

**ECONOMIC GROWTH AND UNEMPLOYMENT IN
NIGERIA (1990-2011)**

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
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DECLARATION

This work is as a result of an independent investigation and in any circumstances where it is under obligation to the work of other people, due acknowledgement has been made.

Signed.....

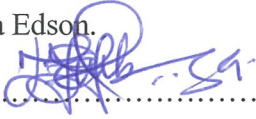
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DEDICATION

I dedicate this research report to the Almighty God who made this research a resounding success and to my loving and supporting parents, Barr and Dr. Mrs. C.A Iwueke for all the support and care in the pursuit of my academic degree.

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My in depth gratitude goes to God almighty for His blessings in my life and career. I am grateful for His endless love, protection, guidance, grace and showers of blessings upon me and my family.

My sincere appreciation goes to my parents Barr & Dr. Mrs. Anthony Iwueke for their love, care, prayers, advice, moral and financial support.

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I pray that the Almighty God reward you all, Amen.

LIST OF ACRONYMS

AEO	African Economic Outlook
CBN	Central Bank of Nigeria
GAC	Global Agenda Council
GDP	Gross Domestic Product
GNP	Gross Domestic Product
IMF	International Monetary Fund
ILO	International Labour Organisation
NMB	National Manpower Board
NBS	National Bureau of Statistics
NES	Nigeria Economic Society
OLS	Ordinary least squares
PAP	Poverty alleviation Programme
PEAP	Poverty Eradication Action plan
RAE	Real average earning
RGDP	Real gross domestic product
SSA	Sub Saharan Africa
UN	United Nations
UNESCO	United Nations Educational Scientific & Cultural Organisation
UPE	Universal Primary Education
USE	Universal Secondary Education
WB	World Bank
WEF	World Economic Forum

ABSTRACT

The topic of the study was Economic growth and Unemployment in Nigeria (1990-2011) which is a period of 21 years. Economic growth is the independent variable while unemployment is the dependent variable. The purpose of the study is to establish whether there is a relationship between economic growth and unemployment in Nigeria. It was guided by the objectives which are to determine the level of economic growth, unemployment and the relationship between both variables.

The hypothesis of the study was that there is no relationship between economic growth and unemployment in Nigeria from 1990-2011 and t and f tests were used in analysis. In the methodology, secondary data sources such as online sources, journals and textbooks were used and data got online was analysed using correlation and regression analysis.

On correlation, there was a weak positive relationship ($r = 0.3608$) between economic growth and unemployment in Nigeria at an assumed 0.05 level of significance and the researcher found out that there was a weak positive relationship between the variables. Finally, the study recommends the agricultural sector as a medium of reducing unemployment in Nigeria. It also advocates increased labour promoting investment strategies to help curb the high level of unemployment in the country.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

In this chapter, the researcher presents the background of the study, statement of the problem, its purpose, objectives, research questions, hypothesis, scope, significance and limitation of the study.

1.1 Background of the study

According to the World economic forum (WEF), a total of 357.7 million youths worldwide are not in education, training or employment as at 2010 and the figures keep increasing. Among these, close to 75 million youths are unemployed worldwide as a result of various reasons.

In Africa, high population growth rates especially in the north and sub Saharan Africa have increased the number of youths entering the labour market according to the International labour organization (ILO). In developing countries such as most African countries, low levels of education and lack of job creation and insufficient social protection means that many youths are either unemployed or underemployed or involved in unpaid or informal jobs (Global Agenda Council GAC).

Youth unemployment has remained a barrier to the continents economic growth and development (Kristen Devlin, 2010). According to the African Economic Outlook (AEO), about 133 million young people in Africa are illiterate and have little or no skills. This excludes them from the productive, economic and social life. The unemployment rate in Nigeria has grown steadily in the last 10 years. Data from the National Bureau of Statistics (NBS, 2010) shows that unemployment rate in Nigeria has almost doubled from an average of 13.1% in 2000 to 23.9% in 2011 of those actively searching for jobs. Essentially, the unemployment rate in Nigeria has almost doubled in the last decade (Osae-brown, 2014)

The World economic outlook (IMF, 2013) contend that the database contains selected macroeconomic data series from the statistical appendix of the World Economic Outlook (WEO) report, which presents the IMF staff's analysis and projections of economic developments at the global level, in major country groups and in many individual countries. The WEO is released in April and September/October each year. Global growth is projected to be slightly higher in 2014

at around 3.7% rising to 3.9% in 2015. Global activity so far has strengthened since 2013 and economic activities are generally expected to improve in 2014 and 2015 on account of recovery in advanced economies (WEO, 2013). In Many economies of the world, growth declines reflect structural or cyclical factors such as unemployment and inflation and the main policy approach for raising growth according to the survey is to push ahead with structural reforms.

According to Cooper et al (2006), Africans Gross Domestic Product (GDP) growth rate averaged 5% in the past five years its highest five-year average on record (IMF, October 2007). GDP growth for the continent is expected to increase slightly to 5.7% in 2007, picking up significantly to 6.5% in 2008 supported by strong external demand for oil and non-oil minerals; increased investment in these sectors as well as good weather conditions for agriculture in most African countries. However, for the African continent to be able to achieve the Millennium Development Goal (MDG) of halving the proportion of people living in extreme poverty by 2015, economic growth needs to be accelerated and sustained to the level of 7% and 8%. The modest increase expected for 2007 is mainly due to a global slowdown which has an impact on African countries through declining demand for African commodity exports as well as through tighter financial constraints.

According to Edukugho (2011), the irony in the growth rate in the Nigerian unemployment figures is seen in the fact that the last decade has also seen a fast paced growth rate in the nation's economic activities or output usually captured as the nation's Gross Domestic Product (GDP). Figures from the World Bank show that in the last decade, the nations GDP growth rate has averaged 7% per annum. The lowest growth recorded since 2003 is 5% in 2005. Since 2005, Nigeria's economic growth has averaged 6-8% on a yearly basis and unemployment rate has exhibited a worsening trend rising from 8.2% in 1999 to 23.9% in 2011. Economic growth rate in Nigeria has been one of the highest globally. Despite the significant growth rate in economic output within the last decade, unemployment rate has increased from a low of 11.9% in 2005 to its current high of 23.9% in 2011. (Edukugho, 2011)

This clearly shows that the fast pace growth rate in economic output has been unable to create jobs as would have been expected. A statistical study puts the total number of Nigerians engaged in one form of economic activity or the other from which they earn income at 48.53 million (NBS, 2010). A breakdown of this number showed that a majority of working Nigerians, an average of 31% were employed in agriculture, forestry and the fishing sector. The wholesale

and retail trade sector came in second as the next highest employer of labour in Nigeria with an average of 12 million Nigerians representing 25% of the working population engaged by the sector (Osae brown, 2010).

In spite of its importance, the implementation of policies on employment creation in many developing nations has not yielded much impact as there is a wide gap between the jobs available and the number of job seekers actively seeking for jobs in so many poor nations. Not only is the level of decent jobs diminishing, the challenges of globalization and economic liberalization has brought about new realities having uncertain implications for employment creation in many developing nations (Ogunrinola and Osabuohien, 2010).

Balogun et al (2003) defined unemployment as the percentage of the labour force that are without job but are able and willing to work. In Nigeria however, the ability and willingness to work is not sufficient and the unemployed are registered yet from an economic viewpoint, the unregistered unemployed are part of the labour force and therefore technically unemployed. In Nigeria, unemployment data are obtained through labour force sample surveys which ask if the respondent has worked in the week preceding the survey. However the international labour organization (ILO) after realizing the shortcomings of the labour survey as it affects developing economies such as Nigeria with a large informal sector has encouraged a review of the methodology to incorporate further disaggregation of respondent responses to bring out the true rate of unemployment.

The total labour force in Nigeria is made up of all persons aged 15-64 years excluding students, home keepers, retired persons and people not interested in working. Official figures from the bureau of statistics puts the figure of unemployed at 19.70% about 30 million and these figures excludes about 40 million other Nigerian youths captured in the world bank statistics in 2009. By implication that means that with the estimated 140 million of Nigeria's population, about 50% are unemployed (Balogun, 2003)

Alanana (2003) opines that unemployment is potentially dangerous as it sends disturbing signal to all segments of the Nigerian society. The rate of youth unemployment is very high even at the period of economic normalcy i. e the oil boom of 1970's. Unemployment in Nigeria is one of the most critical problems the country is facing. The years of corruption, civil war, military

rule and mismanagement have hindered economic growth in the country (Economy watch, 2005). Nigeria is endowed with diverse and infinite resources both human and material, however years of negligence and adverse policies have led to the underutilization of these resources and this is one of the primary causes of unemployment (Ahmad, 2011).

In Nigeria, unemployment is regarded as one of the most challenging economic problems facing the Federal government. Nigeria since the attainment of political independence in 1960 has undergone various fundamental structural changes (Oladeji, 1994). These domestic structural shifts have however not resulted in any significant and sustainable economic growth and development. Available data shows that the Nigerian economy grew relatively in the greater parts of the 1970s with respect to the oil boom of the 1970s; the outrageous profits from the oil boom encouraged wasteful expenditures in the public sector dislocation of the employment factor and also distorted the revenue bases for policy planning. Official estimates show the unemployment figures from 1990 as a fluctuating trend from the urban and rural sectors of the economy (Umo, 1996). From the data, the 1990 figure shows the percentage of the national urban and rural unemployment as follows/ national 6.1% urban 9.8% rural 5.2% and in year figure as follows: national 3% urban 3.8% rural 2.7% (CBN, 2004).

The rising rate of the population of the country which is faster than the job opportunities, a situation in which birth rate is rising and death rate is falling with the population growth rate between 2.5% and 3%, unemployment is bound to exist. There had also been a total neglect of the agricultural sector and subsequent mass exodus of able bodied youths from the rural to urban areas in search of none existing white collar jobs (Raheem, 1993). This further reduces employment in agriculture and puts pressure on existing urban jobs (Anyanwu, 1995). Unemployment has been categorized as one of the serious impediments to social progress as it represents a colossal waste of a country's manpower resources and generates welfare loss in terms of low output (Akinboye, 1997).

Generally, in Nigeria, the official period of working time per week is forty hours and many workers fall short of this due to non-availability of work. In December 1998 a total of 66.3% males and 62% female unemployment were recorded at the urban centres while rural centres had an estimate of 47.1% and 45% male and female job seekers respectively (Bello, 2003).

Unemployment is also a serious issue in Africa as a continent (Vandemoortele, 1991 and Rama, 1998) and should be treated with utmost concern.

1.2 Problem statement

Unemployment has reached a very alarming proportion in Nigeria with a greater number being university graduates and secondary school leavers. The situation has been compounded by the increasing unemployment of professionals such as bankers, engineers, doctors etc. The toll is within the productive segment of the Nigerian population (vision, 2010). There are various indicators of unemployment in Nigeria which include poverty and crime and a significant reduction in the economic growth or GDP of the nation also occurs as a result of this.

An increase in employment rate in Nigeria would contribute to economic growth and GDP through increasing the labour force of the country and therefore the productive capacity of the country thereby increasing output. It is on this background that the researcher intends to conduct a survey on the relationship between economic growth and unemployment in order to find out the extent to which unemployment affects the economic growth of the country so as to advance mechanisms for reducing unemployment for an increased economic growth in Nigeria.

1.3 Purpose of the study

The purpose of this study is to establish whether there is a relationship between economic growth (GDP) and unemployment in Nigeria.

1.4 Objectives of the study

The overall objective of the study is to establish the relationship between economic growth and unemployment in Nigeria.

1.4.1 Specific objectives

1. To determine the level of economic growth in Nigeria.
2. To determine the level of unemployment in Nigeria.
3. To determine the relationship between unemployment and economic growth in Nigeria.

1.5 Research questions:

From the above discussions, the research question is;

1. What is the level of economic growth in Nigeria (1990-2011)?
2. What is the level of unemployment in Nigeria (1990-2011)?
3. Is there a relationship between unemployment and economic growth in Nigeria (1990-2011)?

1.6 Hypothesis Statement:

The hypothesis that would guide this work is as follows;

- 1) H^0 There is no significant relationship between economic growth and unemployment in Nigeria (1990-2011).
- 2) H_1 There is a significant relationship between economic growth and unemployment in Nigeria (1990-2011).

1.7 Scope of the study

1.7.1 Geographical Scope

The study was conducted in Nigeria officially the Federal Republic of Nigeria. It is a federal constitutional republic comprising 36 states and its Federal Capital Territory, Abuja. The country is located in West Africa and shares land borders with the Republic of Benin in the west, Chad and Cameroon in the east, and Niger in the north. Its coast in the south lies on the Gulf of Guinea on the Atlantic Ocean. There are over 500 ethnic groups in Nigeria, of which the three largest are the Hausa, Igbo and Yoruba.

1.7.2 Content Scope

The study will seek to determine relationship between unemployment and economic growth in Nigeria between the years 1990-2011.

1.7.3 Time Scope

The study will take a period of six month. The proposal and thesis will all be completed within the period of 5 month (January to May 2014) and the final report will be submitted in June 2014. The study also takes a period of 22 years between 1990 and 2011.

1.7.4 Theoretical Scope

This study will be based primarily on the Keynesian, classical and neo classical theories of unemployment. Theoretical literature is drawn from some facts laid by Keynes and other classical economists.

1.8 Significance of the study:

One of the macroeconomic goals of any country is the actualization of full employment. Therefore, unemployment in any system is seen as a policy failure and there is always concerted effort on the part of the government in checkmating the effect of unemployment in an economy. The study of unemployment is important to the policy makers, politicians and students of economics.

To the policymakers, ascertaining the rate of unemployment in an economy to the desired height, the policymaker with the knowledge of the state of unemployment in the system stands the best chance of controlling it through appropriate initiative like poverty eradication program and creation of employment opportunities that touches the lives of the population.

1.9 Operational definition of terms:

Unemployment: It is the state of being without a job but actively looking for one

Unemployment rate: Measure of the prevalence of unemployment

Economic growth: Quantitative increase in the market value of goods and services produced by the economy overtime.

Wages: Monetary compensation paid by an employer to an employee in exchange for work done.

Gross domestic product (GDP): This is the market value of all officially recognized final goods and services produced within a country in a given period of time. It is the total of the country's resources in monetary terms.

CHAPTER TWO

LITERATURE REVIEW:

2.0 Introduction

This chapter is concerned with review of information that different authors have advanced on the topic unemployment and economic growth in Nigeria in regard to study objectives. It therefore looks at the theoretical review, conceptual framework, related literature, related studies and gap identification.

2.1 Theoretical review:

Keynesian economists see unemployment as a situation in which the number of people able and are willing to work at a prevailing wage exceeds the number of jobs available (Bannock et al 1998).

When carefully analyzed, the Keynesian unemployment largely applies to the Nigerian situation (Bello 2003). Here, unemployment can result to a situation where many Nigerian consumers prefer foreign goods to domestic goods causing domestic producers to face the problem of low demand reducing output and labour force. This experience continues in some firms until they are pushed out of the market resulting in the loss of more jobs, the long term unemployment remains in the market for too long and thereby reducing his cause of job finding.

Virtually, all countries exhibit negative direction dependence I. e if you pick two unemployed people at random, you would expect that the one with a shorter unemployment duration will leave unemployment more quickly (Machine & Mining 1998). According to Oluoye (2006) classical economists argued that unemployment exists when unions maintain wages above their equilibrium level leading to involuntary unemployment. Keynes also advocated the use of fiscal and monetary policies to boost aggregate demand. Cyclical unemployment differs from structural and frictional (Lindbeck et al 1999). It results from lack of aggregate demand in the down sing of a business cycle (Bannock et al 1998).For instance, in Nigeria, since the collapse of the oil boom in the late 70's the economy has remained in a passive state even though other periods of oil surge were later experienced. (Bello 2003).

Cyclical unemployment in sub Saharan Africa is the seasonal unemployment that is inherent in the agricultural sector and it could be described as a long Kondratieff cycle which

lasts for over a period of 50 years (Bello 2003). The implication is that the problem of unemployment may be solved by removing the artificial critical ceiling placed by the labour unions. Demand is deficient in the Keynesian unemployment caused by a sluggish labour market adjustment beyond the control of individual workers or unions (Begg 1994).

The demand deficit or cyclical unemployment is the disequilibrium level of involuntary unemployment caused by the combination of low aggregate demand and sluggish wage adjustment.

The classical case of unemployment is premised on the inflexibility of wages. Unemployment results because labour due to organized activities does not allow wages to decline for the accommodation of excess labour when there is incidence of unemployment.

When there is a change in the structure of an industry or economic activities of the country it is known as structural unemployment. As an economy develops, there might be a change in the type of industries as a result of technological changes and preferences. Structural unemployment occurs when the labour market is unable to provide jobs for everyone who wants one because there is a mismatch between the skills of the unemployed workers and the skills needed for the available jobs (Oladeji, 1994) This could be caused by persistent cyclical unemployment i. e if the economy suffers from long lasting low aggregate demand. Much technological unemployment is counted as structural because of the way in which steady increases in labour productivity means that fewer workers are needed to produce the same level of output every year. Structural unemployment occurs as a result of movement in the natural employment rate itself which can result from changes in labour market institutions, demographic shifts etc. This event is brought about by economic variables such as the level of aggregate demand and the actual or expected real wage rate (Oladeji, 1994).

Frictional unemployment is caused by industrial friction such as immobility of labour, ignorance of job opportunities, shortage of raw materials and breakdown of machinery etc (Njoku, 2009) Frictional unemployment is the time period between jobs when a worker is searching for or transitioning from one job to another. It exists because both jobs and workers are heterogeneous and a mismatch such as skills, payment, work time, location, attitude, taste can result between the characteristics of demand and supply. Frictional unemployment is

unavoidable in an economy in which both the labour force and jobs on offer are continually changing (Njoku, 2009). Seasonal unemployment is said to occur when people are laid off seasonally due to the nature of the job they do. It happens as a result of seasonal variations in the activities of particular industries caused by climatic changes, changes in fashion or by the inherent nature of such industries. The rain coat factory and sugar industry are both seasonal and the workers here become jobless during the off season of these two products thereby giving rise to seasonal unemployment (Asoluka, 2009)

Cyclical unemployment is also known as the Keynesian or demand deficient unemployment and it occurs due to the operation of the business cycle or fluctuations around the natural employment rate. It arises at a time when the aggregate effective demand of the community becomes deficient in relation to the productive capacity of the country (Njoku, 2009).

Disguised unemployment refers to the mass unemployment and underemployment which prevail in the agricultural sector of an underdeveloped and overpopulated country. Some people in underdeveloped countries are outwardly employed but are actually unemployed because agricultural production will suffer no reduction if a certain number of workers are withdrawn (Asoluka, 2009).

In the Walrasian general equilibrium model the price flexibility is a key factor in the correction of labour market disequilibrium. Thus, the classical labour market shortages or surplus of labour is dealt with by different wage movements. By so doing, the incidence of involuntary unemployment is removed from the classical labour market. However, at the ruling market clearing wage, voluntary and frictional unemployment may exist.

Keynes remedial for removing involuntary unemployment may be applicable in developed economies but may be less potent in developing nations for some reasons. First, the nature of unemployment in these countries are different. While developing countries suffer from chronic unemployment, due to deficiency or inefficient use of capital, developed nation suffer from cyclical unemployment as a result of low level of aggregate demand.

Given wage price flexibility there are automatic forces in the economic system that tend to draw the economy into equilibrium state (Jhingan,2000).

Keynes analysis reflects some labour market behaviours in developing nations such as in the formal wage sector of the economy where market is not usually cleared as a result of very high wage levels which is policy rather than market determined. Also, the actions of labour unions and government minimum wage laws help to keep wages above the market clearing level.

The incidence of unemployment from a classical perspective cannot be situated in sub Saharan African economics. Although price flexibility is not feasible due to trade union activities, its existence cannot efficiently address the problem of unemployment because in Nigeria, most sectors especially the public sector enterprises have the problem of labour redundancy due to over staffing (Bello, 2003).

The most obvious micro economic explanation of the absence of wage underbidding is perhaps the minimum wage laws. However, there is a general agreement among labour market economists that minimum wages have not been high enough in recent decades in developed countries to explain aggregate structure unemployment (Lindbeck, 1999) therefore the actual problem is that of poor economic growth that is unable to sustain the population and labour supply growth rates.

Thirwal (1993) also referred to the concept of disguised unemployment which he defined as the gap between the actual number of workers available for employment and the level of employment at which the marginal product is below the institutional or subsistence wage. He argues that we should be concerned with dynamics rather than static surplus since there are many reasons why small changes may release substantial quantities of labour. Unemployment rate according to Begg (1994) is the percentage of the labour force without a job.

According to him, labour force means people of working age who in principle would like to work if a suitable job was available. He insisted that those who are of the working age but have no intention of working should not be counted as unemployed. This view seems to be a general consensus among economists. A person is defined as being unemployed if he or she does not have a job but is available to take a job.

Pakin (1998) added that unemployment rate is the percentage of people in the labour force who are employed. According to him, unemployment rate is the best measure of those who

do not have a job, are available and willing to work but do not have the efforts to find work. He however noted that unemployment is a persistent feature of economic life.

Begg (1994) classified unemployment into frictional, structural, demand deficient (Kynesian) and classical. Frictional explains people whose physical or mental handicaps make them almost unemployable and those who are temporally unemployed as a result of changing jobs.

Structural unemployment arises as a result of a mismatch of skills and job opportunities when the pattern of demand and wage is deliberately maintained above the level at which the labour demand schedule intersect.

Begg (1994) however held that behavioural implication of the different types of unemployment and the consequences for government policy have necessitated different classification of modern analysis of unemployment. A worker is involuntarily employed if he or she would accept a job offer at the ongoing wage rate. Employment and unemployment in developing countries have been the concern in recent years to the extent that international labour force has sponsored missions to several countries to undertake detailed analysis as part of a world employment programme (Olueye 2006).

Onwioduokit (2006) examined the link between unemployment and several macroeconomic variables in Nigeria and concluded that the shift in the composition of unemployment in Nigeria since 2000 is very instructive as it has brought to the fore the inadequacies of the received theory towards explaining the unemployment phenomenon in the country.

Oladeji (1991) investigated the issue of graduate unemployment in Nigeria while Borisade (2001) examined the structure of the educational system and employment relationship in Nigeria. Both conclude that a reorientation of the educational system towards the employment needs of the economy would go a long way towards promoting productive employment in Nigeria.

2.2 Conceptual framework

Introduction:

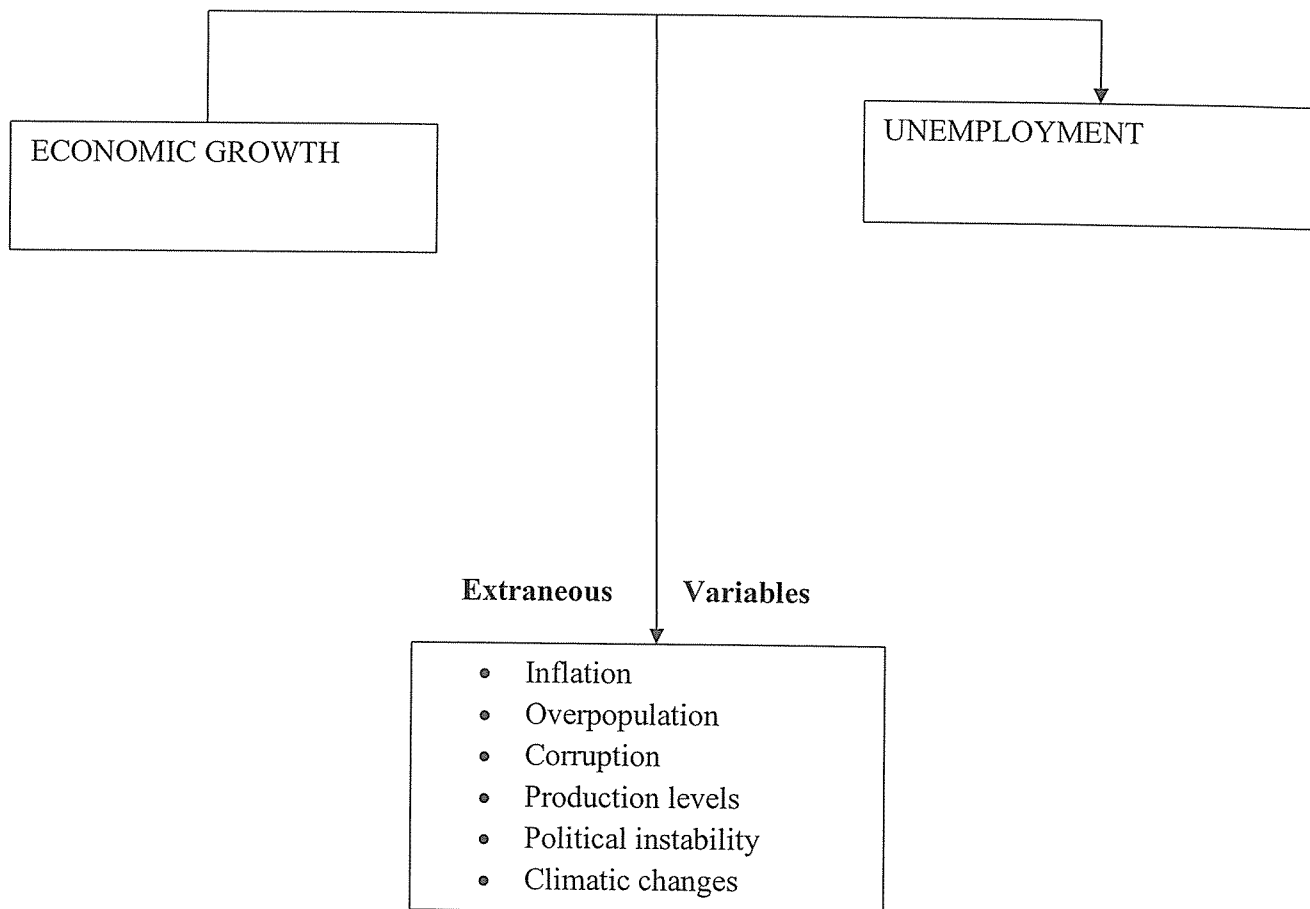
The theoretical framework seeks to establish the relationship between economic growth and unemployment.

Does the rate of economic growth create or destroy jobs and does it affect jobs in the short or long run? The motivation for study is the real aspect of growth which increases and comes from the accumulation of knowledge embodied in innovation through the use of machines to do the work previously done by others and resulted to unemployment.

Conceptual framework showing the relationship between economic growth and unemployment

Independent variable

Dependent variable



According to Walterskirchen (1999) the simple but wrong argument is: There can be no negative relationship between economic growth and unemployment because GDP and unemployment are both rising in the long run. It is evident that employment will only increase if GDP is rising faster than productivity. Other things being equal, the greater the amount of goods and services produced, the greater the labour required for production; because economic growth and employment go hand in hand.

2.3 Related Literature

2.3.1 Economic Growth in Nigeria (GDP)

Economic growth means an increase in the capacity of an economy to produce goods and services in a given period of time. It is primarily driven by improvement in productivity which involves producing more goods and services with the same input of labour, capital, energy and materials (Wikipedia). Growth is usually calculated in real terms i. e inflation adjusted terms in order to net out the effects of inflation on prices of goods and services produced (Jones, 2002). Economic growth refers to the growth of potential output i.e production at full employment caused by growth in aggregate demand or observed output (Erbee and Hagemann, 2002).

Nigeria is classified as a mixed economy emerging market, and has already reached lower middle income status according to the World Bank (2011), with its abundant supply of natural resources, well-developed financial, legal, communications, transport sectors and stock exchange (NSE), which is the second largest in Africa. Nigeria is ranked 30th in the world in terms of GDP (PPP) as of 2012. Nigeria is the United States' largest trading partner in sub-Saharan Africa and supplies a fifth of its oil (11% of oil imports). It has the seventh-largest trade surplus with the US of any country worldwide. Nigeria is the 50th-largest export market for US goods and the 14th-largest exporter of goods to the US. The United States is the country's largest foreign investor (Nigeria, 07/08). The International Monetary Fund (IMF) projected economic growth of 9% in 2008 and 8.3% in 2009 (IMF Survey (2008), Aminu, (2008), Godwin, (2008)). The IMF further projects a 8% growth in the Nigerian economy in 2011 (Odueme, 2011).

Nigeria is the 12th largest producer of petroleum in the world and the 8th largest exporter, and has the 10th largest proven reserves. (Petroleum plays a large role in the Nigerian economy, accounting for 40% of GDP and 80% of Government earnings. However, agitation for better

resource control in the Niger Delta, its main oil producing region, has led to disruptions in oil production and prevents the country from exporting at 100% capacity (Williams, 2008). The Niger Delta Nembe Creek Oil field was discovered in 1973 and produces from middle Miocene deltaic sandstone-shale in an anticline structural trap at a depth of 2 – 4 km (Nelson, (1980).

Nigeria has one of the fastest growing telecommunications markets in the world, major emerging market operators (like MTN, Etisalat, Zain and Globacom) basing their largest and most profitable centres in the country (DeRouen, and Bellamy, 2008). The government has recently begun expanding this infrastructure to space based communications. Nigeria has a space satellite which is monitored at the Nigerian National Space Research and Development Agency Headquarters in Abuja.

The country has a highly developed financial services sector, with a mix of local and international banks, asset management companies, brokerage houses, insurance companies and brokers, private equity funds and investment banks (Lewis, 2007).

Nigeria also has a wide array of underexploited mineral resources which include natural gas, coal, bauxite, tantalite, gold, tin, iron ore, limestone, niobium, lead and zinc (Safire, 2007). Despite huge deposits of these natural resources, the mining industry in Nigeria is still in its infancy.

Agriculture used to be the principal foreign exchange earner of Nigeria (Ake, 1996). At one time, Nigeria was the world's largest exporter of groundnuts, cocoa, and palm oil and a significant producer of coconuts, citrus fruits, maize, pearl millet, cassava, yams and sugar cane. About 60% of Nigerians work in the agricultural sector, and Nigeria has vast areas of underutilised arable land (Levy, 2004).

It also has a manufacturing industry which includes leather and textiles (centred Kano, Abeokuta, Onitsha, and Lagos), car manufacturing (for the French car manufacturer Peugeot as well as for the English truck manufacturer Bedford, now a subsidiary of General Motors), t-shirts, plastics and processed food.

The Nigerian economy is one of the most developed economies in Africa. According to the UN classification, Nigeria is a middle income nation with developed financial, communication and transport sectors. It has the second largest stock exchange in the continent (Economy watch, 2010).

The petroleum industry is central to the Nigerian economic profile and it's the 12th largest producer of petroleum in the world. This industry accounts for almost 80% of the GDP and above 90% of the total exports. Aside the petroleum sector, the Nigerian economy is highly amorphous and lacks basic infrastructure. Several failed efforts have been made since 1990 to develop other industrial sectors (Economy watch, 2010)

The low growth rate deals with downsizing of the industrial sector. One factor that impacted negatively on growth was high lending interest rates which promoted savings and discouraged flow of credits and investments. Other economic phenomena affecting growth are large budget deficits and inflation. This devalued the currency and increased uncertainty among foreign and local investors.

2.3.2 Unemployment in Nigeria

There seems to be a consensus on the definition of unemployment. The International Labour Organisation (ILO) defines the unemployed as numbers of the economically active population who are without work but available for and seeking jobs including those who have lost their jobs and voluntary left their jobs. (World Bank1998:63).

Although there seems to be convergence on this concept, its application has been bedeviled with series of problems across countries. First, most published unemployment rates are recorded open unemployment. Peoples' attitudes on this varies from country to country. While this may be high in developed countries and where government is committed to resolving unemployment problems, it is likely to be very low in countries with the opposite attributes.

Okigbo (1991) points out the problem arising from the concept of labour force. In most countries, particularly Nigeria, people below the age of 15 and those above the age of 55 who are actively engaged in economic activities are usually excluded from labour statistical surveys. All these factors have the tendency to result in underestimation of unemployment thereby making

international comparison very difficult. Factors such as preponderance of full housewives and unpaid family workers also contribute significantly to the underestimation of unemployment.

Bello (2003) investigated the phenomenon of unemployment in sub Saharan African with special reference to the Nigerian experience. Having diagnosed the nature of this episode, the study unfolds a number of factors that account for this phenomenon and the great threat it poses to the economy involved. Assessment of past and present anti unemployment policy measures in Nigeria was made and the result showed that a number of economic factors inhibit their performance.

The extent of unemployment in Nigeria is not justified by the available financial statistics phenomenon. This is because of the nature of unemployment in the country where many job seekers do not see the need for registration as unemployed due to the expression of futility in such exercise. This harnesses the sharp disparity between the official statistics on the phenomenon and the reality on ground (Bello 2003).

There is also the problem of disguised unemployment in Nigeria. Here, more people are available for work than is shown in the unemployment statistics (Bannock et al, 1998). Disguised unemployment in Nigeria explains why official unemployment statistics sharply differs from the true state of employed or unofficial statistics available. The recorded figure of unemployment significantly understates the number of people who are actually willing to work at the prevailing wage rate. Consequently, the unemployment figure in Nigeria is obtained through labour force sample survey, by asking if the person has worked in the past week preceding the survey. Unemployment can be measured by the number of hours worked per week (Bannock, 1998).

The analysis by educational status also suggests that people who have been majorly affected by unemployment are those without basic education. For instance, persons without Primary School Education and Universal Secondary Education (USE) accounted for 76.8- 80.6% in the early 90's. For polytechnic and university graduates, the figures show relatively low unemployment rate as compared to the school leavers' experience. A peak of 14% unemployment rate was recorded for polytechnic female graduates in 1998 and the male graduate record had its peak in 1999 with 15% both in urban areas (Bello 2003).

It is impressive to note that in 2005, Nigeria's unemployment rate declined to 11.9% from 14.8 in 2003. This decline was attributed to the various government efforts aimed at addressing the problem through Poverty Alleviation Program (PAP) and the increased number of people who got engaged in the informal sector activities. Unemployment increased sharply from 14.9% in March 2008 to 19.7 in March 2009. When disaggregated by sector gave 19.2% for urban and 19.8% for the rural (NBS, 2010).

Many people are frustrated by lack of unemployment opportunities; they include those without jobs and those who want to quit their jobs for better ones. A considerable size of utilized and underutilized labour abounds in Nigeria and are ought to be brought into the circle. Job creation should be made a priority by the government and sectors such as the agricultural sector should be funded, also the educational sector should be improved so as to increase the number of skilled workers ready for employment Nigeria's employment problem has become chronic and should be a matter of utmost national concern.

2.3.3 Relationship between unemployment and economic growth

Tabellini and Daveri (2000) found empirical support by raising a hypothesis that unemployment has a negative effect on economic growth while Layard and Nickel (1999) could not find the labour market institution that increases unemployment and reduces economic growth. It is possible that some institutions that affect unemployment also affect economic growth and level of output in Nigeria.

Another notion is that higher productivity causes fewer jobs. According to Calmfors and Holmlund (2000) there is often a failure to distinguish between increase in output that are due to higher capacity utilization and those that are due to long term growth. Output increase is reinforced with a lag by increase in capital stock because investment will be more profitable when the return to capital increases generally leading to an increase in labour productivity and a further increase in labour demand. The adjustment process continues until the return to capital has been restored to its original level. The increase in the capital stock means that labour market reform will reduce real wages much less in the long run than in the short run (Bean, 1999).

There is a hypothesis that regulation and taxation discourage business operations and reduce labour demand. It may have a strong impact on smaller businesses since they have less

access to capital markets than larger enterprises generally leading to a decrease in job creation. Regulations on employment are sometimes put by licensing boards. Individuals for example cannot use their private cars as cabs or sell home-made food on street corners without appropriate licenses; thereby limiting job opportunities.

Another hypothesis is that unemployment in itself could reduce long term growth. If so, labour market reforms that reduce unemployment would also lead to increased economic growth. This may occur in theoretical models of endogenous growth. Higher employment means higher aggregate income (Daveri & Tabellini). With a given savings rate, higher employment means higher savings. It also means that a given capital stock is combined with more labour raising the return to capital and hence the savings rate as well. Higher aggregate income and a higher savings rate means more capital accumulation thus an increase in economic growth.

Similarly, one can argue that higher employment among low skilled workers lead to higher economic growth because it becomes more profitable to invest in human capital when this is combined with more low skilled workers. Higher employment therefore implies more human capital accumulation if this occurs mainly through learning on the job (Aghion and Howitt, 1994). An effect working in the opposite direction is however that higher employment is likely to reduce the average time spent in the education system before students enter the labour force (Storesletten and Zilibotti, 2000).

Swane and Vistrand (2006) examined the GDP =employment growth relationship. Using the employment-population ratio as a measure of the extent of employment generation, the study found a significant and positive relationship between GDP and employment growth.

Walterskirchen (1999) analysed the link between economic growth and the labour market. He found that the relationship between GDP growth and the change in unemployment is divided into two components viz; those changes in employment and unemployment rates governed by economic factors as well as those governed by demographic influences and labour market policies. He employed time series analysis for selected individual countries and employed the use of panel data for all the countries. The finding of the study showed a strong positive correlation between GDP growth and change in the level of employment from 21.10% in 2010. Unemployment rate in Nigeria is reported by the National Bureau of Statistics. From 2006 until

2011, Nigerian unemployment rate averaged 14.6% reaching an all time high of 23.9% in December 2011 and a record low of 5.3% in December 2006. In Nigeria, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force.

According to the statistics released by the Central Bank of Nigeria last year, unemployment rate in Nigeria has risen from 8.2% in 1999 to 23.9% in 2011. Cross River state was cited as a case where the unemployment rate rose astronomically from 7.9% in 2002 to 18.2% in 2011. In this study, it was also revealed that 23.9% of the adult working population in Nigeria are unemployed (Vanguard, 2013). This is obviously having a significant effect on the psychology of the individuals concerned and a destabilizing impact on the wider society making the vision 20:20 projected to look like a mirage. World Bank statistics also show that 66% of the Nigerian population fall below the poverty line of about a dollar a day compared to 43% some years ago. This is a pure evidence and negative effect of unemployment in the country towards GDP growth.

Osinubi (2006) found it worthwhile to address the following questions using time series data collected over 41 years.

- a. What is the relationship between poverty, unemployment and economic growth in Nigeria?
- b. What step should be taken to ensure that economic growth brings about a decrease in unemployment and poverty in Nigeria?

Nigeria is a nation that is blessed with multifarious and multitudinous human and material natural resources. However, these resources have not been optimally utilized due to gross mismanagement, access spending, corruption and adverse policies set up by the Nigerian government.

These resources have been adequately channeled to profitable investments to bring about maximum economic benefits.

2.4 Empirical literature:

Lindbeck (1999) talked about structural unemployment by not disappearing in cyclical booms. He made use of the PSvs.uds model as the analytical framework for the paper. This model is also related to the search model for labour market in which unemployment equilibrium

is defined as a situation where the number of individuals finding jobs equals the number of those separated from jobs pointing at influencing factors such as time and space.

Olson (1984) argued that democratic societies tend to become more organized in strong pressure groups causing income distribution to have an interest in blocking the changes necessary for high growth.

Downes (1998) investigated the necessary condition for reducing unemployment rate in Trinidad and Tobago. Using the error correction model estimated by OLS (ordinary least square) instrumental variables, he found that both long and short run changes in real gross domestic product (RGDP) and Real average earning (RAE) have a statistical impact on changes in the unemployment rate. While increase in GDP reduces the unemployment rate in both short and long terms (and lowers it in short run), increase in real average earning increases the unemployment rate in the long run.

The classical economists believe that the relationship between employment and output is a one way relationship that goes from the input of labour to output. In explaining productivity and labour output, (Fashola, 1992) pointed out that the supply of labour is positively related to the level of real wage while the demand exhibits a negative relationship with real wage and positive relationship with productivity (Todaro, 1990).

The Keynesian framework explains the determination of output or productivity and employment/unemployment in terms of aggregate demand. Productivity growth should increase the demand for labour thereby reducing unemployment. The Keynesian framework as examined by Thirwall (1995) and Grilla and Zanalda (1995) postulate that increase in employment, capital stock and technological change are largely endogenous. Thus the growth of employment is demand determined and the fundamental determinants of long term growth of output also influence the growth of employment (Hussein and Nadol, 1997).

These resources have been adequately channeled to profitable investments to bring about maximum economic benefits. As a result of these, Nigeria has been bedeviled with poverty, unemployment and a relatively slow economic growth rate. Nigeria's official statistics show that economic growth has not always been accompanied by declines in unemployment and poverty.

Simbowale (2003) studied the empirical evaluation of macroeconomic policies vis a vis pro poor economic growth in Nigeria using secondary data covering a given period. The study found that growth was actually weakly pro poor. Also, those that are far below the poverty line have not really been enjoying the benefits of economic growth. In fact, the benefits getting to them has been decreasing or reducing at an increasing rate and economic growth in rural areas is slightly more pro poor than in urban areas. Overall, economic growth in Nigeria is not necessarily always pro poor.

Ajekomobi and Ayanwale (2005) investigated the education students enrolment and linkage with unemployment and economic growth in Nigeria using annual data from (1970-2005) which comes from several issues of central bank of Nigeria annual reports and statement of accounts federal ministry of education and national university commission (NUC). The result showed that government discovery is unstable and unpredictable. Capital and recurrent findings are just a small fraction of the nation's budget.

CHAPTER THREE:

METHODOLOGY

3.0 Introduction

This chapter explains and describes how the above research was carried out. In this chapter, the researcher will show the research design, research population and area, sample size and techniques, research instrument, and data gathering procedures. The data analysis, ethical consideration and limitations of the study are also a part of this chapter.

3.1 Research Design

The research work is conducted employing an econometric methodology of multiple regression. Statistical and econometric tools shall be used in analyzing and presenting data. Also, the researcher will investigate the trends of GDP using statistical tools such as line graphs, measures of central tendency, measures of dispersion e.t.c. Secondary data obtained from various sources such as the Nigerian bureau of statistics and Central bank annual reports are used in the various statistical analysis and inferences were drawn by fitting the regression model and testing for its significance using the t- statistic, correlation of the two variables and a test for significance of Pearsons's correlation coefficient. The researcher also will use some descriptive techniques since the study is interested in establishing the relationship between unemployment and economic growth. The study will undertake a detailed analysis of unemployment rates and economic growth rates in Nigeria within a specific period which largely suits a quantitative research approach, but with some elements of qualitative research approaches.

3.2 Data collection instruments:

The record sheet was used to enter the annual data on unemployment and economic growth in Nigeria for a period of 20 years 1990-2010.

3.3 Sources of data

Secondary data was obtained from the Central bank of Nigeria annual reports and the National bureau of statistics and World Bank statistics. This data shows the unemployment and economic growth trends in Nigeria from 1990-2010. Their records on unemployment and economic growth will be studied and utilized for the research.

3.4 Validity and reliability of data

To establish the validity of the instruments, Consultation was made on areas that are of great importance. To establish the reliability of the instruments, the data was analyzed and fed accordingly. After data collection the researcher conducted a check of the information so as to identify the correlation in the information given.

3.5 Research Population

The population under investigation are all the different groups of unemployed people in Nigeria, ranging from secondary school leavers, university graduates to people laid-off from their jobs. The relationship between unemployment and economic growth will be investigated.

3.6 Sample Size

Records that will be used will be drawn from 1990 up to 2010 which covers a period of 20 years and these will be obtained from the major independent and government related bodies that publish such records in the country.

3.7 Research Instrument

Time series data for this study will be collected from secondary sources. Such data will be recorded in the record sheets which will be designed to suit the data required to attain the stated objectives of this study. The study will utilize documents/records review; this is because of their efficiency and effectiveness to solicit reliable and valid data (Maicibi and Kaahwa, 2004).

3.8 Document Review

This will involve the collection, study and analysis of existing written (published and unpublished) material. Documents that will be reviewed include official institutional publications, semi autonomous body's reports, statistics and figures, annual budget reports, development reports, international agencies publications like World Bank, UN, CBN reports, Published articles in journals, and newspaper reports articles.

3.9 Data Gathering Procedures

3.9.1 Before data gathering

Upon the completion of the research proposal, the researcher will obtain an introductory letter from the department of economics and Statistics of Kampala International University, seeking for permission from the human resource department of identified organisations to allow him get access to study sites and also access all organizations that would provide the required data

3.9.2 During data gathering

Due to the nature work and busy schedule of organizations the researcher through the office of administrators will schedule appointments to allow him make use of their resource centers. The researcher will avail himself to give necessary explanation on some questions where needed. The researcher will make use of secondary data by reviewing available relevant text books, journal articles, periodicals, manuals, dissertations, and publications.

3.9.3 After data gathering

The data gathered will be collated, coded and entered into the computer and statistically analysed using the Statistical Package (STATA).

3.10 Data processing and Analysis

The line graphs will be used to show the trend of economic growth and level of unemployment in Nigeria. Also the researcher will do regression analysis of the levels of unemployment and economic growth within a specified period of time. Correlation and regression analysis will also be used in determining the relationship between unemployment and economic growth from 1990 – 2010. Pearson correlation coefficient was used to test the null and alternate hypothesis on correlation. The data on the variables will be scattered and later, Pearson's correlation coefficient used in finding the strength of relationship between unemployment and economic growth in Nigeria. STATA package was also used to derive descriptive statistics and accompanying scatter diagrams relevant for the study prior to the estimation of the regression line

A bivariate regression analysis will be used to estimate the regression equation.

The regression model was

$$y = \alpha + \beta x$$

$$Y = \alpha + \beta_0 X_0 + e_i$$

Where

Y: Unemployment

α : The unemployment rate independent of GDP

β_0 : The rate of change of unemployment to the GDP

x_0 : economic growth (GDP)

The Pearson's correlation coefficient (r) is given by

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{[(n \sum x^2 - (\sum x)^2)[n \sum y^2 - (\sum y)^2]}}$$

In order to test the hypothesis, t – test computed was given by the formula

$$t_c = \frac{r\sqrt{(n-2)}}{\sqrt{1-r^2}}$$

The critical region for rejecting or accepting the hypothesis was

$$|t_c| \geq t_{\alpha/2}$$

Reject H_0 if $|t_c| \geq t_{\alpha/2}$ at 0.05 level of significance.

3.11 Ethical Considerations

The principles underlying research ethics are paramount and concern issues such as confidentiality, honesty and respect for individual rights. Welmer, Kruger and Mitchell (2000) identify consent, right of privacy, protection from harm and deception as ethical problems that require serious consideration by researchers.

Ethical standards in this study will be assured. Organisations from which data will be collected will be informed in writing about the objectives of the study.

The researcher recognized the contributory authors especially those authors from whom literature, related studies and theories were generated. Use of officially publicized data by reputable local and international agencies, voluntary participation of organizations, guaranteeing confidentiality on information collected, and reporting study findings basing on the data collected and analyzed using appropriate techniques were all put into consideration.

3.12 Limitations of the Study

There was difficulty in accessing organizations due to their busy schedules. The data required was looking scattered but the researcher made efforts to address this problem so as to ensure minimal errors in collation and data analysis.

Secondary data was used and this might have its own shortcomings like problems of retrieval, display of author subjectivity, limitation of its accessibility, which may lead to incomplete and incorrect information.

However, in view of the following threats to validity stated above, the researcher claimed a conventional 5% margin of error (0.05 level of significance).

There was difficulty in getting access to some relevant documents needed in carrying out the research. There were cases of limited copies of materials. Also, another constraint to this research was finance and time. The time allowed for the research was short considering the fact that other academic works were in progress.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.0 Introduction:

The objectives of the study are to determine the level of economic growth in Nigeria (1990-2011), to determine the level of unemployment in Nigeria (1990-2011) and to establish if there is a significant relationship between economic growth and unemployment in Nigeria (1990-2011). Data was presented using figures, tables and graphs based on the above research objectives and the corresponding research questions, testing the hypothesis and for the implications of the findings.

Table 1: Showing the relationship between unemployment and economic growth trend in Nigeria (1990-2011)

Year	Unemployment	GDP RATE
1990	3.5	12.8
1991	3.1	-0.6
1992	3.5	0.6
1993	3.4	2.4
1994	3.2	0.58
1995	1.9	0
1996	2.8	4.7
1997	3.4	2.8
1998	3.5	2.7
1999	17.5	0.53
2000	18.1	5.2
2001	13.7	8.0
2002	12.2	21.2
2003	14.8	10.3
2004	11.8	10.3
2005	11.9	6.6
2006	12.3	6.2
2007	12.7	6.4
2008	14.9	6.2
2009	19.7	7.1
2010	21.1	7.8
2011	23.9	6.8

Source: (NBS, 2014)

4.1 Trend of Economic Growth in Nigeria (1990-2011)

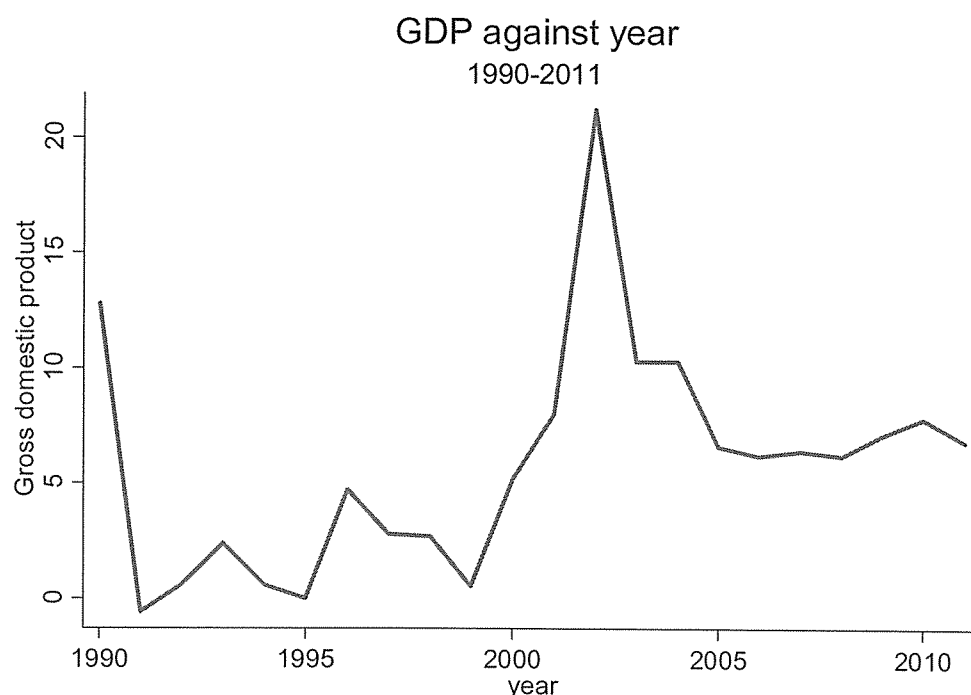
The second objective was to show the level or trend of Economic growth rate in Nigeria in the stated period of time. Under this, the researcher used a line graph. Below is the table and the line graph showing the trend.

Table 2: Showing economic growth trend in Nigeria (1990-2011)

Year	GDP growth rate
1990	12.8
1991	-0.6
1992	0.6
1993	2.4
1994	0.58
1995	0
1996	4.7
1997	2.8
1998	2.7
1999	0.53
2000	5.2
2001	8.0
2002	21.2
2003	10.3
2004	10.3
2005	6.6
2006	6.2
2007	6.4
2008	6.2
2009	7.1
2010	7.8
2011	6.8

Source: (NBS, 2010)

Figure 1: Graph showing trend of economic growth in Nigeria (1990 – 2011)



Source: Researcher, 2014

The Gross domestic product (GDP) in Nigeria expanded by 7.72% in the fourth quarter of 2013 over the same quarter of the previous year. GDP growth rate in Nigeria is reported by the central bank of Nigeria. GDP growth rate average 6.8% from 2005 until 2011 reaching an all-time high of 8.6% in the 4th quarter of 2010 and a record low of 4.5% in the 1st quarter of 2009. Agriculture is the largest sector of the economy and it accounted for 42% of the total GDP, yet the fastest growing segments are wholesale and retail trade, telecommunications and post. Together, they account for almost 35% of the total output. The 3rd largest sector is crude petroleum and natural gas which contributes 13.5% of total output but its contribution to the GDP has been decreasing over the last two years. Industry and construction account for the remaining 9.5% of the GDP.

4.2 Trend of Unemployment in Nigeria (1990- 2011)

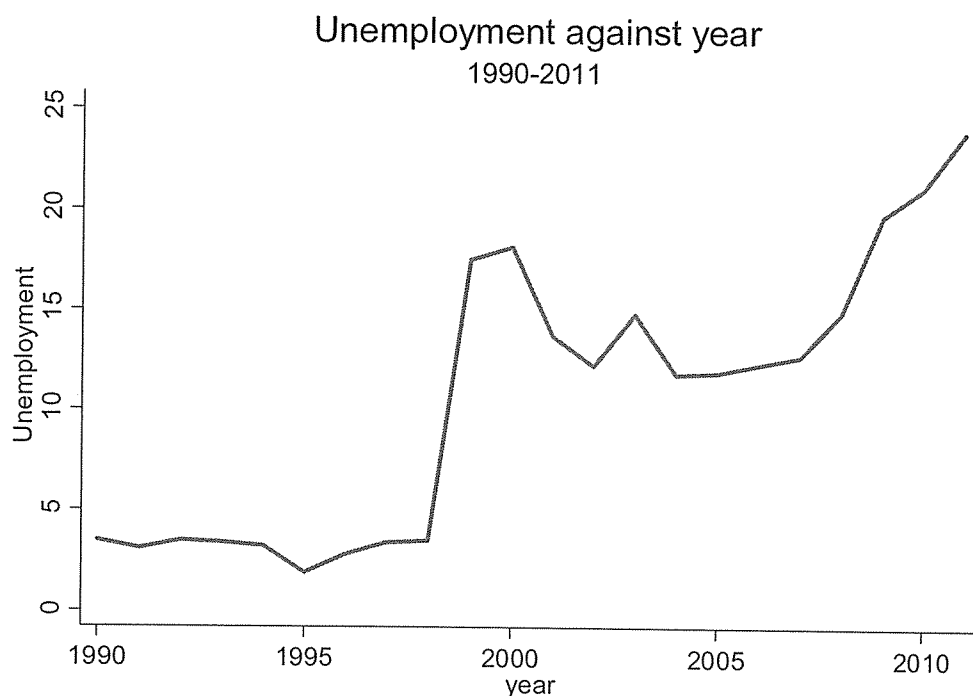
The first objective of the study was to show the trend of unemployment in Nigeria between 1990 and 2011. Under this; the researcher used the line graph. Below is the table and the line graph showing the trend;

Table 3: Showing Unemployment rates in Nigeria from 1990-2011

Year	Unemployment rate
1990	3.5
1991	3.1
1992	3.5
1993	3.4
1994	3.2
1995	1.9
1996	2.8
1997	3.4
1998	3.5
1999	17.5
2000	18.1
2001	13.7
2002	12.2
2003	14.8
2004	11.8
2005	11.9
2006	12.3
2007	12.7
2008	14.9
2009	19.7
2010	21.1
2011	23.9

Source : (NBS, 2010)

Figure 2: Graph showing trend of unemployment in Nigeria (1990 – 2011)



Source: Researcher, 2014

The unemployment rate in Nigeria shows a steady and constant trend in between the periods of 1990 to 1998. There was a sharp increase from 1999 and this continued until 2011. This increase however was not steady. Unemployment rate increased to 23.9% in 2011 from 21.1% in 2010. According to the Nigerian bureau of statistics, unemployment rate in Nigeria averaged 14.6% with an all-time high of 23.9% in 2011 and a record low of 5.3% in December 2006.

4.3 The relationship between unemployment and Economic growth rate in Nigeria

The third objective was to investigate the relationship between unemployment and Economic growth rate in Nigeria. The researcher used a scatter plot graph, correlation analysis, regression analysis and non parametric test to establish this relationship as can be observed below;

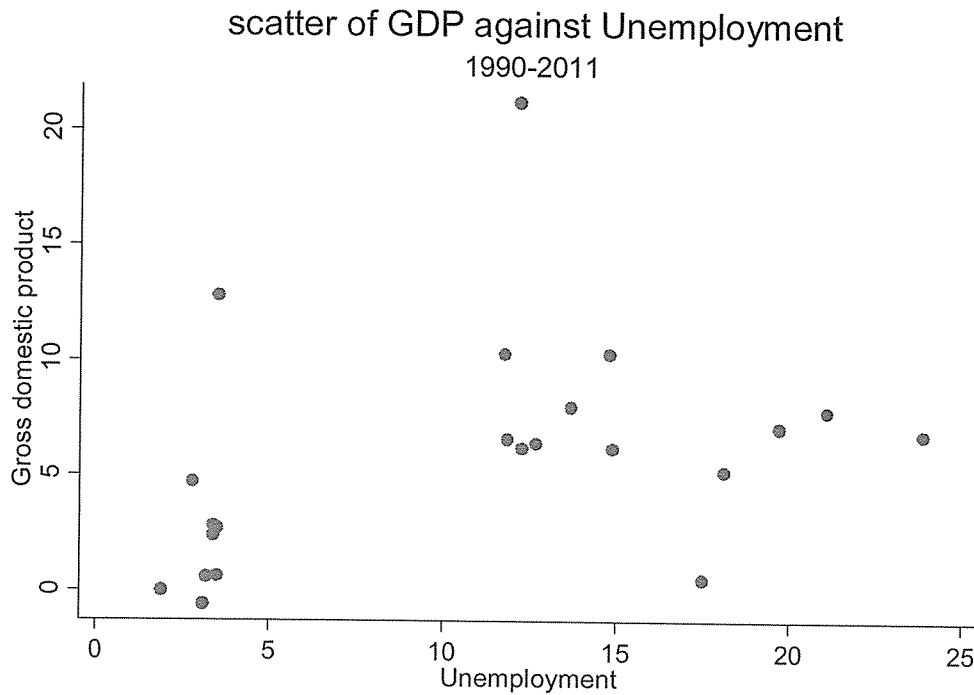
To show the relationship between unemployment and Economic growth Rate, the researcher used a scatter plot. Below is the table showing the two variables of unemployment and economic growth and the scatter plot;

Table 4: Showing the relationship between unemployment and economic growth trend in Nigeria (1990-2011)

Year	Unemployment	GDP RATE
1990	3.5	12.8
1991	3.1	-0.6
1992	3.5	0.6
1993	3.4	2.4
1994	3.2	0.58
1995	1.9	0
1996	2.8	4.7
1997	3.4	2.8
1998	3.5	2.7
1999	17.5	0.53
2000	18.1	5.2
2001	13.7	8.0
2002	12.2	21.2
2003	14.8	10.3
2004	11.8	10.3
2005	11.9	6.6
2006	12.3	6.2
2007	12.7	6.4
2008	14.9	6.2
2009	19.7	7.1
2010	21.1	7.8
2011	23.9	6.8

Source: (NBS, 2014)

Figure 3: A scatter plot of unemployment and Economic growth rate in Nigeria (1990-2011).



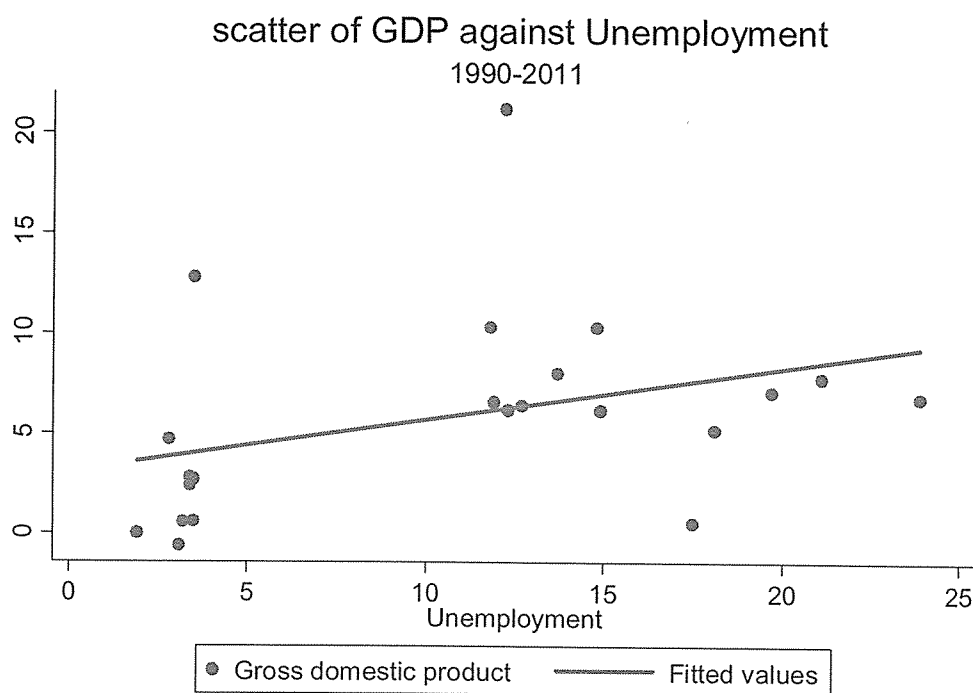
Source: Researcher, 2014

Interpretation:

Unemployment is related to GDP growth rate and the graph above shows that few points are scattered in the diagram and these points indicate the relationship. This relationship is as a result of high unemployment which leads to a low GDP level.

The reduction in GDP growth rate is as a result of reduction in productivity which is as a result of high unemployment levels. Other factors which might have led to the reduction in GDP growth are high importation of goods, low exportation of goods, low level of technology and low levels of industrialization among others.

Figure 4: A scatter plot of unemployment and Economic growth rate in Nigeria (1990-2011) showing a line of best fit.



Source: Researcher, 2014

Unemployment is related to GDP growth rate and the graph above shows that few points are close to the fitted trend. This relationship is as a result of high unemployment which leads to a low GDP level.

The reduction in GDP growth rate is as a result of reduction in productivity which is as a result of high unemployment levels. Other factors which might have led to the reduction in GDP growth are high importation of goods, low exportation of goods, low level of technology and low levels of industrialization among others.

4.3.1 Correlation analysis of unemployment and economic growth in Nigeria

The researcher used Pearson's correlation coefficient to establish the strength of relationship between unemployment and economic growth in Uganda from 1990-2010.

Table 5: Correlation analysis of unemployment and economic growth in Nigeria

Variable correlate	R value	interpretation	Decision
Unemployment against GDP	0.3608	There is a relationship	Reject H_0

Source: (Researcher, 2014)

The value ($r = 0.3608$) shows that the strength of relationship between unemployment and GDP growth is weak positive correlation. Also this relationship can be determined by the coefficient of determination ($r^2 = 0.1302$). This implies that only 13.02% of unemployment can be explained by the change in GDP while other percentages are explained by other variables, this also reveals that the relationship between these two variables is weak.

4.3.2 Regression analysis of unemployment and economic growth in Nigeria

To establish this relationship between unemployment and economic growth, the researcher used linear regression analysis as can be seen in the table below.

Table 6: Regression of unemployment and GDP growth rate in Nigeria (0.05)

Variable represented	Adj. R^2	F-Value	P-value	Interpretation	Decision
Unemployment and GDP rate	0.1302	2.99	0.099	There is no relationship	Accept H_0
Coefficient	Beta	T	P-value	Interpretation	Decision
Constants	7.632552	3.43	0.003	There is a relationship	Reject H_0
Unemployment	0.5052784	1.73	0.099	There is no relationship	Accept the Null hypothesis

Source: Researcher (2014)

The researcher fitted the regression model using the information from table 6 above and this is represented by;

$$y = a + \beta x$$

$$\text{Unemployment} = a + \beta (\text{GDP})$$

Fitting the model becomes:

$$\text{Unemployment} = 7.632552 + 0.5052784(\text{GDP})$$

The results from table 6 above shows that ($F=2.99$) and ($\text{sig } 0.099 > 0.05$) which means that there is no relationship between the independent variable (GDP) and the dependent variable (unemployment). The researcher therefore accepts the null hypothesis at a 0.05 level of significance which says that there is no significant relationship between economic growth and unemployment and concludes that there is no relationship between the two variables (economic growth and unemployment) other factors remaining constant.

The above result also indicates that a that a unit change in GDP will lead to a 0.5052784 subsequent change in unemployment.

Also, the rate of unemployment that is not dependent on GDP is 7.632552.

For the adjusted R^2 it explains the variations in the dependent variable (unemployment) caused by the independent variable (GDP). The variation in dependent variable caused by the independent variable is 13.02% ($\text{Adj. } R^2 = 0.1302$). This implies that only 13.02% of unemployment can be explained by the change in the GDP rate of Nigeria.

CHAPTER FIVE

DISCUSSION, SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 DISCUSSION

The trend of the GDP growth rate in Nigeria (1990- 2011)

There was slight increase and general decrease in the gross domestic product rate. The increase in GDP growth rate from 2005 to 2006 could have been attributed to the peaceful political climate, increase in GDP and reduction in inflation among others.

Trend of unemployment in Nigeria (1990- 2011)

The unemployment rate in Nigeria shows a steady and constant trend in between the periods of 1990 to 1998. There was a sharp increase from 1999 and this continued until 2011. This increase however was not steady. Unemployment rate increased to 23.9% in 2011 from 21.1% in 2010. According to the Nigerian bureau of statistics, unemployment rate in Nigeria averaged 14.6% with an all-time high of 23.9% in 2011 and a record low of 5.3% in December 2006.

The relationship between exchange rate and GDP growth rate in Uganda

There is a weak positive correlation between unemployment and GDP growth rate as can be seen from the above table ($r = 0.3608$). The strength of relationship between unemployment and GDP growth is determined by the coefficient of determination ($r^2 = 0.13018$). This implies that the change in GDP growth rate is explained by exchange rate by 13 percent mean while other percentages is explained by other variables, this reveal that the relationship between these two variables is stronger.

5.2 Summary of the findings

The main objectives of the study were to investigate if there is a relationship between unemployment and GDP rate in Nigeria for a period of 21 years (1990-2011). The probability of the t-distribution was used based on a simple linear regression model at 0.05 level of significance. The dependent variable and the independent variables were found to be normally distributed. This implies that there is a significant relationship between the unemployment and economic growth rate in Nigeria.

5.3 Conclusion

This study has established the relationship between unemployment and economic growth (GDP) in Nigeria from 1990-2011. It first checked the rate of unemployment in Nigeria and found a general increase in unemployment rate over the period under studied. It also showed the trend of GDP growth rate in Nigeria (1990-2011) and found a slight but unsteady increase due to other factors which determine GDP growth apart from the unemployment rate. The study has also investigated relationship between exchange rate and GDP growth rate in Uganda using correlation, regression analysis with the test of hypothesis and found a weak positive relationship between the two variables of unemployment and economic growth over the given period.

5.4 Recommendation

In light of the above empirical findings and all the various analysis and studies carried out so far, the following recommendations have been made and proposed to the government and the policymakers on the issue of unemployment in Nigeria and how to minimize it;

1. The agricultural sector of the Nigerian economy should be revitalized because the sector has the potential to employ a greater percentage of the unemployed youths. Complete mechanization of this sector will also encourage the youths to per take in it.
2. Government should embark on provision of basic infrastructural facilities in rural areas so as to reduce the rural-urban migration which worsens the unemployment situation.
3. There is need for the government to restructure the educational system so that the youth will be more capable and more skilled. This will increase their chances in the labour market and also make them self –employable.
4. A conducive environment for foreign direct investment should be created to ensure Nigeria's full participation in the global business opportunities that would create jobs for the teeming population.
5. Policies aimed at discouraging gender discrimination in the labour market should be formulated as this would provide more opportunities for the females in the labour market.
6. The government should embark on social security program that would help in reducing the unemployment situation in the country. Seminars and workshops should be organized on how to be self employed, creation of jobs and ways of improving a person's chances in the job market.

5.5 Areas of Further Study

The results presented in this report may not be conclusive and should be treated as being preliminary. Further analysis of the survey data unemployment and economic growth needs to be done to validate these findings and provide greater confidence in explaining the changes. Therefore more studies can be carried on the following.

- i) The relationship between birth rates and GDP.
- ii) The relationship between population and GDP.
- iii) The relationship between production levels and GDP rate.
- iv) The relationship between employment levels and GDP rate.
- v) The relationship between inflation and GDP.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER



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Tel: +256 (0) 777 094955
Website: <http://www.kiu.ac.ug>

OFFICE OF THE HEAD OF DEPARTMENT ECONOMICS AND APPLIED STATISTICS

Date: 10th June, 2014

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

**SUBJECT: PERMISSION TO CONDUCT A RESEARCH STUDY IN
YOUR ORGANIZATION.**

With reference to the above subject, this is to certify that Mr. IWUEKE SEBASTINE CHIDERA REG.NO. BEAS/36024/113/DF is a bonafide student of Kampala International University pursuing a Bachelors Degree of Economics and Applied Statistics.

He is currently conducting a field research entitled "Economic Growth and Unemployment in Nigeria (1990 - 2011).

This area has been identified as a valuable source of information pertaining to his research project. The purpose of this letter therefore is to request you to avail him with the pertinent information as regards to his study.

Any data shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours in truly,


MUHEREZA FRANKLIN

HOD - Economics and Applied Statistics.

Mobife: 0777094955 Email: muherezaf@yahoo.com.

"Exploring the Heights"

APPENDIX II: DATA SET

year	UnEmp	GDP
1990	3.5	12.8
1991	3.1	-.6
1992	3.5	.6
1993	3.4	2.4
1994	3.2	.58
1995	1.9	0
1996	2.8	4.7
1997	3.4	2.8
1998	3.5	2.7
1999	17.5	.53
2000	18.1	5.2
2001	13.7	8
2002	12.2	21.2
2003	14.8	10.3
2004	11.8	10.3
2005	11.9	6.6
2006	12.3	6.2
2007	12.7	6.4
2008	14.9	6.2
2009	19.7	7.1
2010	21.1	7.8
2011	23.9	6.8

APPENDIX III: DATA ANALYSIS

regress UnEmp GDP						
Source	SS	df	MS	Number of obs = 22		
Model	134.767241	1	134.767241	F(1, 20) = 2.99		
Residual	900.21868	20	45.010934	Prob > F = 0.0990		
				R-squared = 0.1302		
				Adj R-squared = 0.0867		
Total	1034.98592	21	49.2850439	Root MSE = 6.709		
UnEmp	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
GDP	.5052784	.2920099	1.73	0.099	-.1038436	1.1144
_cons	7.632552	2.22711	3.43	0.003	2.986883	12.27822

d. oneway GDP UnEmp						
Source	Analysis of Variance			F	Prob > F	
	SS	df	MS			
Between groups	442.698293	18	24.5943496	0.87	0.6456	
Within groups	85.166669	3	28.3888897			
Total	527.864962	21	25.1364268			
Bartlett's test for equal variances: chi2(1) = 3.6451 Prob>chi2 = 0.056						
note: Bartlett's test performed on cells with positive variance:						
17 single-observation cells not used						

. cor UnEmp GDP (obs=22)		
	UnEmp	GDP
UnEmp	1.0000	
GDP	0.3608	1.0000

APPENDIX IV: CURRICULUM VITAE

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PERSONAL INFORMATION

DATE OF BIRTH: 2nd August 1992

PLACE OF BIRTH: Owerri, Nigeria.

NATIONALITY: Nigerian

GENDER: Male

MARITAL STATUS: Single

RELIGION: Christianity

EDUCATION

YEAR	INSTITUTION	COURSE	AWARD
2011-2014	Kampala international university	Bachelor of economics & applied statistics	BEAS
2003-2009	Grundtvig international secondary school, Anambra, Nigeria	Secondary	West African Secondary School Certificate Examination(WASSCE)
1997-2003	Assumpta International Primary School.	Primary	1 st school leaving certificate
2006	Aliance francaise	French	

WORK EXPERIENCE

- Tanzania revenue authority (intern) June to August 2013
- Banna industries ltd Lagos (recruit) June to August 2012

RESEARCH SKILLS

- Extensive knowledge of SPSS and STATA and programming

AWARDS AND HONOURS

- Best graduating student AIPS 2003

HOBBYS

- Surfing, reading novels & watching soccer

PERSONAL STRENGTH

- Possess good leadership skills
- Possess good management and advertising skills
- Hardworking and possess an ability to make rational decisions.

SKILLS AND QUALIFICATIONS

- Microsoft office, INTERNET
- Programming ability in C++
- Fluent in English and French
- Possess good communication and interpersonal skills

CAREER OBJECTIVES

- To become a renowned entrepreneur
- To be self-employed and recruit workers as well.

REFEREES

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