

THE RELEVANCE OF FITZGERALD'S JOB SEARCH THEORY OF UNEMPLOYMENT IN NIGERIA

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Abstract

Unemployment is not unique in Less Developed Countries (LDC's) but the size is enormous and the speed is much faster than in the relatively advanced countries. What is more, the problem seems to defy all known remedies. This can be traced to the overreliance on the theory- inspired prescriptions which seems not viable when applied in the circumstances of LDC's. One of them is Fitzgerald's Job Search theory model of unemployment which focuses on an unemployed worker's decision to accept an offered job, or to continue searching for a better job. However findings from the survey conducted by the authors on why unemployment persist in the study area blamed the situation on lack of "godfatherism" (Man-Know-Man); for unemployed Nigerians are ready to accept jobs at any wage rate. But either a "highly" placed person should stand for you, or a bribe offered involving hundreds of thousands of naira (the Nigerian Currency), no job can be offered to a job seeker; competence is secondary. The study consequently denounced the factor of "influence" (man-know-man) and further recommended the adoption of competence and industry by employers in selecting prospective employees.

Key words: Job search, Unemployment, Wage rate, godfatherism

1.0 Background

Unemployment, as a macroeconomic phenomena has arisen discussions amidst economists and policy makers because of it's seemingly representation of idleness in the use of economic resources as well as creation of hardships for those it encompasses. Fitzgerald (1998), an economist at the Federal Reserve Bank of Cleveland, however, noticed that there existed a disconnect between the postulations of the Classical labour theory in explaining the dynamics of unemployment and the realities of what was happening to unemployment in America in times of economic recessions and booms. To the Classical framework, which stipulates that the amount of labour that workers supply is exactly equal to the amount of labour demanded by the firms at the equilibrium wage and so therefore there is no unemployment. Impliedly, it means workers and firms are assumed to have full information at no cost about job opportunities and workers.

This means that unemployment arises as a product of a distortion in the economic system. Fitzgerald questioned that in contemporary America why it was such an effort for millions of Americans to find desirable employment despite their best efforts, if the thinking of the classical labour theory on unemployment was operational. It was in contrast to the Classical model that he asserted that the assumption of firms and workers having full information of the job market at no cost was spurious, as the process of finding a good job was uncertain and requiring both time and financial resources. It is in furtherance to his arguments that he developed an alternative approach to understanding the underlying determinants of unemployment or its behaviour through time and across countries in a model called 'the search theory of unemployment'. The paper is divided into six sections. Following the background, section II contains the job search theory of unemployment; III is on the relevance of the theory to Nigeria; IV X-Rays relevance of the theory to Nigeria; V contain the causes of unemployment in Nigeria and government efforts to solve problems; the final section contains the recommendations for resolving the unemployment saga in Nigeria.

2.0 The Search Theory of Unemployment

The search theory of unemployment simply explains the optimization results obtained through the behaviour of workers and firms to have an equilibrium rate of unemployment. In essence, the search theory model of unemployment, as developed by Fitzgerald tends to explain the frequency and duration of unemployment, which, in other words, implies answering the paradoxical scenario of millions of workers been unemployed while firms are simultaneously looking out to fill millions of jobs.

In Fitzgerald’s words, the model of job search would ‘analyze how an unemployed worker’s decision environment affects not only his employment decision but also the overall level of unemployment. The model focuses on an unemployed workers decision to accept an offered job or to continue searching for a better job. Fitzgerald’s job search model is given as $E \sum_{t=0} \beta^t Y_t$

Where E = Expected present value

t = Time or period

β = Discount factor between 0 and 1; which can also be written as $(1/1+r)$. This is the rate at which workers discount future earnings.

Y_t = workers income in period t which can be w^u or w

w^u = income if the worker is unemployed or unemployment compensation.

r = Real interest rate.

What the Fitzgerald’s model explains is that the decision to accept or reject a job is based on the expected present value of the worker’s income if discounted against his future earnings; and other variables within his environment that affects his decision. These variables are encompassed in his decision environment so listed below.

Decision Environment

The worker’s decision environment can be explained as those factors that influence the optimization of a workers decision as to whether to accept or reject a job offer. According to Fitzgerald’s model, the factors influencing this environment includes;

- the exact shape of the wage offer distribution, that is, how much is offered as wages. This is given as \underline{w} and \bar{w} .
- the probability of being fired. This is depicted as α and $1 - \alpha$ means the worker continues with his job.
- the level of unemployment compensation. This is given as w^u
- the rate at which the worker discount future earnings. i.e. β^t

Model Decision Rule

The model decision rule is stated as

$$V^{offer}(W) = \text{Max}\{V^{accept}(w), V^{wait}(w)\}$$

This means that an unemployed worker having been offered a wage should take into account whether it is more beneficial in waiting or accepting the wage offered, having taken into context the expected lifetime income of discounted values or both. The unemployed Workers decision is premised on whether V^{wait} is greater than or less than $V^{accept}(w)$.

$V^{offer}(w)$ = Expected present value of lifetime income upon drawing a wage offer W

$V^{accept}(w)$ = Expected present value of lifetime income if a worker accepts wage W.

$V^{wait}(w)$ = Expected present value of lifetime income if a worker rejects a wage offer w and waits for a better one.

Model Assumptions

The assumptions of the model of Job search are

- that the worker might have many job opportunities but due to incomplete information on where the best opportunities lie, he must spend time and resources searching.
- that in any given week the worker may receive a job offer at some wage and faced with a decision of whether to accept or wait.
- that due to the uncertainty of job offers, it is assumed that the wage offer is drawn at random between \underline{w} and \bar{w} which are independent from week to week.
- the factors that capture the desirability of a job i.e. hours, location, prestige e.t.c. are held constant to enable simplicity of analysis. Therefore all jobs require the same hours and the same overall quality and only differ in terms of their wages.
- that unemployment income given as W^u should also be interpreted as unemployment compensation, which includes such factors as the pecuniary value of leisure and home production activities less the cost of searching.
- that if a worker accepts a job, at a particular wage rate, and then he continues to work at such a wage rate until he is fired, while also assuming that he cannot search for a better job during this time.

- that an employed worker faces a constant probability of being fired at the end of each week.
- that an unemployed worker fired the previous week begins searching for a new job the following week.
- that an employed worker would never choose to quit his job in this model.
- that no worker out of the labour force that is not seeking employment I.e. either you are employed or unemployed and actively searching for employment.
- Workers in the model are thought of living forever or an approximation of the case where they have many periods left to live.

Fitzgerald Model classification of Decision Environment

The Decision to Reject

Upon offered a wage given as $V^{offer}(w)$ been the expected present value of life time Income upon drawing a wage offer w , if the worker rejects such a offer and prefer to wait for a better offer, he would be faced with a function given as; $V^{wait}(w) = w^u + \beta E^{V^{offer}}$ which is explained as the value of waiting is determined by Unemployment Compensation which the worker receives this week, plus the discounted expected value of drawing a new wage offer next week. It should be noted that the $V^{wait}(w)$ or V^{wait} is a constant since $E^{V^{offer}}$ does not vary with W .

The Decision to Accept.

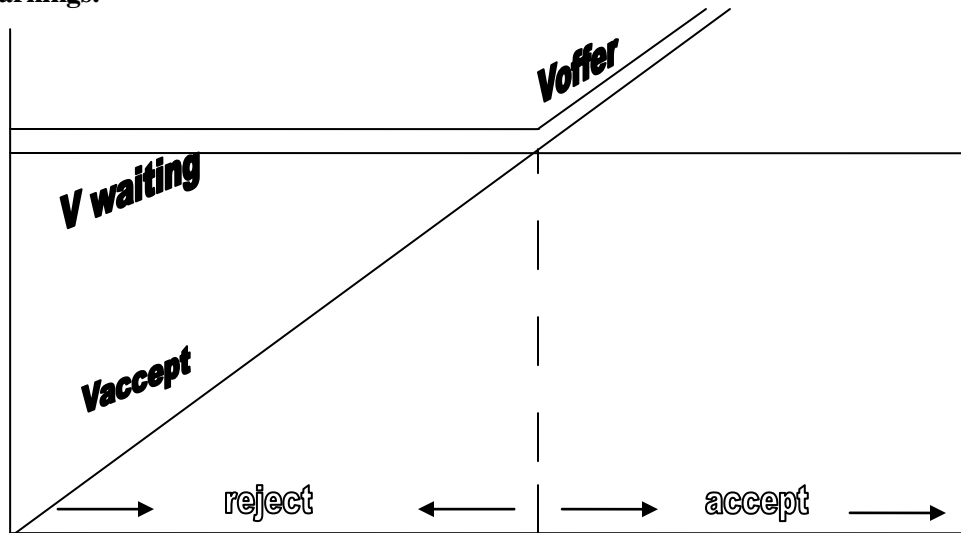
This is given as

$$V^{accept}(w) = w + \beta\alpha E^{V^{offer}} + \beta(1 - \alpha) V^{accept}(w)$$

That is if the worker accepts a wage offer w this week, the is influenced by what he receives as Income w this week, the probability of been fired α , in which case he receives the discounted expected value of receiving a new offer next week i.e $\beta E^{V^{offer}}$, or he continues on the job with probability of $1 - \alpha$ in which case he receives the discounted value of accepting the same wage offer next week $\beta V^{accept}(w)$. It should be noted that the $V^{accept}(w)$ is proportional with w . It is the optimization of the combination of $V^{wait}(w)$ and $V^{accept}(w)$ decisions that determine the value of having an offer w in hand which is the fulcrum of the Fitzgerald’s decision rule.

Fig.1: The representation of the foregoing is depicted diagrammatically.

Lifetime Earnings.



Since the function V^{offer} , V^{accept} , V^{wait} can be solved independently we have, the decision to Accept or Reject each wage offer w depends on whether $V^{wait}(w) > V^{accept}(w)$ or $V^{wait}(w) < V^{accept}(w)$. For values of $w < w^r$, $V^{wait} > V^{accept}(w)$ and thus we reject the V^{offer} , while for values of $w > w^r$ we accept V^{offer} . It should be noted that w^r depends on V^{wait} and V^{accept} which themselves depend on V^{offer} . Furthermore $E^{V^{offer}}$ also depends on the value of w^r .

Determination of Reservation wage, Unemployment Duration and Unemployment Rates in Fitzgerald’s Job Search Theory.

The reservation wage represents the lowest wage that an unemployed worker will accept. This is determined by the simple intersection of the expected value of accepting the wage offer and that of rejecting a wage offer.

The determination of unemployment duration and subsequent unemployment rates is predicated on the job acceptance rate which is given as the fraction of wage offers greater than or equal to the reservation wage. If the job acceptance rate equals the reservation wage then the average waiting time for the worker or unemployment duration is definite or low and as such the unemployment duration is minimized, leading to decline in the unemployment rates, which is said to exhibit a steady state when the inflow of people into unemployment equals its outflow referred to as the law of motion for unemployment. On the other hand, if the reservation wage is greater than job acceptance rate then the average waiting time would rise as such increasing unemployment duration as well as the unemployment rate. It should be noted that while the firing rate (rate at which an employer hires and fires labour) exogenously determines the unemployment rate, the job acceptance rate as explained above is a function of unemployment rate and it is determined endogenously.

Effects of Changes in the Economic Decision Environment on Reservation wage, unemployment duration and unemployment rate.

- Changes in the Discount rate: Increases in real interest rate lowers the discount rate, which in turn lowers the reservation wage. Since the reservation wage rate is low, it means the job acceptance rate increases which in turn lowers the average duration of unemployment and the unemployment rate.
- Changes in the firing rate: an increase in the firing rate, maybe as a result of changes in government regulation, would result to increases in unemployment rate, which would naturally, lead to higher job acceptance rate, declining duration of unemployment and lower reservation wage rates.
- Changes in the wage offer distribution: increase in productivity could result to increase in wage offer distribution. Suppose unemployment compensation also increases by the same percentage as wage offer distribution, It means the reservation wage would also increase by the same percentage, implying that the job acceptance rate would remain unaffected, with the average duration of unemployment and unemployment rate also remaining unchanged.

On the other hand, if the unemployment compensation does not increase with the wage distribution, then the reservation wage would increase less proportionally with the wage offer distribution, which implies an increase in job acceptance rate leading to decline in unemployment rate.

But if the riskiness of the wage offer distribution increases, it means that the reservation wage would rise, leading to decrease in the job acceptance rate, which in turn leads to increases in unemployment rate and as well increases in the average duration of unemployment rate.

- Changes in unemployment compensation; if unemployment compensation increases, it would lead to an increase in the reservation wage which causes the job acceptance rate to decline, and as such, increasing the average duration of unemployment and increase in the unemployment rate.

Importance of the Search Model of Unemployment

- it provide a valuable tool for understanding the factors which determine the unemployment rate
- it provides an understanding on the impact of labour market policies and regulations on unemployment.
- it provides an alternative perspective to the view that unemployment represents idle resources, which in this model is refuted, as people are not idle since they are continuously engaged in socially beneficial activities of finding a productive job match.
- it can be used to examine the influence of elements of the economic environment on the unemployment rate.

Criticism of the Fitzgerald's Job Search Theory.

Critically analyzing the Fitzgerald's model on job search, the following are its criticisms;

- the reasoning that the worker has many job opportunities is highly presumptuous, as in the real world, it is difficult to substantiate this fact, especially in developing economies, where good jobs hardly come by,
- It is equally presumptuous, and necessarily not true that all workers are paid weekly as stated in the theory. This is so because in developing economies, experience has revealed that it is mostly expedient and convenient for firms to pay workers on monthly basis rather than weekly; while in developed economies, some persons are paid on hourly basis which further debilitates the model's arguments of weekly wage payments,
- the model's assumptions of a worker drawing wage offer on random basis, between the range (lowest and highest wages) known as the riskiness of wages is questionable.

That is, in real life, wage offers are such that employers offer them after due consideration and computations that would enable them secure profits. In addition, the interaction between the firm and worker is what determines the reservation wage, or wage offer, and not some wage drawn from an urn on random basis,

- the reasoning that the wages offered this week is assumed independent of those to be offered next week is highly questionable. The reason been that the wages offered by a firm this week are supposedly on adaptive reasoning, a function of what was obtainable in the earlier weeks,
- the model has aggregated all the factors that capture the desirability of job for simplicity of analysis. This, in real life, entails that spurious analytical results would be obtained as it is not feasible to aggregate all job features and qualities as the same, and ranking them becomes strictly on wage differentials,
- the assertion that the wage value of unemployment should be inclusive of the value of leisure and home production activities is a task onerous to achieve. This is based on the reasoning that the computations of the said activities are qualitative in some instances and relative in others,
- the assumption of continuity of work by a worker until he is fired before searching for a new job is highly outrageous, as in real life, labour is unpredictable and mobile and thus people tend to search and move to other viable areas of interest even though they might not have been necessarily fired,
- the loss of goodwill, potential profits and skilled personnel are probable reasons availed that tend to weaken the assertions that employers probability of firing employees is on weekly basis. That is, in real life this irrational behaviour by firms is curtailed given the reasons enlisted earlier,
- the model assumption that all unemployed are actively searching for jobs is not necessarily true in real life as some unemployed people would deliberately want to live out their lives on the welfare activities of the State,
- the postulations in the model that people are thought to live forever, or that they have many years to live, is highly outrageous.

3.0 The Relevance of Job Search Theory to the Unemployment Problem in Nigeria

One of the key relevance of the search model of unemployment, as posited by Fitzgerald, is its assertion that the model provides a valuable tool for understanding the factors which determine the unemployment rate and the impact of labour policies and regulations of unemployment which are unique to each environment. It is this uniqueness, as it pertains to the existence of unemployment in the Nigerian environment that this paper seeks to address. It must however be noted that most of the assumptions as criticised earlier on in this work are untenable as it concerns the Nigerian economy. An overview of the model's assumption and its subsequent criticisms depict that most of the model's postulates are in-operational in developing societies especially Nigeria. However the model's assertions of providing a framework that the causes of unemployment are unique to each environment is commendable. Discourse in this aspect is tailored in the succeeding write up.

Unemployed people can be categorized into two groups:

- (1) there are those who have never had a job after graduation from the university or high school, and are consequently seeking for their first job.
- (2) there are those who have lost their jobs (possibly older people) and are seeking re-entry into the labour market. Many of the recent publications on unemployment of youths, especially of graduates in developing countries, have tended to ignore the special case of the former group. Instead, the focus has been on the analysis of the unemployment situation for both groups as though there are no distinctions between them. Though efforts are now made to attempt to redress this lumping by placing the university graduates first job seekers into focus.

All unemployed people have to adjust in some ways to a change in the process of transition. Yet, what makes the new entrants special is among other reasons, the fact that they lack the experience of job search. They may not have a perfect analysis of job information, or job search technique, which those who have once tasted employment might be exposed to. Furthermore, they probably experience worse psychological feelings than those who had taken jobs previously. Besides, the states from which both groups experience change is not the same. For instance, the first job seeker is mostly from apprenticeship or formal education, whereas the other job seekers experience change from a job. Consequently, even though both groups might experience similar psychological, social and economic consequences during unemployment, the effect on each group may not be the same.

The initial (post graduation) unemployment experienced by school graduates in the labour market is therefore likely to be different from the experience of the older workers. This analysis provides and discusses survey data on: (1) the duration of initial unemployment (2) the availability of job information and the efficacy of the entire job search process, as well as (3) the perception of users of the job centres as regards their aspirations, feelings, as well as attitudes.

4.0 The Unemployment Trends in Nigeria.

Unemployment in Nigeria can be broadly divided into two main headings. Open unemployment, and underemployment, or disguised unemployment Todaro (1992) described open unemployment to involve people who are able and often eager to work but for whom no suitable jobs are available, whereas underemployment is mainly for people who are normally working full-time but whose productivity is low that a reduction in hours would have a negligible impact on total output. While Echebiri(2005) Lambo (1987), asserts that both types of unemployment are found in urban areas while the rural agricultural zones are associated with underemployment. During the first two decades of independence, Nigeria exhibited unemployment rates similar to, or less than, those of the industrialized economies; but in the 1980s, the country suffered a large increase in unemployment rate. Today, according to Onwioduokit (op.cit), the Nigeria labour market is characterized by high rate of unemployment, low wages, and poor working conditions.

Discussions by Onah (2001) (FOS, 2001) in agreement with the above assertions availed that in Nigeria, since the early 80s, unemployment has assumed alarming and disturbing dimensions with millions of able-bodied persons who are willing to accept jobs at the prevailing wage rates yet unable to find plants. Nigeria had a composite unemployment rate which stood at 3.2% compared with 3.4% in the corresponding period of 1996. Similarly, the urban and rural unemployment rates declined from 6.1% and 2.8% in Dec. 1996 to 6.0% and 2.6% in Dec. 1997. The composite registered unemployment rate for Dec. 1998 stood at 3.2% but declined to 3.1% in 1999, whereas the urban unemployment rate in Dec. 1998 was 4.9% but fled to 5.8% in 1999. The rural unemployment rate declined from 2.8% in Dec. 1996 to 2.5% in Dec. 1999. In Dec. 2000, the composite unemployment rate stood at 4.7% and similarly, the urban and rural unemployment rates were 7.2% and 3.7% respectively compared with previous years.

5.0 Causes of Unemployment in Nigeria

Generally, unemployment arises whenever the supply of labour exceeds the demand for it at the prevailing wage rate (Adebayo, 1999). Causes of unemployment can therefore be analysed from both the supply and the demand side of the labour market in Nigeria.

5.1 On the supply side, there is the rapidly growing urban labour force arising from rural- urban migration, associated with both push and pull factors. This implies that the rural areas are neglected in the allocation of social and economic opportunities. Another supply factor facing Nigeria's unemployment trend is rapid population growth. The 1991 census projection for the future indicate that the population could reach about 115m by the year 2005 going by the annual growth rate of 2.8% (Adebayo, 1999). Furthermore Fajana(2000) argued that the high population growth rate has resulted in rapid growth of the labour force, which is far outstripping the supply of jobs and it is the possible cause of urbanization.

Other supply-side factors are what some experts describe as inappropriate school curricula and lack of employable skills. Several analysts argue that in so far as the formal sector is concerned, the skills that job seekers possess do not match the needs and demands of employers in Nigeria, McGrath and King(1995). It is argued that Nigeria's education system, with its liberal bias, does not just over supply the labour market with graduates and school leavers, but also does not produce the type of skills demanded in formal employment. According to Manning and Junankar (1998), the total graduates turn-out by higher institutions in Nigeria, which was 73,339 in 1986/87, rose to 131,016 in 1996/97. This substantial growth of higher education has been accompanied by technical difficulties in finding suitable employment by graduates in a variety of courses.

5.2 On the Demand-side Several scholars Oni(1994),Lambo(1987),Fadayomi(1992), Usoro(1997) Adepouju(1986), Yotopoulos et al(1991), Sarr(2000), Onah(2001), Otaki(2003), Manning and Junankar(1998), Chime et al (1989), Lubyova (2001), (Echebiri, 2001), Stanlake and Grant(1999), have canvassed a host of factors responsible for the high and ever rising levels of unemployment to include;improper coordination of the educational system as such resulting to high unemployment incidence of secondary school leavers;

the government expenditure policy that concentrates government projects (industries and public utilities) in urban areas at the utter neglect of the rural areas, which encouraged mass exodus of rural skilled and unskilled labour from villages into the urban centres thus causing urban unemployment; The inability to develop and utilize the nations' manpower resources effectively, especially in the manufacturing sector; the economic reform programme that result to closure of companies and public establishments hence staff retrenchment, as well as poor job attitude among the youths; Population explosion; job preferences or discriminatory choice of employment among professionals. It is a fact that Nigerians have a bias against 'blue-collar' jobs in the cities as well as 'un-dignifying labour' in the rural areas. Most graduates prefer urban-based 'white-collar' job seekers; Discriminatory policies pursued by various state governments in the Nigerian labour market. Such policies result in a situation where surplus skilled labour exists in some parts of the country while other parts lack sufficient manpower in some fields; Lack of 'godfather' or the influence system is a major factor inhibiting access to employment in the modern sectors. This influence system of employment operates in such a manner that unless the potential employee knows somebody of importance, he/she may not be able to secure a job compatible with his/her skill even when a vacancy exists; Planning for human resource use in Nigeria has been based on guess work; Rational steps taken by most managements to cope with the recession since early 80s include ban on recruitment.

This practice of natural wastage, which involves the refusal to fill vacancies, imply that job seekers are directly hit; Even though the rate of appointments of expatriates has been slowed down since 1982, a reasonable percentage of the labour force is still dominated by foreigners; Many private and public institutions, however, tend to see the National Youth Service Corps (NYSC) as a means of securing cheap labour. They utilize the services of corps members each year, but tend not to absolve any substantial number at the end of the service year; The adoption of the policy of last in first-out by labour and management, coupled with the ban on recruitment, seemed to have combined to exert a great impact on the employment situation for youths, especially university graduates, trying to seek their first jobs; Other Demand- side causes of unemployment include the existence of artificial barriers to geographical mobility of labour, cultural employment practices, localization and truncating of potential along tribal lines, marginalization of the poor who are excluded from investment opportunities; Failure to appraise the employment implications of international trade policies, monetary and fiscal policies(over reliance on imports, and oil). In effect, many people are frustrated by their inability to find jobs, including those without jobs and those who desire a job change, rather actively. A large fraction of the labour force in both urban and rural areas lack a source of income, both reliable and adequate, for the basic needs of themselves and their dependents; and a considerable volume of unutilized and underutilized labour abound in Nigeria which ought to be brought into the employment circle.

6. STUDY SURVEY

Based on the about 5% prevailing growth of unemployment in urban areas as reported by the Nigerian FOS (2010) statistics, the 4.2Million persons in Benue State, with Makurdi local Government Area(LGA) of Benue State, which has ten council Wards with a population of about 300,000 persons according to 2006 population census, the authors conducted a poll survey to ascertain reasons why job-seekers do not secure jobs and probably give validations to some causes of unemployment as proffered by other authors as stated elsewhere in this work. The authors purposively selected 1000 unemployed persons in the wailomayo council ward of Makurdi LGA, which has an estimated population of about 20,000 persons. The choice of the ward was purposively done due to its characteristics of serving as a base whereby a large influx of school leavers and people migrating from adjoining rural communities into the ward in search of job opportunities. The Ward is featured also with residents who are majorly civil servants, traders, artisans, people engaged in various forms of services, workers in the organised sector, farmers. The sample results reveal the following:

Table 1: Distribution of Respondents Indicating Reasons for Not Securing jobs.

s/no	Reasons for Not Securing a job	Number	%
1	Do not have a 'godfather'	410	41%
2	Few vacancies	200	20%
3	Poor education	180	18%
4	Ethnic considerations	90	9%
5	Lack of information about job vacancies	40	4%
6	Have not seen a job desired	20	2%
7	Other reasons;	60	6%
8	Total	1000	100%

Source: Researchers Survey 2011

Note that other reasons, as stated above, include poor health, gender discrimination, geographical location and working hours convenience.

A cursory look at the table above depicts that the influence system better termed in the Nigerian context 'godfatherism' plays a prominent role in why job-seekers do not secure jobs. According to the survey about 41% accounts for the influence system that manipulates existing vacancies for preferred candidates, to the extent of holding in wait such vacancies, until when the preferred candidates are ready to pick up such positions. While 2% is reported for respondents who seek for jobs of their dreams, the remaining 57% is distributed amongst the several other reasons as stated in table 1.

7. Remedies

The relevance of the job search model of unemployment to the Nigerian economy lies in the model's ability to provide an understanding on the impact of labour market policies and regulations on unemployment. In the Nigerian case attempts at solving these problems have seen the development of direct and indirect initiatives of the State, which have been ad-hoc in nature, and recorded low successes. Attempts have been made to revamp the economy, and reduce unemployment rates, by directly controlling foreign exchange and disciplining the nation's domestic consumption patterns. Effort is being made to develop the rural areas to make them attractive to the urban unemployed through the activities of the National Directorate for Foods, Roads and Rural Infrastructure (DFRRI) and the National Directorate of Employment (NDE); National Poverty Eradication Program (NAPEP), National Economic Empowerment and Development Strategy (NEEDS). The new educational policy is to indirectly change the orientation to work; curriculum is meant to emphasize skill acquisition rather than intellectual skill that has contributed to graduate and young school leavers' unemployment.

8. Recommendations

Notwithstanding the initiatives taken by the state to ameliorate the situation, a number of general approaches are being recommended for the purpose of curbing the unemployment menace in Nigeria:

- i. the adoption of more labour-intensive, rather than capital-intensive, approaches to production generally. Nevertheless, this suggestion is open to controversy at the impact of factor intensities on growth of employment is never a clear-cut issue,
- ii. the moribund labour exchanges should be resuscitated if only to yield a more realistic estimate of unemployed persons,
- iii. menial jobs are generally looked down upon by job seekers. The society must change its perception about 'dirty jobs' so that labour of all types could be dignified. Older workers must be ready to accept a reduction in the retirement age,
- iv. job seekers can as well help in reducing the general level of unemployment i.e. rigidity in job, and/or wage preferences need to be relegated; and studying for higher degrees in more relevant discipline, since some of the unemployment problem arise because of mismatch of skills,
- v. employers of labour should endeavour to seek from prospective employees a show of competence and industry by means of carefully validated selection instruments and de-emphasize reliance on the influence system,
- vi. In a situation of massive unemployment, the role of trade unions is more to protect the interests of their members hence the labour market is segmented in the process. But unions must broaden their aims in such circumstances to include social justice for all employed and unemployed people. Unions can also insist on reasonable labour-intensive ratio to mechanization as such influencing the pattern of consumption towards more productive areas,
- vii. to improve the socio-economic conditions of labour market participants, voluntary savings and profit-sharing schemes, participation in manpower planning, wages and pricing policies, and a review of collective agreements on lay-off and hiring practices during redundancies and general loose labour market situations must be encouraged,
- viii. in offering solutions to the problem of unemployment, most of the radical suggestions to be offered will relate to government and its agencies. This inclination is because the state, and the foregoing institutions, possess most of the tools which can be effectively used to solve the problem. These include population control measures, reduction in the rate of expansion of higher education, review of funding of higher education, diversification of the economy, exploring the possibility of labour exports and the removal of exchange rate rigidity,

- x. Potential small and medium scale investors can be trained in investment possibilities. Also, the employment implications of tax holidays, and tariff protection should be carefully examined and effectively disseminated,
- xi. on international trade, outward-looking policies, and trade restrictions could generate increased exports, increased GNP and reduce the unemployment problem.

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