Rethinking job creation strategies in Nigeria

Project led by the Centre for the Study of the Economies of Africa (CSEA) – Nigeria

Abstract

The challenge of rising unemployment amidst impressive economic growth in the Nigeria has prompted a sense of urgency in rethinking job creation strategies. In an effort to contribute to this debate, CSEA and Nextier organized a policy dialogue aimed at engaging with policymakers and other stakeholders in thinking about how to solve this dilemma. Background research conducted by CSEA provided context for the dialogue, which in turn generated useful lessons and ideas to inform efforts at tackling the challenge of job creation in the country.

On The Matching Funds

In 2011 the Think Tank Initiative established the Matching Funds program as another source of financial support. These funds support efforts by TTI-funded think tanks to achieve their long-term objectives, and also promote peer learning and collaboration.
COLLABORATING INSTITUTIONS

CSEA led the activity in collaboration with Nextier Capital Limited, a Nigerian investment and multi-competency advisory firm specialized in providing policy design, performance management and research support, particularly in the areas of agriculture, power and petroleum.

WHAT THEY DID AND WHY

Globally, the problem of rising unemployment is a major concern for policymakers. In fact, since the global financial crisis of 2008, the International Labour Organization (ILO) reports that the total number of unemployed persons worldwide increased by 28 million, with a rise of 4 million in 2012 alone. This challenge is even more urgent for Nigeria, given that the country accounts for a significant share of the unemployment figure in Sub-Saharan Africa (SSA). The high rate of unemployment – especially among youth– contrasts sharply with the robust average economic growth rate of 7 per cent experienced from 2004 to 2012.

To meet this challenge, policymakers in Nigeria must think more creatively to devise innovative job creation strategies. In particular, policy formulations must be reshaped and reoriented towards the achievement of more inclusive patterns of economic growth. To help fill this gap, CSEA held a policy dialogue on rethinking job creation strategies in Nigeria that engaged top policymakers, government agencies, private sector players, development partners and civil society organizations.

In preparing for the event, CSEA carried out background research that helped put the dialogue discussions into context. The research aimed at uncovering the state of job creation in Nigeria. Towards this end, an in-depth analysis of official unemployment reports was carried out, read in the context of Nigeria’s economic structure and demographic realities. Then, a country-wide survey of the labour market that focused on both demand and supply side issues, as well as the informational structure of the market was conducted. The survey examined firms in the manufacturing and services sectors of the economy and used standard sets of questionnaires to elicit responses from human resource managers, owners of sole proprietorships, as well as job-seekers. The resulting background paper was then presented as context for discussion by the panels.

RESULTS

The main objective of the dialogue was to bring together diverse stakeholders in order to help rethink job creation strategies in Nigeria. The project to a large extent achieved this objective by creating a platform that informed and translated research into policy and action. The event was very successful in garnering the participation of a diverse range of actors and this was reflected in the quality of contributions and recommendations that participants made during the policy dialogue.

The discussion at the dialogue highlighted three key issues in the area of job creation that need to be addressed. First, changes in political leadership result in frequent and problematic shifts in government policies in priority sectors such as agriculture and manufacturing. Thus, there is a need to institutionalize policy frameworks and insulate them from leadership changes. Second, systematic collaboration between government, relevant stakeholders and the private sector is needed for better policy coordination and execution of job creation efforts. Third, entrepreneurial training and skills acquisition should be vigorously pursued and incorporated in the curriculum of tertiary institutions in Nigeria.

Industry groups and policymakers present at the event deliberated on the need for big pushes in terms of job creation, given the demographic realities faced by the country. Recommendations were made about how industry groups should approach the government for support. For example, it was suggested that industry
groups and businesses should make practical and credible commitments to government by creating job opportunities and closing import demand gaps for certain goods, in exchange for government support.

The research community also learned about innovative ideas being implemented by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), such as the National Enterprise Development Programme (NEDEP) launched in February 2014. The NEDEP is based on the concept of “one village, one product” as practised in Japan and is being adopted in some African countries. Thus, the event gave the Director-General of SMEDAN the opportunity to discuss the programme with media, researchers, and civil society organisations.

CSEA benefited greatly from undertaking this project. First, the background research for the policy dialogue created a clear understanding of hitherto unclear labour market and unemployment challenges, especially within the manufacturing and services sector. Second, with a clear understanding of the challenges faced by firms, employers and employees, panel discussions in the policy dialogue were more targeted and thus created a stronger research-to-policy link. Finally, the collaboration with Nextier provided CSEA with a new perspective on government policies and the public sector space. This understanding played a significant role in structuring the background research work and the policy dialogue. Thus, Nextier’s expert knowledge of the public and private sectors helped strengthen CSEA’s policy engagement efforts.

**NEXT STEPS**

Since the recommendations that emerged from the policy dialogue are relevant to other sectors of the economy, a follow-up event may be held in order to disseminate the results to a broader group of interested stakeholders and policymakers.

Given the success of this activity, think tanks should be encouraged to partner with institutions with very clear and strong links to the private and public sectors, such as Nextier. This complementarity of knowledge and skills helps to leverage the strength of such collaborative efforts, strengthen the think tank’s work, and thus help them to better achieve their goal of informing and influencing policy.