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## **The Challenge of Unemployment and Poverty in Africa**

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### **ABSTRACT**

Unemployment and poverty in Africa is substantially higher than other developing regions. They have limited industrial technology, hunger, disease and unsafe housing shape. The reasons attributed to failure to create job opportunities and defective educational system with the resultant effect of negative behaviour by the poor which leads to aggression, vandalism, robbery and other social vices. This paper is with the view that national employment strategies targeting youth employment should be accelerated by adoption of the youth employment initiative and the transaction cost of private investment be minimized. Finally, this paper is with the conclusion and recommendation that agricultural productivity through modern farm techniques should be encouraged and reduce adverse effect of terms of trade within the African continent.

Keywords: Unemployment, poverty, technology and negative behavior.

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### **INTRODUCTION**

Unemployment and poverty in Africa is higher than in other developing regions, more problematic is that poverty in Africa is chronic and rising. Unemployment is simply the state of not having a job. Joblessness occurs when people are without work and are actively seeking for one [1]. Unemployment is a state of not being employed or having a vulnerable job. Africa is deeply affected with high rate of unemployment especially among the youth [2]. Poverty is a state of not meeting the standard of living in the society. Around 1 billion Africans are living below \$1 a day [3]. Unemployment

higher than 50% are found in the African countries such as Algeria, Botswana and South Africa. Falling in the range of 1-5 percent for countries such as Ethiopia, Ghana, Tanzania and Uganda because some youth fall back to acquiring low quality jobs in terms of wages, benefits and job security. In 2011, 81.5 percent of workers in Africa were classified as working poor compared to the world average of 39.1 percent [4].

Reasons attributed to defective educational system, limited industrial technology, failure to create job opportunities, lack of vocational guidance and the negligence of African

leaders. And with the view that if African leaders can reduce poverty by generating employment, improve poor people's access to productive resources, minimizing regulatory obstacles to private investment. Africa will become a paradise for everybody to stay.

### **Unemployment and Poverty in Africa**

Unemployment co-exists with high level of poverty and vulnerable employment. Africa is deeply affected with a high rate of unemployment especially among the youth, they cover 60% to 70% of the continent's population. This menace poses great threats to the strength and growth of Africa. Unemployment in Africa is manifested in different ways; technological changes in industries by increased automation, racial discrimination, lack of adequate skills by the workers or fluctuations in the economy. Across Africa, there is a strong negative correlation between recorded unemployment and the share of workers in the informal sector, this means that, when a worker in low income Africa finds a job, it is likely to be of low quality in terms of wages, benefits and job security. In many countries, self employment and informal employment absorb the overwhelming majority of labour force entrants in both rural and urban areas, with exceptions of Botswana, Nigeria and South Africa less than 20% of Sub-Saharan Africa (SSA) labour entrants find wage employment [5]. The [6] estimates that 3 out of 4 jobs in SSA can be

labeled "vulnerable" due to workers working on their own account or as unpaid family workers. The poor quality of employment is also reflected in the high share of working poor in total employment. Unemployment rate' higher than 50% are found in middle income countries such as Algeria, Botswana and South Africa. Unemployment is very low in the region's low income economies falling in the range of 1-5% for countries such as Ethiopia, Ghana, Nigeria, Tanzania and Uganda [7]. There are still around 1 billion people in Africa living on less than \$1 a day [8]. According to [9], poverty outcome have varied significantly in Mozambique, Tanzania, Ethiopia and Ghana, their poverty trends are disappointing especially when compared to thriving Asian economy.

### **Causes of Unemployment and Poverty**

Unemployment in Africa is highly caused by the defective education system. The educational systems in Africa do not correspond directly to the economic realities prevailing outside the schools system. Instead of training professionals and people with skills, theory instead of practical is the order of the day. The education system in our countries has failed to respond to the existing inter-generation gap. It simply imparts general and literary education devoid of any practical content. Africa's educational policy merely produces individuals whose services do not reflect the economic trends on the job market. The curriculum does not

include industrial skills hence produces most graduates whose skills are not transferrable. The open door policy at the secondary and university level has increased manifold unemployment among the educated that are fit only for white collar jobs and not for self employment.

Unemployment in Africa among the youth is again caused by lack of vocational guidance and training facilities. As, already discussed, our education system is defective as it provides purely academic and bookish knowledge which is not job oriented. The need of the hour is that there must be sufficient number of technical training institutions and other job oriented courses at village level. Most of the students in rural areas remain ignorant of possible venues of employment and choice of occupation. Even when vocational training is organized, an analysis of youth programmes in the continent indicates that the government sometimes focus on training but neglected the provision of short loans [10]. Africa is the only continent with most of its populace leaving in the rural and semi-urban areas yet there is less means for self-employment. This is a hurdle because it militates against the generation of more employment opportunities. There exists a high level of inappropriate means for self employment in rural and semi-urban areas across the continent of Africa. Unlike in the case of developed countries, most of the engineers,

technocrats and other well qualified persons in Africa do not possess ample means for self employment. They therefore end up going about in search of paid jobs. Agriculture, which employs most people in most African countries is characterized by low productivity growth and thus has not provided enough employment and income security to the population particularly in rural areas.

Another is inequality in the distribution of opportunities; poor people lack the capacity to meaningfully participate in the economy, either as producers of goods and services or as suppliers of labour. The volatility of growth has added to the vulnerability of poor people. High transaction cost resulting from an unfriendly business environment, are one of the main reason why private investment is lagging. The cost of registering a business in Africa is the highest in the world that is one of the main reasons why small business decides to remain informal [11] firm survey from various African countries reveal that bribes are a major cost to business linked to unpredictable and non transparent interpretation of regulations.

Poor infrastructure in particular poor road networks, unreliable energy supply and insufficient telecommunication facilities create high transaction cost and are serious obstacles for the operation of a good business. For example, in Uganda and Nigeria, survey found that firms often have to purchase

their own generators because of unreliable energy supply and many small firms cannot afford a generator. Inadequacy in growth rate is another major factor to consider as a cause to unemployment and poverty in Africa. African countries need to grow by estimated growth rate of 7 percent a year to reduce poverty enough to achieve millennium development goal 1 of halving the number of poor people by 2015. Central Africa led with 7.3 percent, followed by East Africa (5.8 percent), North Africa (4.8 percent) and West Africa (4.3 percent). Most countries failed, however, to meet the 7 per cent or more required to achieve Millennium Development Goal 1 to halve poverty by 2015. Only six countries achieved 7 per cent GDP growth in 2004: Chad (39 per cent), Equatorial Guinea (18.3 per cent), Liberia (15 per cent), Ethiopia (11.6 per cent), Angola (11.5 per cent) and Mozambique (8.3 per cent). Seventeen African countries registered positive but less than 4 per cent growth in 2004, while two contracted. Over 2000-04, only five countries achieved 7 per cent growth (Equatorial Guinea, Chad, Mozambique, Angola and Sudan), another nine grew at 5-7 per cent (Ethiopia, Rwanda, Liberia, Uganda, Burkina Faso, Mauritius, Senegal, Tanzania and Botswana), and two contracted (Seychelles and Zimbabwe) [12]. Donor funding comprises a significant proportion of the research budget of African countries (Page, 2012b), and on this front there are some

encouraging signs. The G20 agriculture ministers have agreed to strengthen agricultural research and innovation and support results-based agricultural research for development. The African Development Bank has approved a US \$62.24 million grant package for the implementation of the five-year Support to Agricultural Research for Development of Strategic Crops in Africa (SARD-SC) project aimed at enhancing the productivity and income derived from cassava, maize, rice and wheat. But these initiatives, while valuable, are still inadequate in terms of the magnitude of the research agenda needed to deal with Africa's multiple agro-climatic zones.

The problem of low employment is rooted in the lack of structural economic transformation to diversify away from an agricultural sector characterized by low and falling productivity. Agricultural productivity growth and increased farm incomes are prerequisites for structural transformation. Feedback from productivity gains in agriculture has been shown to spur growth of the manufacturing sector, for example. Empirical evidence shows that poverty reduction is strongest when agricultural growth is sustained at above 2 per cent a year. There are no good rural roads, market access and irrigation. Rural infrastructure has consistent and strong impacts on the adoption of better practice. Transport costs from the farm gate to primary and secondary markets

remain high, and poorer quality roads have increasingly negative impacts on adoption of non-traditional inputs. Irrigation can reduce the impact of droughts and also to help enhance productivity through a stable water supply, but total irrigated area is well below its potential. The continued annual decline in agricultural labour productivity in Africa therefore constitutes an impediment to structural transformation [1]. The African labour force has been locked in this sector using traditional methods of production without expanding manufacturing and services to absorb excess labour from agriculture.

There is the need for African countries to address constraints in the business sector—poor infrastructure, the institutional setting responsible for the high cost of starting and operating a business and limited access to finance—in order to encourage private sector investment and create jobs. The cost of registering a business in Africa is the highest in the world, and is one of the main reasons why many small businesses decide to remain informal (World Bank 2013a). Firm surveys from various African countries reveal that bribes are a major cost to business, and the prevalence of corruption is linked to unpredictable and nontransparent interpretation of regulations.

### **Effects**

Unemployment poses various effects which impedes against the economic development in Africa. Unemployment

leads to loss of human resources. People with adequate skills and competence are rather left unutilized due to the problem of unemployment. Individuals' talents and skills are untapped and left unutilized. This indeed is a great loss to Africa as such skills could have been utilized to foster growth on the continent. High rate of unemployment leads to increase in poverty. Unemployment deprives a man of all sources of income. As a result he grows poor. This is highly seen manifested across the continent. Most Africans due to poverty arising out of unemployment cannot satisfy the basic necessity of life. Most African's leave in the streets across the capital cities because of their inability to afford a decent accommodation. In line with this, [3] asserts that poverty may lead people to crimes such as robbery, vandalism of public property and protest, in the same vein, [13] opined that unemployment can cause societal problems such as prostitution, divorce, armed robbery, embezzlement, etc [3]. Unemployment again leads to the breeding of social problems. Unemployment breeds many social problems comprising of dishonesty, gambling, bribery, theft etc. Prolonged unemployment usually results in some form of social pathology, as reflected by an increased crime rate and violent agitators. It breeds discontent against the state, and any slight provocative issue or incident may trigger violent demonstrations and social unrest, which may result in loss

of life and damage to property [10] & [3]. As a result of unemployment, social security is jeopardized. Most electoral violence staged on the continent are being instigated largely by the unemployed youths. So this suffices to say that unemployment is an automatic threat to social, economic and political security. People due to economic hardship arising out of unemployment indulge in any means possible in order to meet their basic human needs and most of these means are the very foundations to social disorder and economic instability.

Unemployment is without doubt a threat to political instability in Africa. Unemployment gives birth to political instability in a country. Unemployed persons can easily be enticed by antisocial elements. They lose all faith in democratic values and peaceful means. Here in Africa where the dependence ratio on governments is very high, people tend to resort to any means to retaliate to get their issues addressed. Exploitation of Labour becomes the order of the day when there is high rate of unemployment: In the state of unemployment, labourers are exploited to the maximum possible extent. Those labourers who get work

have to work under adverse condition of low wages. Individuals are deeply subjected to harsh conditions of services because they are anxiously seeking for employment. Employers therefore take advantage of the situation to get the maximum from people yet subjecting them to harsh conditions. This is a threat to social and economic justice.

Severe economic and social costs are associated with youth unemployment. With limited options unemployed youth are more likely to engage in criminal behaviour, particularly armed robbery, as evidenced by events in Nigeria and South Africa, as well as other high risk and self-destructive behaviour, such as sex work and illicit drug use. A particularly troublesome adverse consequence of youth unemployment is the recruitment of child combatants for armed conflict, which has harmed African economies [11]. Key tasks to address the special difficulties of youth in labour markets are: mainstreaming youth employment programmes and policies; reforming education; engaging in public-private sector partnerships in order to secure resources; and providing for the health of youth, especially young women.

### SOLUTIONS

Adequate and conscious efforts should be made to ensure improvements in the education and training provided to young people, with a greater focus on vocational skills and training. People should be trained in the schools to

acquire transferable skills highly meeting the current economic trends. The schools curricula should be drafted around producing skilled individuals in the technical and vocational field. There should be the provision of more training

and education to the unemployed. This could help improve computer skills and communication. These people will become more confident and employable. Faster economic growth is viewed as a means of generating more jobs. Methods of accumulation and dissemination of information on available jobs and workers could be improved -Swedish model, in which job centers have a nationwide, integrated database of jobs, employers, and available employees. This type of database could reduce the time spent by an average worker on the unemployment roll and thus reduce the unemployment rate. This method would help to reduce the unemployment rate in Africa. There must be conscious and adequate efforts by governments in Africa to support the struggling industries in order to try to save jobs. Proper supervision and adequate resources should be invested in the industries to support the employment base across the continent. There must be increased resource allocation out of national budgets for employment promotion activities. The Government needs to try to create demand in the economy. It could; give grants to businesses to produce goods, have projects such as road building, and cut interest rates to encourage spending (Page, 2015). Efforts must be intensified to increase productivity and income through the informal sector, and governments should increase their efforts to facilitate greater access of operators in the informal sector to the

means of production such as land, capital and improved management technology and training in order to facilitate the marketing of their products.

Mainstreaming youth in key development programmes such as poverty reduction strategies is imperative for addressing the youth employment problem. However, the employment content of PRSPs in Africa remains weak. This shortcoming must be addressed in the next generation of poverty reduction strategies. Furthermore, the development of national employment strategies targeting youth employment should be accelerated by adoption of the UN Secretary-General's Youth Employment Network initiative, coupled with the establishment of job centres with specific youth departments. Youth unemployment is partly the consequence of a mismatch between inadequate educational outcomes and skills demanded [5]. The educational system must provide the skill profiles required by the labour market if employability of young people is to be enhanced. At the formal school level this requires achieving full enrolment in primary schools and reducing dropout rates. Also required are complementary policy interventions to enhance quality, gender parity, curriculum development and technical and vocational education. Health policies that address youth in general, and young women and HIV/AIDS in particular, are crucial. Good

health is the basis for performing well in education, training and on the job. The causality between youth health and unemployment runs both ways. On one hand, unemployed youth are vulnerable to the health risks associated with poverty, marginalisation and risky behaviour. On the other hand, poor health status constrains young people from actively participating in the labour market due to absenteeism, which compromises their trainability and undermines productivity.

Globalization plays an important role in creating decent jobs in the domestic labour market through increased investments, diffusion of technology and improved labour standards. However, there are downsides. Domestic economic decisions are heavily influenced by global conditions, and production processes are spread over several continents, meaning employment could be less stable and requiring measures to address these downside risks [12]. The magnitude of benefits from globalization is positively linked to productivity growth. Trade and foreign direct investment will increase only if a country is competitive in the international market. Competitiveness in turn depends crucially on wage-adjusted productivity. Likewise, there is a strong link between productivity growth and poverty reduction, as increases in productivity will allow wages to rise. Though a higher share of exports is generally associated with less poverty, this effect is stronger

for countries with high literacy rates and a low share of raw material exports. Another route out of poverty in Africa is decent employment, a concept that encompasses the quality of employment rooted in productive and secure jobs that provide adequate income and reasonable work condition. Decent employment strengthens the link between economic growth and aggregate poverty reduction. Prerequisites for creating decent employment include the transformation of African economies from low productivity traditional agriculture to labour intensive high value agriculture and agro processing and to the growing industrial and services sectors taking advantage of globalization opportunities. Political leadership is thus required in managing African economies to give priority to broad based employment creation programmes including poverty reduction strategies. Encouraging the African diaspora to invest. Migrants can contribute to employment creation through remittances. For example, migrants have financed most of a small Senegalese village's collective projects, such as the post office, drinking water systems, community clinics and school renovation. Likewise, returning migrants can use their experience and contacts to set up businesses. Migrant networks should be regarded as an asset and better exploited. Because contract enforcement across borders is especially difficult for small and medium-size enterprises, ethnic networks can play a

crucial role in fostering cross-border trade and investment links. Furthermore, migrants can facilitate the flow of information and knowledge, thereby increasing productivity.

Based on best practice examples across the continent and other developing countries, the following proposals should help address these constraints in Africa:

- Improving infrastructure. Private-public partnerships are key to mobilizing the resources required for improving infrastructure in Africa.
- Addressing corruption. Addressing corruption starts from reforming bureaucracy, paying decent salaries, creating credible institutions to prosecute corrupt activities, and raising awareness of how corruption undermines the system.
- Reducing transaction costs for formal sector businesses. A way to reduce business registration costs is to provide one-stop shops and minimize the number of required procedures. For example, by introducing one-stop shops, Morocco successfully reduced to five the number of registration procedures. Ethiopia also decreased the cost of registering a business by 80 per cent in 2003 simply by abolishing the requirement to publish notices in two newspapers.
- Promoting entrepreneurial skills and harnessing networks. The positive returns from entrepreneurial training in Malawi and Zambia suggest that entrepreneurial training should be increased and entrepreneurial skills integrated into school and university curricula [13].
- Ensuring contract enforcement. Having enforceable contracts is a key issue for a functioning private sector. Successful experiences worldwide show that successful reform must include bringing cases to court without lawyers, reducing written documents, improving information systems and judicial statistics, and introducing summary proceedings and random case management.
- Preparing the labour market to coordinate private sector employment. Job centres must be more than mere placement agencies. They need to assess training needs and offer adequate training in order to effectively coordinate demand and supply in labour markets.
- Getting the financial sector ready for small-scale lending. Collateral requirements must be reformed to enhance small-scale lending. Introducing private and public credit registries with information on a client's track record would reduce the problem of asymmetric information, and could improve small and medium-size enterprises' access to credit, while reducing loan costs.
- Improving overall governance. Improved public financial

management, adherence to the rule of law and democratic principles, and macroeconomic stability are

essential for generating sufficient investments to create employment and reduce poverty.

### CONCLUSION AND RECOMMENDATION

African continent in the last 2 decades has registered limited growth that has impact on the reduction of poverty and unemployment. The paper mentioned many issues including defective education system and high transaction cost of private investment in African countries. This poses negative effect on African youth making them vulnerable to health risk associated with poverty which reduces active participation in the labour market and negative behaviour. The paper is with the recommendation that African employment and poverty reduction policy makers should:

Improve agricultural productivity through modern farm techniques, small-scale irrigation and improved storage and packaging as well as strengthening agroprocessing and marketing infrastructure to link agriculture with other sectors of the economy.

- Promote labour-intensive techniques, particularly in sectors that employ a disproportionate share of poor people.
- Diversify exports to minimize adverse effects of terms of trade instability on households. Maximize private sector job creation by removing constraints to investments and growth and by minimizing bureaucratic constraints.
- Set identifiable employment targets in a comprehensive development strategy to facilitate effective monitoring of progress in realizing employment goals.
- Ensure that poverty reduction is incorporated into national budgets and is given priority funding from domestic and external sources.

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