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DYNAMIC EFFECT OF POPULATION GROWTH ON UNEMPLOYMENT RATE IN NIGERIA

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ABSTRACT

The paper examined the dynamic effect of population growth on unemployment rate in Nigeria. The paper is of the highest import as it discourses one of the strategic phases of the Nigerian economy and also bearing in mind that the country has been subjected to a slow growth rate and alarming unemployment rate. A dynamic ordinary least square (DOLS) was used to analyze the link between population growth and unemployment rate. Meanwhile, both the Augmented Dickey-Fuller unit root test and Johansen cointegration preceded the DOLS test in order to ascertain both the stationarity and long run equilibrium relationship of the variables. The empirical results showed that the variable was stationary at $I(0)$ and $I(1)$ and have long run equilibrium relationship. It was hypothesized from the DOLS result that the coefficient of determination is 61%, thus, the model is a good fit. Also, a direct relationship exists between population growth and unemployment rate. While an indirect relationship exists between per capital income and unemployment rate. Based on these findings, the study recommended amongst others that there should be population control in such a way that the population matches the available resources. Also, government should use the available resources with a well-coordinated fiscal and monetary policies in a manner to engage the teeming population that will make them be efficient in productivity which in the long run will trigger growth of the Nigerian economy as a result of reduction in unemployment.



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