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DOES ECONOMIC GROWTH INCREASE EMPLOYMENT IN NIGERIA?

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ABSTRACT

This study examined whether economic growth increases employment in Nigeria using macroeconomic data obtained from Central Bank, National Bureau of Statistics, International Monitoring Fund (IMF), and the World Bank for the period 1986 – 2014. Using the Autoregressive Distributed Lag (ARDL) model - Bounds testing methodology, we found a long-run relationship between employment rate, gross domestic product (GDP) growth rate, literacy rate and foreign direct investment (FDI) as a percentage of GDP. The long- run coefficient of GDP growth rate, though positive, is statistically insignificant. This implies that GDP growth rate leads to increases in employment in the long run although this is statistically insignificant. This means that recent economic growth increases has not translated to jobs creation nor significantly reduced unemployment in the economy. We recommend policy measures that would lead to skill acquisition in the educational sector and encourage foreign direct investment flow into the economy as these will increase employment in Nigeria.

Keywords: Employment, Economic Growth, Auto-Regressive Distributed Lag (ARDL) Model, Co-integration, Bounds Test.