

## UNEMPLOYMENT AND SUSTAINABLE ECONOMIC GROWTH IN NIGERIA

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### ABSTRACT

Unemployment has affected sustainable economic growth in most underdeveloped countries of Africa. At the moment, unemployment rate has become quite alarming and as such, the issue has become a serious menace to most development experts. Very worrisome is the fact that the Nigerian situation is that of rapid population growth, low level of employment and a deficient labour and product market structure. In an empirical examination of the validity of Okun's law in Nigeria using time series data between 1970 and 2018 and applying the Auto Regressive Distribution Lag (ARDL) bounds test approach to examine the existence of long run linkages among selected macroeconomic variables and their relative impact on economic growth, it was gathered that, while the unemployment rate is high in Nigeria, there is relatively high economic growth which invalidates the application of the Okun's law in Nigeria. Policy recommendation is for the government activities aimed at promoting economic performance in the Nigeria be geared towards employment creation for the people. The government should also establish programmes for skill development which will invariably lead to self-employment and agricultural mechanization.

**Keywords:** Unemployment, Economic Growth, Nigeria, ARDL.

**JEL Classification:** E24, J13, J29

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### 1. INTRODUCTION

Sustainable development has been defined variously by different people. One of the definitions that have enjoyed relative universal acceptability and application is the one that defines it as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs (United Nations (UN), 2020). One of the Sustainable Development Goals (SDGs) empanelled by the UN to be achieved by 2030 is decent work and

economic growth. This UN goal has economically created a causal relationship between unemployment and economic growth such that employment creates economic growth and economic growth creates employment activities. At the moment, there are glaring evidence to buttress increasing global unemployment owing to the outbreak of COVID-19 and its effect on economic growth depends on the relative capacities of national economies hence the need to investigate unemployment and economic growth for specific economies is justified (ILO, 2020).

Generally, increasing the growth potential of an economy and reducing unemployment are often regarded as the most critical priorities for advanced and underdeveloped countries. In the words of Ozgur, Ismail and Fatih (2018), employment creation and economic growth are the two essential macroeconomic targets for many countries, mostly underdeveloped countries. The growth rate of an economy as an indicator of employment creation, economic performance and welfare of a country is measured by the Gross Domestic Product (GDP), per capita value, GDP growth rate and other welfare and physical indicators (Todaro, 2000).

Jhingan (2006) considered economic growth in terms of a sustained increase in the quantity of output labour force expansion increased consumption and progressing volume of trade, while economic development was treated as a wider concept relating to qualitative changes in economic activities accompanied by more significant institutions, knowledge, and output of goods and services. Thus, it implies that there may be an extensible growth in an economy, but there may be no development if unemployment, poverty and inequalities persist. The fact explains why many countries have relative economic capacities, some wealthy, others so poor, and in fact, the majority hovering in-between these two extremes.

On the other hand, unemployment refers to economic scenario where people who are qualified, capable and willing to work at the market wage rate find no jobs to do (Olawunmi & Adedayo, 2017). In Todaro's (2000) view, unemployment is that special rate of employment in which willing and able bodies want the current pay to work, but the jobs are not available for them. Unemployment comes mostly from the productive pattern of a country's product and labour market, and its occurrence depends on varying reasons depending on whether an economy is advanced or developing (Olawunmi & Adedayo, 2017). While unemployment results in Africa's developing countries following financial inadequacy, low technological know how is the reason for

unemployment in developed countries (Gisaor, 2016). Unemployment in Nigeria is also due to the worsening level of insecurity, electoral malpractices, corruption, and maladministration and the economic collapse following the COVID-19 outbreak (IMF, 2020).

In curtailing the menace of unemployment for sustainable economic development, the economic growth rate has been suggested as a credible strategy. This is the strategy in which inflation is reduced, new production strategies are discovered, employment and income creation being sustained and poverty reduction is achieved in the long run. Economic performance represents the best way new productive entrepreneurs emerge on the economic landscape with the capacity for jobs creation and the multiplier effect, creation of employment and multiple income streams (Akuthson, Messiah & Araf, 2018). On that note, Arthur Okun (1962) postulated a negative link between unemployment and economic growth. This theoretical relationship between unemployment and economic output by Okun remains one of the most celebrated macroeconomics theories and has been empirically confirmed in several developed and undeveloped countries (Akuthson, Messiah & Araf, 2018).

In Nigeria however, unemployment has included a unique element, which is underemployment (Kemi & Dayo, 2015). Under employment refers to how engaged people are underpaid thereby, limiting their capacity to basic needs of life (ILO, 2020). In light of the above, this research seeks to investigate the impact of unemployment on economic growth in Nigeria between 1970 and 2018. This paper is sectionalized into introduction, unemployment in Nigeria, economic growth in Nigeria, empirical review, methodology, analysis of result and policy recommendations.

## **2.1. Nigeria's Unemployment**

The International Labour Organization (ILO) as cited by the Central Bank of Nigeria (CBN) defines unemployment as that portion of the labour force that was available for work but could not find any at least one hour in the week preceding the survey period (CBN, 2007). The National Bureau of Statistics (NBS) as cited by the CBN considered unemployment as that percentage of the labour force available to work but did not find any work for at least 39 hours in the week preceding the survey period (CBN, 2007).

The two views of ILO and NBS have been seriously criticized for structural deformity. Not everyone available for work but did not work in Nigeria that is

unemployed. This led to a better view by Miller (2000) and Kemi and Dayo (2015) when they see unemployment as adults who are able, qualified and willing to work but have no job. The conceptualization of Miller and Kemi and Dayo provides a better treatment of the subject matter of unemployment. In Nigeria, there is frictional unemployment where there is a continuous movement of people from one work to another, seasonal unemployment where jobs come and go depending on the seasons, structural unemployment related to demand where people become permanently unemployed because their skills are outdated and obsolete and cyclical unemployment related to fluctuations in the business cycle (Kemi & Dayo, 2015).

According to Miller (2000) and Todaro (2000), no country globally is entirely free from unemployment due to voluntary unemployment. This means that full employment's classical concept is vague implying some trade-off is always required in an ever-shifting labour market. In this work, unemployment refers to people who are able, qualified and willing to work at the going market wage rate but have no job. As rightly depicted by the production possibility curve, an economy with a high unemployment rate cannot be described as producing at an efficient production point. High employment level is thus needed for a sustained aggregate supply of productive output which is the basis for economic growth and development.

Statistical data from statistical institutions buttressed that Nigeria's unemployment rate in 1970 was 4.8%, but increased to 6.4% in the 1980s (CBN, 2003; Gisaor, 2016). In the same view, Odusola (2001) and Andoh and Gisaor (2018) indicated that the unemployment rate in Nigeria stabilized around 6% and increased to 7% in 1987. By 1995, the unemployment rate declined to 1.9%, after which it increased to 2.8% and up to 13.1% in 1996 and 2000 respectively. By the first quarters of 2009 and 2010, the Nigeria's unemployment rates remained at 19.7% and 21.1% respectively, and increased to 23% and 23.9% in 2014 and 2018 respectively. Similarly, Akuthson, Messiah and Araf (2018) reported that unemployment remains one of Nigeria's most significant economic challenges confronting sustainable economic development.

On that basis, the Nigerian government has attempted to halt the rate of unemployment hence its consequential effect on the economy at one time or the other by introducing and implementing varying measures of job creation policies that included the National Directorate of Employment (NDE) in 1988, The National Economic Empowerment and Development Strategy (NEEDS) in 2004, the Seven Points Agenda in 2007 and the current skills acquisition

programmes such as National Poverty Eradication Programme (NAPEP), SURE-P, YOU-WIN, N-POWER, among others. However, to no avail, unemployment remains high and educational institutions keep graduating young people daily.

## **2.2. Economic Growth in Nigeria**

Andoholand Gisaor (2018) and Akuthson, Messiah and Araf (2018) have reported Nigeria as an emerging market, increasing service, financial, tele communications, and entertainment sectors. The country has ranked low with the underperforming manufacturing sector, producing a little proportion of the West African region's goods and services. Data on the Nigerian economy's growth rate indicates that the economy showed high real gross domestic product (RGDP) growth rate of 14.3% in 1971 and 6.76% in 1980. By 1990, 1995, 2000, 2005 and 2010, the growth rates of the RGDP stood at 8.2%, 2.5%, 5.4%, 5.4% and 7.98% respectively (Gisaor, 2016). The IMF (2015) and Andoholand Gisaor (2018), unanimously reported RGDP growth rate of 7.2% in 2014 and -0.36% in the first quarter of 2016 for Nigeria as at the end of 2018, the CBN reported a marginal growth rate of 1.09%.

It can be gathered from the statistical analysis that, while Nigeria recorded a relatively high economic growth rate, the rate of unemployment was simultaneously on the increase on an annual basis. This entails Nigeria's economic growth has not yet reflected on her economic growth and development. This is due to the perceived high poverty level, inequality, low technological development, high mortality rate, child mortality rate and other economic indices. The global economic recession occasioned by declines in the international market price of oil in the 1980s and the recession of 2015 is blamed for the failure of stabilization policies such as import restriction and export promotion introduced by the government. The high poverty incidence and unemployment persist in the country where, every government regime introduced its own economic strategy. None of these strategies has achieved the desired goal with the accompanied social and economic consequences such as increased crime rate, loss of respect, identity, reduction in purchasing power, psychological injuries, and corruption.

## **2.3. Selected Empirical Reviews**

Ozgur, Cakmak and Okur (2018) investigated economic growth and unemployment issues using panel data for the Eastern European countries

between 1922 and 2014. Results from the panel unit root test, pooled OLS and panel co-integrating confirms a long term relationship between unemployment and economic growth. The result further shows a positive relationship between unemployment and economic growth in Eastern European countries. The study recommended for rigorous employment creation for sustainable economic growth. Sibusiso and Hlalefang (2018) investigated the trends and impact of unemployment on economic growth in South Africa using quarterly data over the period 1994Q1 to 2016Q4. The Auto-Regressive Distribution Lag (ARDL) bounds test approach was applied to determine the long-term linkage among the variables. The results from the ARDL model suggest that there is a long-run relationship between unemployment and economic growth. The empirical results confirmed that there is a negative relationship between unemployment and economic growth both in the long and short-run; hence, employment creation activities were to be sustained by the government.

Olawunmi and Adebayo (2017) investigated the impact of unemployment and economic growth in Nigeria in the 21<sup>st</sup> Century between 1986 and 2015 using the VAR Approach. The study finds out the varying effect of unemployment on economic growth over time. The use of increasing government expenditure and enhanced individual skills through training programmes was advocated to boost employment opportunities. Eze, Atuma and Egbeome (2016) examined the relationship between unemployment and economic growth in Nigeria between 1980 and 2013 using VECM and Granger causality analysis. While the VECM result shows a negative relationship between the variables, the Granger causality test indicated a unidirectional causality. The study recommends that governments should as a matter of urgency create more employment opportunities to absorb the teeming population of the unemployed labour force in the country through modernization of the agricultural sector and skill acquisition programmes. Kemi & Dayo (2015) examined unemployment and economic growth in Nigeria between 1980 and 2012 using the VECM and the Johansen co-integration to establish the existence of short and long run relationship. The result found out that both the short and long run relationships exist amongst the variables and in fact, a positive relationship was found between unemployment and economic growth in Nigeria. The authors recommended for further attraction of foreign direct investment and fiscal expansionary measures to improve productive activities for employment creation in Nigeria.

One can go on and on with the empirics, but a standard string relates to the methodology, scope, and findings. Ozgur, Cakmak and Okur (2018) and

Sibusiso and Hlalefang (2018) are relatively recent, but the scope differs from Nigeria. The studies by Olawunmi and Adebayo (2017), Eze, Atuma and Egbeome (2016) and Kemi and Dayo (2015) in Nigeria used the VAR, VECM and co-integration. The present study hopes to employ the ARDL with some econometrics advantages over the above and is most recent in data coverage. Finally, Eze, Atuma and Egbeome (2016) found a negative relationship but Kemi and Dayo (2015) found a positive relationship between the variables shows that there is no conclusive research evidence on the subject matter.

### 3.1. Methodology

The research used annual time series data sourced from the CBN statistical bulletins from 1970 and 2018. Rooting the methodology in Okun's law, a simple mathematical relationship between unemployment and economic GDP growth can be specified as:

$$RGDP = f (UNEMP) \quad (1)$$

Where, RGDP = Real GDP growth rate and UNEMP = Unemployment rate.

Equation (2) is simply a non-stochastic relationship which implies that all changes in the RGDP are accounted for by changes in the UNEMP. However, modified Philip's curve's theoretical expositions, the Harrod-Domar model and Solow's growth model have all introduced inflation rate, exchange rate, population growth and capital investment. As such, the relevant model for estimation is specified in a stochastic manner as follows:

$$RGDP = \alpha_0 + \beta_1 UNEMP + \beta_2 INFLR + \beta_3 EXR + \beta_4 POPG + \beta_5 INVT + \mu \quad (2)$$

Where, RGDP= real GDP growth, UNEMP = unemployment rate, INFL= Inflation rate, EXR=exchange rate, POPG=population growth, INVT = volume of investment,  $\mu$  = stochastic error term,  $\alpha$  = intercept and  $\beta$  = regression coefficients to be estimated

The Autoregressive Distributed Lag (ARDL) approach (the bounds testing approach to co-integration) popularized by Pesaran, Shin and Smith (2001) is used here. This approach has some econometric advantages over the Engle-Granger and maximum likelihood-based approach proposed by Johansen and Juselius (1991) co-integration techniques. Firstly, the bounds test does not require pre-testing of the series to determine their order of integration since the test can be conducted regardless of whether they are purely I(1), purely

I(0), or mutually integrated. Second, the ARDL modelling incorporates sufficient number of lags to capture the data generating a sufficient number of lags to capture the data generating general model to a specific modelling framework (Mallik & Chowdhury, 2001; Jatil, *et al.*, 2008). In addition, modelling the ARDL with the appropriate lags corrects for both serial correlation and endogeneity problems. In this approach, all the variables are assumed to be endogenous, and the long run and short-run parameters of the model are estimated simultaneously. An ARDL representation of long-run equation (2) can be specified as follows:

$$\begin{aligned} \Delta LR GDP = & a_0 \sum_{i=1}^p a_{1i} \Delta LR GDP_{t-1} + \sum_{i=1}^p a_{2i} \Delta UNEMP_{t-1} + \sum_{i=1}^p a_{3i} \Delta INFLR_{t-1} + \sum_{i=1}^p a_{4i} \Delta EXR_{t-1} \\ & + \sum_{i=1}^p a_{5i} \Delta POPG_{t-1} + \sum_{i=1}^p a_{6i} \Delta INVT_{t-1} + \lambda ECM + \zeta \end{aligned} \quad (3)$$

All the model variables are as earlier defined and interpreted by equation (2) above.

#### 4.1. Data Analysis and Discussion of Findings

The estimation and interpretation process follows descriptive statistic, summary unit root test, the bound co-integration test, ARDL long run estimates, and the relevant residuals tests. All the estimated models and results are neatly presented in Tables commencing with Table 4.1 containing descriptive statistics below:

**Table 4.1: Descriptive Statistics**

	<i>RGDP</i>	<i>UNEMP</i>	<i>INFLR</i>	<i>EXR</i>	<i>POPG</i>	<i>INVT</i>
Mean	4.342	11.09	19.07	81.34	2.653	19.94
Median	5.390	6.100	13.00	21.80	2.607	21.60
Maximum	25.01	42.20	72.90	385.0	3.276	31.90
Minimum	13.13	1.900	1.600	0.600	2.293	7.850
Std. Dev.	6.003	9.766	16.31	107.8	0.198	6.096
Skewness	0.158	1.523	1.653	1.566	0.906	0.352
Kurtosis	5.443	4.816	4.993	4.879	3.800	2.382
Jarque-Bera	12.39	25.70	30.43	27.25	8.019	1.794
Probability	0.002	0.000	0.000	0.000	0.018	0.007
Sum	212.7	543.5	934.3	3985.9	130.0	977.1
Sum of Sq.Dev.	1729.	4578	1277	5580	1.895	1783
Observation.	48	48	48	48	48	48

*Source:* Author's Compilation Using Eviews 10



Table 4.1 above displayed the summary statistics for the dataset used. Skewness in the table is positive with all the variables having positive signs showing that the distribution was skewed to the right. This simply implies that even in a frequency distribution form, the data set analysed was wholly made up of positive values. On the other hand, the kurtosis revealed that only POPG almost satisfied its symmetrical condition of the expected value of three (3). INVT had a value of less than three. This implies that the distribution of the variables is flat or platykurtic.

On the other hand, RGDP, UNEMP, INFLR and EXR had values greater than three. This indicates that the distribution is peaked or leptokurtic. However, all the variables' the probability was shown to be positive and relatively low with all the variables in the model being statistically insignificant at 5% level of significance. This gives way for the acceptance of the in-built null hypothesis that the data set is approximately standard. Furthermore, an interesting relationship exists between the mean and median for all the variables in the model. The mean to the median ratio for all the data set is within the unit proximity. This implies that when plotted on the standard normal curve, the median will not be significantly different from the distribution's mean value.

## 4.2. The Unit Root Test

**Table 4.2: ADF Unit Root Test**

<i>Variables</i>	<i>ADF Test Statistic</i>	<i>0.05 Critical value for ADF Statistic</i>	<i>Order of Integration</i>
RGDP	-4.066865	-2.921175	I (0)
D(RGDP)	-7.018228	-2.923780	-
UNEMP	-3.813765	-2.921175	I (0)
D(UNEMP)	-7.158201	-2.923780	-
INFLR	-0.759381	-2.921175	-
D(INFLR)	-7.076789	-2.922449	1 (1)
EXR	-0.019609	-2.921175	-
D(EXR)	-6.177783	-2.922449	I (1)
POPG	-2.211723	-2.921175	-
D(POPG)	-6.557338	-2.922449	I (1)
INVT	-0.899735	-2.929734	-
D(INVT)	-3.247676	-2.929734	I (1)

*Source:* Author's Compilation Using Eviews 10

The unit root test result using the Augmented Dickey-Fuller (ADF) approach was presented in Tables 4.2 above. The result shows that the following variables – INFLR, EXR, POPG and INVT were not stationary at levels while RGDP and UNEMP were stationary at levels. After first difference, the series became stationary at a 5% level of significance but with a mix order of integration. Thus, with all the variables not integrated of the same order but have revealed a mix combination of I (0) and I (1) as shown in the result of ADF unit root test, the use of Johansen co-integration test has collapsed. The most appropriate choice left now is the ARDL bound co-integration to examine long-term relationships amongst the variables in the model.

### 4.3. Analysis of Co-integration Test

**Table 4.3: Result of the Bound Test**

<i>SB Clags</i>	<i>F-statistic</i>	<i>Alpha Level</i>	<i>Critical Bound</i>		<i>Decision</i>
			<i>Lower Bound</i>	<i>Upper Bound</i>	
1	8.504302	5%	2.62	3.79	Co-integrated

*Source:* Author's computation using Eviews 10

Table 4.3 above indicates the calculated F-statistics of 8.50. Given the upper bound critical value of 3.79 which is less than the F-statistic, the null hypothesis of no co-integration is rejected, implying long-run co-integration relationships exist amongst the model variables. This leads to the estimation of the long-term relationship and the associated short-run dynamics. The estimation of the ARDL model is based on the Schwarz Bayesian Criterion (SBC). The static long-run estimates as well as the diagnostic test statistics of the estimated models are reported in the tables 4.4.

Results of the ARDL presented in Table 4.4 above revealed the coefficient of the lagged error correction term (-1.240083) to be negative (rightly signed) and statistically significant at 5% level of confidence. The negative and significant coefficient is an indication of the co-integrating relationship among the model variables. The magnitude of the coefficient implies that about 124% of the disequilibrium caused by previous year's shocks converges back to the current year's long-run equilibrium. The Coefficient of Multiple Determination ( $R^2$ ) is 0.916751 and the adjusted value is 0.837501 indicating that about 91.67% of total variation or a change in the growth of RGDP is explained by changes in the

**Table 4.4: Estimated Long Run Coefficients using the ARDL Approach**

ARDL (3, 1, 1, 4, 4, 4) selected based on Schwarz Bayesian Criterion

Dependent variable is RGDP

48 observations used for estimation from 1970 to 2018

<i>Regressors</i>	<i>Coefficient</i>	<i>Standard Error</i>	<i>T-Ratio</i>	<i>[Prob]</i>
UNEMP	0.423758	0.195621	2.166218	0.0414
INFLR	-0.019588	0.035612	-0.55003	0.5878
EXR	-0.058381	0.025099	-2.32599	0.0296
POPG	9.137778	5.192823	1.75969	0.0924
INVT	0.742986	0.235209	3.158834	0.0046
ECM (-1)	-1.240083	0.266138	-4.65955	0.0001
R-Squared	0.918751	RSquared (Adj)	0.837501	
S.E. of		F-Statistic	11.30781	
Regression	2.758099	Prob. of F-		
DW-statistic	2.071495	Statistic	0.00000	

*Source:* Author's computation using Eviews 10

explanatory variables in the model. In comparison, the remaining 8.33% is explained by other factors not explicitly captured in the model. Additionally, the F-statistics probability is statistically significant at 1% level, which indicates that the model has consistent parameter coefficients for policy prescription. This argument further re-echoes the Durbin-Watson statistic of 2.07 which shows positive serial correlation, but it lies within the agreeable range of 1.5 to 2.5.

The UNEMP as a prime variable in the model is positively related to the RGDP growth model and is statistically significant at a 5% level of significance. This means that unemployment has a positive consequence on Nigeria's economic growth in Nigeria during 1970 and 2018. Nigeria's result has invalidated the Okun's law of an inverse relationship between unemployment and economic performance proxied by the RGDP growth. Thus, Okun's law is not valid in Nigeria and the country is not likely to achieve sustainable economic growth given her low employment capacity. The economic situation in Nigeria indicates a high growth rate and a high unemployment level as seen from the country's over-dependence on oil as its primary source of revenue for economic activities. It thus implies that an increased workforce in Nigeria is incapable of producing more goods and services for the economy. There are numerous distortions in the Nigerian labour market owing to poor labour skills and policy implementation, wages disparity, low technical knowhow and outright corruption. As such, changes in the labour force alone are incapable of creating

the desired impact on Nigerian economy's output level and economic performance. The positive relationship does not relate to the numerous empirical studies done in many advanced countries.

There is a negative relationship between INFLR and EXR and economic performance in Nigeria during the study period as reported by -0.02 and -0.06 with the result of EXR being statistically significant at 5% confidence level. The negative relationship between INFLR and RGDP growth is in line with the monetarists' position that persistent inflation is detrimental to growth as it is capable of distorting the pattern of productive activities in the society. EXR has currently escalated in recent years against the Nigerian currency, thereby affecting trade relationship between Nigeria and the rest of the world. Though, EXR is not a prime motivator of economic performance on a comparative basis for the country, and it entirely understood that its appreciation could boost exports and as such, would increase RGDP growth.

However, there is a positive and statistically significant relationship between POPG and INVT and economic performance in Nigeria during the period of the study. There is a population explosion in Nigeria where most people are instead engaged in subsistence agriculture and hustling for survival. INVT would have recovered the Nigerian economy out of recession. However, the near collapse of the real sector leading to high underperformance of manufacturing activities in Nigeria, erratic power supply, political crises, recent insurgencies of the north and the prolonged militancy in the Niger Delta region and high cost of borrowing for investment activities in Nigeria, low propensity to save and high propensity to waste on burials and other ceremonies have affected investment performance.

**Table 4.5: Summary of Residual Tests**

<i>Ramsey Reset Test</i>	<i>Value</i>	<i>Df</i>	<i>Probability</i>
t-statistic	1.983210	21	0.0606
F-statistic	3.933123	1, 21	0.0606
<b>Breusch-Godfrey Serial Correlation LM Test</b>			
F-statistic	2.149844	Prob. F(2,20)	0.0427
Obs*R-squared	7.962488	Prob. Chi-Square(2)	0.0187
<b>Heteroskedasticity Test: Breusch-Pagan-Godfrey</b>			
F-statistic	0.994809	Prob. F(22,22)	0.5048
Obs*R-squared	22.44145	Prob. Chi-Square(22)	0.4338
Scaled explained SS	4.746330	Prob. Chi-Square(22)	1.0000

*Source:* Author's computation using Eviews 10

The Ramsey test and Breusch-Godfrey are displayed in table 4.6 above. The Ramsey test shows adequate stability of the model with marginal or limited omitted variables. The test is statistically significant. The Breusch-Godfrey test shows no serial auto correlation with statistically significant probabilities. The Breusch-Pagan-Godfrey test for heteroscedasticity shows that in fact the model variables are homoscedastic with insignificant probabilities.

### **5.1. Conclusion**

It can be concluded based on the empirical findings that, sustainable economic growth and development may not be tenable in Nigeria given that the Okun's law of the inverse relationship between unemployment and economic performance is not valid for the country just as stagflation has affected the validity of Philip's curve in Nigeria. A few proportions of Nigeria's labour force that is engaged is captured under the oil sector thereby promoting the country with its high economic growth amid high unemployment. The nation is further characterized by the high level of unemployment alongside high and impressive economic growth rate. Gross mismanagement of the nation's national resources also results in misappropriation of funds and wasteful spending on burials and other ceremonies. On that basis, the following policy recommendations are made.

### **5.2. Policy Recommendations**

- i) The study recommends that government activities to promote sustainable economic growth in Nigeria should be highly geared towards employment creation for the citizenry. Industrial establishments are thus required in Nigeria at this critical moment of high unemployment.
- ii) There is also the need for the Nigerian government to create a monitoring and evaluation unit, if already created, it should be strengthened to monitor and ensure that funds released to all the sectors of the economy by the government are well appropriated in the sectors budget. This remains the only way to help checkmate corrupt government officials and or politicians who embezzle and loot even the recovered government funds for their welfare in the name of executing projects or facilities to aid growth in the country.
- iii) The government should establish programmes that can encourage the unemployed Nigerians particularly the youth in skill acquisition and development which may invariably leads to self-employment irrespective

- of their locations. If done sincerely, this would reduce the wastages of human resources, which will also contribute to the nation's growth.
- iv) Additionally, government expenditure in Nigeria should be tinted towards import substitution and export promotion to boost local production and create diverse employment opportunities for the citizenry.
  - v) The government must apply her useful legislative functions to encourage gender participation in the labour market to encourage female participation in the labour market. Furthermore, diversification of economic activities has become the only option for the Nigerian government to encourage growth in output of goods and services.
  - vi) The government effort in using the NDE to create rural employment for the 774 LGAs in Nigeria is a step in the right direction and the government should sustain such efforts.
  - vii) The on-going recruitment of over 5,000 youths in each of the 774 local government councils in Nigeria should be seriously supervised and well implemented as it will go a long way in reducing the high rate of unemployment in Nigeria.

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