Chapter 5

ICT and Unemployment in Nigeria: Implication on Nigerian GDP

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ABSTRACT

A number of telecentres have been established in places like shops, schools, community centre, police stations and clinics. The population of Nigeria, according to the national population commission (NPC) figures stands at over 140,000,000, and 60% of this number is made up of unemployed youths. With the institutions of learning in Nigeria churning out graduates of various levels and degrees on a yearly basis, a rising trend has seen these graduates coming out of the nation’s universities and polytechnics to join those who graduated ahead of them but without any means of livelihood for years. This chapter examines the role played by unemployment on the making of the Nigerian Gross Domestic Product (GDP) for a period of nine years (2000 - 2008). The objectives of the study are to examine the effects of unemployment on the Nigerian GDP for the selected years, to observe the kind of association that existing between the unemployment and the makings of the Nigerian GDP. Data was collected and analyzed using the regression analysis. Findings showed that unemployment has an enormous effect (over 65%) on the making of the Nigerian GDP, and there exists an inverse relationship between the model (unemployment) and the GDP - increase in the model leads to decrease on the GDP and vice versa. The role of ICT on unemployment and GDP is reviewed. In addition ICT as a tool of combating unemployment corruption is discussed. Recommendations are proffered based on the study that unemployment can be combated through the public sector reforms and the use of ICT.
INTRODUCTION

This chapter considers ICT to be veritable tools to tackle the rising unemployment in Nigeria. Being without a job is indeed an enforced idleness of wage earners and ICT can help generate youth employment. The increase in mobile phones has led to job creation. ICT is defined as any technology that facilitates communication and assists in capturing, processing and transmitting information electronically. Some commonly used ICTs in many developing countries include Radio, television and print media (Parliamentary Office of Science and Technology, 2006). Modern ICTs such as software, mobile phones and associated applications such as ‘VOIP’ (transmitting telephone calls over the internet) have become available to many countries worldwide in recent years. However, the most rapid growth is in mobile phone usage (Parliamentary Office of Science and Technology, 2006).

The Ministry of Labor and Productivity in Nigeria says the Federal Government is set to declare total war on unemployment and joblessness in the country with the use of ICT systems and operations which is aimed at training unemployed Nigerians. (Fakiyese, 2010), opine that despite the exploitation of negative aspect of Information and Communication Technologies (ICT) by a few Nigerian youths, ICT has raised the economy of the nation, especially the Gross Domestic Product (GDP) to 1.62 per cent. Although he lamented that apart from the improvement on the economy, ICT has also enhanced falsehood, dissemination of harmful information as well as fraudulent activities in the transaction of businesses.

Being without a job is indeed an enforced idleness of wage earners who are able and enthusiastic to work but cannot find jobs. In societies in which most people can earn a living only by working for others, being unable to find a job is a serious problem. Because of its human costs in deprivation and a feeling of rejection and personal failure, the extent of unemployment is widely used as a measure of workers’ welfare. The proportion of workers unemployed also shows how well a nation’s human resources are used and serves as an index of economic movement (positive or negative).

Unemployment has call for a greater concern in the Nigeria economy. It has continued to be the major macroeconomic objectives of the government. Unemployment constitutes a series of serious developmental problems and is increasingly more serious all over Nigeria. The major policy of the government and the international agencies is targeted at reducing the rate of unemployment. Since the population explosion begun, the developing nations have been characterized by unemployment.

1. SMEs FOR JOB CREATION

It is widely recognized that SMEs are very important for economic growth and job creation in both developed and developing countries (Aris, 2006; Harzbo, Arnela, & Chun-yen, 2008; Mutula & Brakel, 2006). Researchers argue that SMEs play a major role in poverty alleviation in developing countries and also stimulate domestic and regional economic growth in national and regional economies (Berisha-Namani, 2009; Golding, Donaldson, Tennat, & Black, 2008). They help to diversify economic activity and are flexible to changing market demands.

The Library of Congress Country Studies and the CIA World Fact book (1991), reported that, measures taken under the Structural Adjustment Program (SAP) in Nigeria has resulted to instability in the unemployment rate - the national unemployment rate, estimated by the Office of Statistics as 4.3 percent of the labor force in 1985, increased to 5.3 percent in 1986 and 7.0 percent in 1987, before falling to 5.1 percent in 1988. Most of the unemployed were city dwellers, as indicated by urban jobless rates of 8.7 percent in 1985, 9.1 percent in 1986, 9.8 percent in 1987, and 7.3 percent in 1988. Underemployed farm