for the worse. Available information from Central Bank of Nigeria (CBN) showed increasing trend of unemployed persons in Nigeria. For instance, in 1998 the number of the unemployed that registered with the Employment Exchange Office stood at about 81,239 against 143,690 in 2003. At the same periods, a

total of 3,670 vacancies were declared for the professional and executive cadre in 1998 as against marginally 125 in 2003. Coupled with increasing numbers of graduates produced from higher institutions, evidence therefore abounds that unemployment rates loomed large in the country. The situation becomes even worse in urban settings with upsurge of persons seeking employment in organized private and government establishments. Poverty is a major problem as unemployment becomes widespread. In eking out a living some job seekers are engaged in economic activities, which make them less productive. These persons, especially the educated ones are disguised unemployed and underemployed.

According to Tesufu (1996) the genesis of modern day youth unemployment in Nigeria can be traced to the area of experiments in self-rule (following the introduction of the McPherson Constitution in 1951) with its underlying concept of participatory democracy and the attendant rising aspiration on the popular front. This led to the expansion in social welfare scheme such as provision of social amenities, which were concentrated exclusively in towns and cities. The intensity of the urban areas led to a high rate of migration and unemployment. There is no doubt that Nigeria is presently experiencing high unemployment which is consequent upon serious economic depression. Available statistics has shown that unemployment rate rose by 18.8% between 1982 and 1984 and is higher today. This situation is very unsatisfactory and unacceptable especially as a large proportion of the unemployed are graduates of higher institution on whose education substantial investments were made. For instance, an analysis of the country's unemployed by educational level showed that secondary school leavers accounted for 53.6 per cent, primary and tertiary 14.7 and 12.4 per cent respectively, while those without any form of schooling accounted for 19.3 percent (CBN, 2003).

At micro level, the incidence of unemployment has overwhelming impact on livelihood status and general wellbeing of persons in households at both the rural and urban areas. At macro level, Okun's law stipulates that unemployment has an inverse relationship with economic growth. Thus empirical evaluation of unemployment status is imperative and relevant in understanding the structure and pattern of labour force that are productive and not. Therefore the paper seeks to identify the type of unemployment predominant in the area; examine unemployment rate of male and female; examine the relationship between the types of unemployment and educational level and also the relationship between the type of unemployment and age of unemployed household members in the area.

Conceptual Framework And Literature Review In any economy people could be employed, unemployed or out of the labour force. According to Burda and Wyplosz (1997) this explains the dynamic and transitive nature of labour market. Generally the mismatch in skills, occupation, industry, and geographical location lead to situations of unemployment of persons. On this premise, Burda and Wyplosz (1994) noted that the faster there is a match in skills, occupation, industry and geographical location, the more efficient the labour market would be. Labour unemployment is regarded as a disequilibrium phenomenon that arises because of excess labour supply above its optimal level or because demand for labour is lower than it ought to be. Solomon (1980) said that unemployment is any unused resources, which has cost to the economy. A person is said to be unemployed not merely as a person without a job for perhaps such a person does not want a job (voluntary unemployment), but as someone who is actively seeking for work but is unable to find it (Valentino, 2001). The economic aspect of unemployment originates from a situation in which the quantity of labour demanded is greater than the quantity supplied at the market wage rate. This explains involuntary unemployment, which is categorized into frictional, structural, cyclical (demand-deficient) and seasonal unemployment (Henderson and Poole, 1991). Usually frictional unemployment is short-run in nature and originated on supply side of labour market, which depends on the number of job separations and the number of vacancies. As noted by Layard *et al* (1991), the larger the frictional unemployment, the less frequent are job finds and the more frequent are job separations. Other types of unemployment are long run and demand side structure. In terms of severity, cyclical unemployment constitutes a major problem especially when an economy is in a serious recession. As noted by Valentino (2001) cyclical unemployment is usually the culprit when unemployment rate goes above 6 percent. Structural unemployment is associated with ease, which workers are dismissed and is a problem in countries where redundancies are acceptable. According to Fabiyi *et al*, (1988) structural unemployment occurs as a result of the changes in the structure of consumer demand and change in technology, which alter the structure of the total demand for labour.

The flow of people in and out of the pool of unemployment is influenced by the decision of individuals, households and firms to supply labour at specified wages. (Rosalind *et al*, 1985; Layard *et al*, 1991). Thus this decision defines what constitutes labour supply function. Empirical research indicates a distinct difference between the short-run and long run response of the supply of labour to real wages. Over the long run, as real wages have risen in line with living standards, average number of labour worked per week by full time workers has declined. In the short-run there is evidence that workers supply of labour does respond positively to changes in their own real wage (Greenhalgh and Mayhew, 1981, Hickman *et al*, 1981). Empirical studies showed a negative labour supply elasticity and some a positive elasticity for male workers with respect to their own real wage rates. Bazen and Benhayoun (1992) for instance noted that over the period 1970-1992, real wages increased by more than 50 percent in Europe while employment stagnated. At the same time, as real wages stagnated in the USA, employment rose by 50 percent. The reason why the quantity of labour supplied depends on the real wage rate is that households care only about the amount they are paid for their labour relative to the price they must pay for the things they buy. On the other side of the market, decision by firms about how much labour to employ and the terms on which they wish to offer employment determines the demand for labour (Parkins, 1998).

In measuring unemployment, the United Kingdom official unemployment measurement as from 1982 underpinned the number of unemployed as the number of people on a given day each month claiming unemployment benefit, supplementary benefit or national insurance credit at unemployment benefit offices (Rosalind, 1985 and Stanlake and Grant, 1999). In Nigeria national measurement is quite difficult. Unemployment statistics in Nigeria are generally unreliable, Employment exchange statistics cover persons registered as unemployed and seeking work. It also includes those seeking to re-enter the labour force after a period of voluntary inactivity (Fabiya *et al*, 1988). The source records the amount of involuntary unemployment and not the potential supply of labour. As long as an unemployed person renews his registration, he will be classified as unemployed. Because this source has very many limitations, the labour force survey conducted by the Federal Office of Statistics (FOS) within the framework of the National Integrated Survey of households is then to be relied upon.

In most countries of developed economy, percentage unemployment rate are calculated by dividing the number of unemployed by the number of employee in the employment plus the unemployed (Grahame, 1989). However, in Nigeria unemployment rate (UR) equal the number of people included in the labour force who are unemployed divided by the number of people in the labour force. It estimates the persons without jobs of all those who desire jobs at a wage that they believe obtainable in the market, and this fraction often quotes in percentage point, is widely publicized and the figure prominently used in political discussions of the state of the economy. Based on such definition Ansel *et al* (1988) estimated that the highest proportion of the unemployed in Nigeria is among secondary school graduates. There is also a 40% unemployment rate among the aged 15 to 19 and the educated unemployed tended to be young males with few dependents.

METHODS

Study Area The study was conducted in Ikot Ekpene Local Government Area of Akwa Ibom State. The area basically has mix features of rural and urban setting, with the headquarters being a major city in the State. It is made up of two clans and forty-seven gazette villages, which are grouped into eleven political wards.

Sampling procedure, Data Collected and Analytical procedures A Two-stage sampling technique was used to select 300 households in the study area. In the first stage, twelve villages were purposively selected from each of the two clans such that at least one village was selected from the eleven political wards. In the second stage, twenty-five households were sampled via random walk method in each of the villages. This is because a comprehensive list of households in the area was not available from the relevant agencies.

Primary data were collected via structured questionnaires administered to household heads or any informed person in each household. Specifically, data were generated on the basic demographic, socio-economic characteristics of households, employment status and income generating activities of each person in the households.

The data was analyzed using descriptive, inferential and unemployment rate statistics. Specifically the used of frequency table with its corresponding statistic, chi-square statistic constitute the descriptive and inferential statistic. However, unemployment rate UR was calculated as:

$$UR = U \cdot L^{-1} \quad \dots(1)$$

Where UR is unemployment rate, U is total number of persons unemployed in an household at a particular period and L is the total number of persons in the household qualified to be in labour market at a particular period.

4.0 RESULTS AND DISCUSSION

Table 1: Employment Status of Households' members

Employment Status	Frequency
Employed members	769
Unemployed members*	1154
Total	1923

*This includes children, aged, physically impaired and retiree.

Source: Field Work, 2004

4.1 Employment Status of Household's members As show on Table 1, from the 300 households surveyed, the household size was 1923. Thus the average household size in the study area was about 6 persons per households. About 60 percent of persons in each household are unemployed while only 40 percent of the household members are involved in income generating activities. This is an indication of high dependency ratio in the households and is a potential source of poverty if income levels of the working class are low.

Table 2: Unemployment Rates of male and female in the area

Sex	Frequency	Unemployment rate (%)	Population unemployment rate (%)
Male	183	16.1	7.8
Female	286	23.6	12.2
Total	469*		

* The actual number of household members who are within the employment age but are not involved in any income-generating activity.

Source: Field Survey 2004

4.2 Unemployment rate of male and female Table 2 shows the unemployment rate of female as 23.6% and that of male to be 16.1% and in the entire labour force, the unemployment rate for female is 12.2% and that of male is 7.8%. This shows that there is more unemployed female than male in the study areas, which indicates that female, is constrained in getting productive resources.

Table 3: Distribution of unemployment household members according to unemployment type.

Type of unemployment	Frequency	Percentage (%)
Frictional	336	71.6
Structural	70	14.9
Cyclical	14	3.0
Seasonal	49	10.4
Total	469	100.0

Source: Field Survey 2004.

4.3 The type of unemployment predominant in the area Table 3 shows that frictional unemployment is the predominant type of unemployment in the area. About 71.6% were frictionally unemployed, 14.9% were structurally unemployed and 3% were cyclically unemployed while 10.4% were seasonally unemployed. The high percentage of frictionally unemployed in the sampled households is an indication

that the rate of finding work and the efficiency of job match is quite low. This perhaps is due to the fact that the numbers of declared vacancies that could match the suitability of the unemployed are quite limited. As for the structurally unemployed, which is normally linked to the ease with which organization disengage workers because of inappropriate skill, the observed percentage may not be unconnected to the nature of the economy, which is largely transitory and permit high level of redundancies.

Table 4: Distribution of unemployed household members by age.

Age	Frequency	Percentage (%)	Unemployment rate (%)
18 –27	266	56.7	19.3
28 – 37	91	19.4	10.9
38 – 47	70	14.9	5.0
48 –57	35	7.5	3.2
> 51	7	1.5	1.3
Total	469	100.0	

Source: Field survey 2004

4.4 Age of unemployed household members Table 4 reveals that the number of unemployed persons decreases as age increases, which is an indication that unemployment is most prevalent among the youth who are the economically active. It is seen from table that the age bracket 18 –27 has the highest number of unemployed persons (56.7%). The distribution however, explains the reason for high percentage of frictionally unemployed among the sampled households as shown in Table 2. It therefore follows that as members of household advance in age they readily settled into available jobs instead of continuous job search.

Table 5: Distribution of unemployed household members according to educational level.

Educational Level	Frequency	Percentage (%)	Unemployment rate (%)
No Formal Education	7	1.5	1.8
Primary Education	97	20.7	7.7
Secondary Education	224	47.8	17.2
Tertiary	141	30.1	13.0
Total	469	100.0	

Source: Field Survey 2004

4.5 Educational Level of unemployment household members. Table 5 shows that unemployment is highest among secondary school leavers and tertiary graduates, 47.8% and 26.9% respectively. The high rate of unemployment among youth with secondary and tertiary level of education is as a result of attachment of salaries to education in the formal sectors, thus the educated youths become discouraged to seek employment in the informal sector and would not engaged in self-employed economic activities. This hinders the modernization of the total economy, promoting open unemployment among those not immediately selected for employment in the formal sector and puts pressure on employers to rise entry qualification even for low level jobs.

Table 6: Test of relationship between types of unemployment and educational levels

Factors considered	χ^2_{cal}	d.f	Probability	χ^2_{tab}	Remark
Educational level of Unemployed persons	24.9	9	0.05	16.9	It is significant

Source: Computed from chi –square results.

4.6 Test Of Relationship (Dependence) Between Unemployment And Educational Levels. From table 6, it is seen that there is a significant relationship between type of unemployment and educational level of unemployed household members. This therefore proves that educational level influences the

type of unemployment, which affects individuals in the area. It is an indication that educational attainment is a critical factor that propels individuals to seek for jobs in the labour markets. As such, official unemployment figure increases more that proportionate if the educated persons are not readily absorbed into the labour market.

Table 7: Test of relationship between types of unemployment and age

Factors considered	χ^2_{cal}	d.f	Probability	χ^2_{tab}	Remark
Age of unemployed household members	29.8	12	0.05	21.0	It is significant

Source: Computed from chi-square results.

4.7 Test Of Relationship (Dependence) Between Unemployment And Age. According to the statistic of Table 7, there is a significant relationship between the types of unemployment and age of unemployed household members in the area. It therefore follows that the probability of being frictionally unemployed decreases with age.

Conclusion This study centers on finding the unemployment status of household members in an agrarian setting. The study reveals high level of unemployment with corresponding high dependence ratio in the study area. This unemployment incidence is however, more among the females and those persons that have basic secondary and tertiary education. In terms of types of unemployment, the study reveals high level of frictional unemployment, which tends to decrease with increase with age. Statistically, the study further reveals that age and level of education of the unemployed influence the level of occurrence of the type of unemployment.

Based on the findings, the following recommendations are made: (1) The Ministry of Labour and Productivity should be involved in public awareness programmes so as to create awareness on available job opportunities in the communities. (2) The National Directorate for Employment should be re-activated so that the educated youths can be self-employed. (3) Infrastructure and credit facilities should be provided in the rural areas to attract and encourage youth to go into agricultural production for food security in the nation. (4) Government should provide basis social amenities in the remote areas in order to attract investors. This will create employment opportunities in the community for the unemployed youths. (5) Government should provide policies that would encourage and increase the capacities of small and medium scale enterprises. (6) Complementary relationship between informal and formal sectors should be promoted and efforts directed towards enchanting on-the-job training capacities of the informal sector.

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