IMPLICATION OF UNEMPLOYMENTON ECONOMIC GROWTH IN NIGERIA

IKUPOLUYI SUNDAY ELISERI
EDS/11/0173.

DEPARTMENT OF ECONOMICS AND DEVELOPMENT STUDIES OF HUMANITIES AND SOCIAL SCIENCE FACULTY, FEDERAL UNIVERSITY OYE EKITI, EKITI STATE, NIGERIA.

IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR OF SCIENCES (B.Sc) DEGREE IN ECONOMICS AND DEVELOPMENT STUDIES.

Dr. Christopher Ehinomen
Project Supervisor

ABSTRACT

This study was carried out to investigate the implication of unemployment on economic growth in Nigeria. The objective of this study is to ascertain the short-run and long-run relationship of unemployment on economic growth. That is, to verify if unemployment and economic growth cointegrate and to check the speed of adjustment. The researcher adopted the methodology of the Ordinary Least Square (OLS) techniques, unit root test serial correlation, and the error correction mechanism (ECM) using the Quadratic Hill Climbing Approach. The result revealed that the relationship between unemployment and economic growth is negative, the short-run impact shows that a percentage increase in unemployment rate will reduce GDP at constant price by 27274.45, holding other variables constant, there is uni-directional causality between unemployment and economic growth, at least six variables co-move in the long-run. A percentage increase in unemployment reduces economic growth by 1.13%. Again, the study showed that the speed of adjustment from short-run disequilibrium to the long-run equilibrium is approximately 6years. The study therefore recommends that the government should invest more on entrepreneurial programs to reduce unemployment and stimulate economic growth, proper diversification of the economy, the monetary policy committee of the Central Bank should make policy instrument favourable to stimulate investment in real sector, comprehensive economic planning, policy on discrimination based on disabilities and population control to reduce the unemployment rate in Nigeria.