



Determinants of Unemployment in Nigeria: Case Study of Nigerian Females

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ABSTRACT

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This article focuses on the determinants of unemployment of Nigerian females. The purpose of this article estimated the relationship between unemployment and its effect on female's employment opportunities of Nigerian females over the period of 1991 to 2017. The main findings of the study depict that FDI has a negative and significant effect on unemployment, while remittances have a positive and significant effect on unemployment. On the basis of empirical results of the article suggested that better employment opportunities for females in Nigeria should be the source to overcome the employment gap between male and females. It is concluded that the increased remittances inflow is productive for the reduction of unemployment level of Nigerian females.

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1 Introduction

One of the major world's problems is unemployment. In both developed and developing nations, unemployment is a significant issue. This is the persistent issue faced by both economically advanced and developing nations. When residents are without jobs, unemployment exists. Unemployment suggests that individuals have the capacity to do work actively, however they struggle to get a job according to their needs. Nigeria, with a population of over 140 million people, is now the most crowded country in Africa and the eighth in the world. Nigeria's nominal GDP is \$207.11 billion and revenue per capita is \$1,401, and Salami (2011) is the second largest economy in Africa. One of the severe socio-economic challenges that Nigeria faces is a high degree of unemployment.

Unemployment happens, according to neoclassical economics, when rigidity is pushed from the outside into the labour market. Unemployment, however, is due to lack of proper demand for products and services and inefficient economies, according to Keynesian economics. Unemployment reduction and economic growth is the primary purpose of all developing countries. Unemployment is the present issue in every single creating nation and it is also a real issue in Nigeria. By the high unemployment rate the crime and political issues arises. In Nigeria not focus on new job opportunities in all sectors especially in female sector. Okuwa, (2004) depicts private returns to higher education along with gender and public private sector of employment lines in Nigeria. The study never considers the problem of labor force participation while it uses the Mincerian human capital model to achieve its study objectives. Study finds that private rate of returns was lower for graduates of colleges and it was higher for university graduates. The main determinants of wage rate are the levels of education, experience, skills and the

location of residence of the employees. The returns through education, skills and experience are different for males and females. The study also shows that some elements of gender wage gap crosswise wage employment sectors, Aminu, (2010). The findings indicate that unemployment has important positive relationships with the production gap and economic instability, whereas Cheema and Atta (2014) have important negative interactions with Gross Fixed Investment and Trade Openness. Unemployment is negatively connected to inflation, which is an important indicator of unemployment, and a decrease in the unemployment rate would result in an increase in the level of investment. In order to increase aggregate demand in Namibia, unemployment can be decreased by wage flexibility (Eita and Ashipala, 2010).

The findings of the study revealed that Nigeria 's unemployment and agricultural contribution to real GDP and population have a positive effect on poverty levels. But in the other hand, in Nigeria, Aiyedogbon and Ohwofasa (2012), manufacturing sectors contribute to real GDP and inflation rates clarify negative and important relationships at the level of poverty.

2 Review of literature

Unemployment is a severe problem of developing as well as for developed economies. Same as unemployment has become a serious issue in Nigeria especially for females, which directly and indirectly creates economic problems. Each government's emphasis must be on creating more job opportunities through various productive means with all the development factors presented. The earlier studies, for example, Obadan and Odusola, (2000) expressed the productivity and unemployment in Nigeria. The result of the study shows the mixed relationship between productivity and unemployment. The findings show that there is bi-directional relationships exist in the industrial sector while there is a unidirectional relationship is recognized at the national level. However, no relationship is established in the agricultural sector. The study suggests that rural unemployment, in most cases, may not occur from the generalized decline in agricultural performance. Qayyum and Siddiqui, (2007) explained that the one perception of unemployment in Pakistan. For this study , secondary data was taken from the 2003-2004 labour force survey. Results indicate that "single" individuals are more unemployed than married since they are forced by expectations after marriage to justify their demanding salaries and tolerate even low-paying work to meet their requirements. From the other hand, if urban and rural residents are seen, urban people are much more unemployed than rural people, so the use of modern technology in the manufacturing sectors and factories has resulted in a new stock of machines and plants, that has automatically decreased the need for manual labour. Aminu, (2010) observes the determinants of contribution and salary in wage employment in Nigeria. Time series data used for the analysis of this study. The result of the study shows that the key determinants of participation of male and female as an employable household member in wage employment areas their levels of education. Same as, the other factors are control out the assets like the residents have their own homes, living as free accommodation and they're residing in urban areas. The main determinants of wage rate on which wage rate are depend are the levels of education, skills, experience and the location of residence of the workers. But the result shows that the returns to education and experience differ for males and females. The objective of the study is to explain that type of issues of gender wage gap crossways wage employment segments. Eita and Ashipala, (2010) investigated the elements of Namibia's unemployment. The causes of unemployment in Namibia from 1971 to 2007 are explored in this paper. The research is accepted on the basis of microeconomic and macroeconomic unemployment models. By using the two-step econometric method of Engle-Granger, the unemployment model is clarified. The findings showed that in Namibia, there is a negative relationship between unemployment and

inflation. If real production is less than potential output, unemployment works positively. As the level of expenditure is raised, it allows the level of unemployment to drop dramatically. The findings for Namibia are close to the Phillips curve, and unemployment can be minimised by rising aggregate demand.

Maqbool, Mahmood, Sattar and Bhalli (2013) cited the factors of Pakistan's unemployment. The study identified the determinants of the 1976-2012 era of unemployment in Pakistan. The association between unemployment, FDI, GDP, inflation, and external debt is clarified in the report. The outcome of the analysis describes that these variables have a strong effect on the unemployment rate in Pakistan's economy. Unemployment factors have been investigated by the Autoregressive Distributed Lag (ARDL) method. The findings indicate that GDP, inflation and FDI have had a major effect on the short- and long-term factors of unemployment in Pakistan.

Cheema and Atta, (2014) analyzed the economic determinants of Pakistan's unemployment. By using the time series data covering the period 1973 to 2010, the analysis describes the determinants of unemployment by using the ARDL bound method. The findings of the study indicate that unemployment has a significant positive effect on the production difference and efficiency, although unemployment has a huge negative effect on gross fixed investment and openness to trade. The study indicated that in order to boost GDP, is the need to reduce the production difference. Arslan and Zaman, (2014) argued on unemployment and its elements. The indicators of unemployment in Pakistan for the period 1999-2010 are explained in this report. This article demonstrates that in all nations, unemployment is a political and social issue. The findings of this analysis demonstrate that, with unemployment, foreign direct investment and CPI-based inflation rates are unfavorable. Other variable rate of population growth has a positive effect on joblessness. The relationship between inflation and unemployment was also identified in this analysis. Umair and Ullah, (2013) estimate the effect of GDP and inflation on the rate of unemployment. It is a secondary source study from the data 2000 to 2010. It describes that inflation has insignificantly effect on GDP and negative effect on unemployment. The relation between GDP and rate of unemployment has been shown an insignificant impact. Study accomplished that inflation has significant unemployment but for GDP and unemployment with insignificant in the macroeconomic factors of Pakistan.

3 Methodology:

The data used from 1987 to 2017 in this study and data collection source is World Bank. Here used ordinary least square OLS and interaction term for the data analysis. A wide range of studies were carried out to investigate the determinants of unemployment. This study focused on the determinants of unemployment in Nigeria by using secondary based data.

Model:

$$UNEM = \alpha_0 + \alpha_1 FDI + \alpha_2 DI + \alpha_3 REM + \alpha_4 POP + \alpha_5 INF + \varepsilon$$

Where:

UNEM = Unemployment

FDI = Foreign Direct Investment

DI = Domestic Investment

REM = Remittance

POP = Population

INF= Inflation ϵ

=Error Term

Table: Variables Measurement

Variables	Measurements
Dependent Variable	.
Unemployment	Unemployment refers to the share of the labor force that is without work but available for and seeking employment.
Independent Variables	
Foreign Direct Investment	Foreign direct investment refers to direct investment equity flows in the reporting economy. It is the sum of equity capital, reinvestment of earnings, and other capital.
Domestic Investment	Gross domestic investment consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories.
Remittances	Personal remittances comprise personal transfers and compensation of employees.
Population	Population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.
Inflation	Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services.

(World Bank, 2017)

4 Empirical Results and Discussion:

Table 1.1: Correlation Matrix

	UNMP	REM	POP	INF	FDI	DI
UEMP	1					
REM	0.835246	1				
POP	0.110474	0.528243	1			
INF	-0.01	-0.16153	-0.51471	1		
FDI	-0.31459	0.132098	0.76082	-0.37122	1	
DI	0.303831	0.341046	0.290155	-0.0395	0.271085	1

Above correlation matrix showed a positive relationship with all the employed variables, like unemployment, remittances, population, inflation, foreign direct investment and domestic investment.

Remittances and the population are strongly and positively correlated with unemployment. Inflation is negatively correlated with unemployment (UNMP), remittances (REM) and population (POP). Foreign direct investment (FDI) is negatively correlated with unemployment and inflation while positively correlated with remittances and population. Domestic investment is positively correlated with unemployment, remittances, population and foreign direct investment while, negatively correlated inflation. To check out the multicollinearity used the correlation matrix.

Table1.2: Heteroskedasticity Test
Heteroskedasticity Test: White

F-statistic	2.04511	P. Value	0.0887
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Source: EViews 10

The table reports the result for Heteroskedasticity analysis. The results show that F-statistic 3.16294. The Pvalue of the White test is 0.0187, which is less than 0.05.

If the sample size is large it is suggested that this problem can be rectified by using White's Heteroskedasticityconsistence standard errors also known as robust standard errors (Gujarati). Another essential point, this test is a more appropriate test to remove Heteroskedasticity from data if the model is fixed effects (Greene, 2003a). Furthermore, these standard errors are asymptotically valid in the presence of any kind of Heteroskedasticity (Wooldridge, 2010).

Therefore, the White's corrected standard errors provide us with a better and more accurate estimation. (Asteriou and Hall, 2007).

Table 1.3: Lagrange Multiplier Teat (LM)

Breusch-Godfrey Serial Correlation LM Test:			
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F-statistic	3.222807	P-value	0.0584
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Source: Software EViews 10

The table reports the result for Heteroskedasticity test Breusch-Pagan-Godfrey analysis. The results show that Fstatistic 3.222807. The P-value of the White test is 0.0584, which is greater than 0.05.

The null hypothesis of the Breusch-Godfrey Lagrange multiplier test is that there is no serial correlation in the residuals up to the specified order.

The autocorrelation problem is tackled by White cross-section clustered estimator. The estimator is designed to accommodate arbitrary Heteroskedasticity and within cross-section serial correlation. This method is the most appropriate to remove autocorrelation problem.

Table 1.4: Regression results

Variable	Coefficient	Std.Error	t.Statistic	Prob.
			3.095632	
REM	0.000966	0.000312		0.0048
POP	0.032004	0.002777	11.52484	0.0000
INF	0.012804	0.007222	1.772879	0.0884
FDI	-0.00035	6.803205	-5.12014	0.0000
DI	0.09849	0.056892	1.731164	0.0957
R-squared	0.757696	Durbin-Watson stat		1.420103
Adjusted R-squared	0.730927			

Results of the table indicate the relationship of the series with one another. The first variable of the table is remittances. Here the value of the coefficient is 0.000966 and P-Value is 0.0048. It means that when remittances increase 1 unit than unemployment has a minor change. Here the result of the table shows that remittances have a significant and positive impact on unemployment. The next relationship is checked out between population and unemployment. Here the value of the coefficient is 0.032004 and P-Value is 0. Its means when population increases 1 unit than unemployment will increase 3 unit. Here the result of the table shows that the population has a significant and positive impact on unemployment. The next variable is inflation, here the value of the coefficient is 0.012804 and P-Value is 0.0884. Its means when inflation increases 1 unit than unemployment will increase 1 unit. Here the result of the table shows that inflation has a significant and positive impact on unemployment.

The next variable is a foreign direct investment, here the value of the coefficient is -0.00035 and P-Value is 0. Its means when FDI increase 1 unit than unemployment has a minor change. Here the result of the table shows that FDI has a significant and negative impact on unemployment. The next variable is a domestic investment, here the value of the coefficient is 0.09849 and P-Value is 0.0957. Its means when DI increases 1 unit than unemployment will increase 9 unit. Here the result of the table shows that DI has a significant and positive impact on unemployment.

5 Conclusion:

This study is trying to examine the role of working unemployment rate of females in different sectors of Nigeria on the basis of the annual time series data from the period of 1991-2017 by using the co-integration technique. Results show that there is a negative relationship of unemployment with foreign direct investment. While on the other hand remittances, population and inflation have a positive relationship with unemployment in Nigeria. This study suggests that better employment opportunities for females in Nigeria should be the source to overcome the employment gap between male and females.

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