

Unemployment among Polytechnic Graduates and Effective Entrepreneurship in Nigeria

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Abstract: *This paper examines the challenges posed by the immense scale of graduate unemployment in Nigeria and within the West African sub-region. A cluster of possible panacea and strategies aimed at overcoming the challenge were postulated. In spite of various programmes by successive regimes over the years, the issue has persisted because of ineffective policies, inter alia. The future of graduates seems bright and undisputable when entrepreneurship is imbibed and inculcated within the Nigeria society.*

Keywords: *Joblessness, Entrepreneurship, Graduates, Skills Acquisition.*

I. Background to the Study

The idea of human capital development has played a pivotal role in improving living standards across the globe. Graduate unemployment remains a major problem to policy makers especially in attempts to stem socially undesirable practices such as crime. Entrepreneurship is deemed as one of the techniques through which the youth could be gainfully self-employed through skill acquisition and become responsible and productive members of the community for overall national development.

This study attempts to analyse the nature of the relationship between the two variables: graduate unemployment and entrepreneurship. The numbers of unemployed graduates represent about 70% of most developing economies including Nigeria. Insecurity: insurgency, banditry and secession agitations are the direct outcomes of joblessness. The informal sector of the economy has been identified as a major absorber of labour especially in the developing economies. This implies that the government could stimulate job creation among the school leavers through the provision of start-up incentives such as loans and basic training for skill acquisition in all the available fields of human endeavour such as agriculture, commerce, Telecommunications, and so on.

The Nigerian economy has experienced ups and downs over the years. In the periods 1960-70, the GDP recorded 3.1% growth annually. During the periods of economic prosperity, roughly between 1970 and 1978, gross domestic product grew positively by 6.2% annually – a positive growth. Unfortunately, in the 1980s, gross domestic product recorded negative growth rates. Between the years 1988 – 1997, which was essentially the regime of Structural Adjustment and Economic Liberalization (SAP), the gross domestic product responded to economic stimulating policies and grew at a positive rate of 4.0%. In the early 1960s, the Agricultural sector was affected by low commodity prices while the oil boom contributed to the negative growth of

Agriculture in the 1970s. The boom in the oil sector lured labour away from the rural areas to the urban centres.

The percentage share of Agriculture to gross domestic product, which was 63% in 1960, nosedived to 34% in 1988. This trend occurred not because the industrial sector increased its share but due to neglect of the Agricultural sector. It was, thus, not surprising that by 1975, the economy had become a net importer of basic food items. The economy never experienced double-digit inflation during the 1960s. By 1976, unfortunately, the inflation skyrocketed at 23%. It dived to 11.8% in 1979 and rose to 41% and 72.8% in 1989 and 1995 respectively. By 1998, the rate had crashed to 9.5% from 29% in 1996.

Joblessness rate averaged almost 5% for the period 1976 – 98. However, the statistics especially on unemployment must be interpreted with caution. Most job-seekers do not use the Labour exchanges, apart from the inherent distortions in the country's labour market. Based on some basic indicators, it appeared the economy performed well during the period immediately after independence and into oil boom era. Even though, in the 1980s, the economy was in a recession.

According to the Federal Office of Statistics, as at 2010, Nigeria's gross domestic product stood at \$374.3 billion, GDP growth rate at 7.8% while GDP per capita at \$2,500. GDP by sector stood at: Agriculture 41.8%, Industry 29.6%, and Services recorded 28.6%. The rate of inflation is 12.8%. Percentage of the total population living in absolute poverty, that is, below the poverty line of \$1.00 per day, is 45% of 150 million Nigerians! The total available labour force stood at 47.33 million while the labour force by occupation was: Agriculture 70%, Industry 10% and Services stood at 20%. Unemployment rate was 5%, (CIA World Fact Book, 2011).

Obviously, unemployment and poverty are two inseparable entities, (Ojo,2004). The Government in its effort to overcome poverty and unemployment introduced various strategies and policies with the aim of promoting entrepreneurship.

A BRIEF HISTORY OF ENTREPRENEURIAL DEVELOPMENT IN NIGERIA

Entrepreneurial development in Nigeria has been gaining significant momentum in recent years, as the country's economy continues to expand and diversify. A growing number of talented individuals are recognizing the potential for success in starting their own businesses, and are taking advantage of the various resources and support systems available to them. This essay will explore some of the key factors driving entrepreneurial development in Nigeria, and how these developments are contributing to the overall growth and prosperity of the country.

One of the key drivers of entrepreneurial development in Nigeria is the increasing availability of funding and support for small businesses. The government, as well as private investors and organizations, have recognized the importance of fostering entrepreneurship as a means of driving economic growth and job creation. As a result, a variety of programs and initiatives have been established to provide funding, training, and mentorship to aspiring entrepreneurs. This support has been instrumental in helping many new businesses get off the ground and reach their full potential.

Another factor contributing to the growth of entrepreneurship in Nigeria is the country's large and growing consumer market. With a population of over 200 million people, Nigeria offers a vast market for goods and services of all kinds. This presents a significant opportunity for entrepreneurs to launch new businesses and tap into this market, creating jobs and generating wealth in the process. As the country's economy continues to grow, consumers are becoming increasingly affluent and demanding

higher-quality products and services, creating even more opportunities for entrepreneurs to succeed.

In addition to a supportive funding environment and a large consumer market, Nigeria also boasts a vibrant startup ecosystem that is conducive to entrepreneurial success. The country is home to a number of technology hubs, incubators, and accelerators that provide entrepreneurs with access to valuable resources, networks, and expertise. These hubs serve as important hubs for innovation and collaboration, bringing together entrepreneurs, investors, and experts from various industries to exchange ideas and support one another in their ventures.

Furthermore, the rapid advancement of technology in Nigeria has also played a key role in driving entrepreneurial development. With the rise of the internet and mobile technology, entrepreneurs are able to reach customers and conduct business more efficiently and effectively than ever before. E-commerce platforms, mobile payment systems, and social media have all helped to lower barriers to entry for aspiring entrepreneurs, enabling them to start and grow their businesses with relatively low overhead costs.

Despite these positive developments, there are still challenges that entrepreneurs in Nigeria face on a daily basis. Access to affordable credit remains a major concern, as many entrepreneurs struggle to secure the financing they need to grow their businesses. Additionally, inadequate infrastructure, corruption, and bureaucratic red tape can hinder entrepreneurial development and make it difficult for businesses to operate smoothly.

Nevertheless, the entrepreneurial spirit in Nigeria remains strong, and the country continues to produce a steady stream of successful and innovative startups. From e-commerce platforms to fintech companies to agricultural tech ventures, Nigerian entrepreneurs are making their mark on the global stage and demonstrating the country's potential as a hub for innovative business ideas.

In conclusion, entrepreneurial development in Nigeria is on the rise, driven by a combination of factors including supportive funding mechanisms, a large and growing consumer market, a vibrant startup ecosystem, and advances in technology. While challenges remain, the entrepreneurial spirit in Nigeria remains resilient and continues to make significant contributions to the country's economic growth and development. As Nigeria continues to position itself as a regional powerhouse in entrepreneurship, the future looks bright for aspiring entrepreneurs looking to make their mark on the world stage.

RESEARCH QUESTIONS

- i. What is the nature of relationship between graduate unemployment and entrepreneurship in Nigeria?
- ii. Could entrepreneurship be a panacea for graduate unemployment in Nigeria?

II. LITERATURE REVIEW

Alanana (2003) argues that unemployment is a significant issue in Nigeria with a substantial impact on the social and economic development of the country. According to the National Bureau of Statistics, the unemployment rate in Nigeria has been on the rise over the years, with a current rate of 23.1%. This alarming rate of unemployment has contributed to various socio-economic problems in the country, such as poverty, crime, and social unrest.

Salami (2013) opined that one of the major factors contributing to unemployment in Nigeria is the rapid population growth outpacing the rate at which job opportunities are being created. The Nigerian population has been increasing at a rapid rate, putting pressure on the job market and making it difficult for the economy to absorb the large number of job seekers. In addition, the lack of adequate infrastructure and access to basic education and vocational training have also contributed to the high rate of unemployment in the country.

Furthermore, the economic instability and political unrest in Nigeria have also played a significant role in exacerbating the issue of unemployment. Bello (2010) argues that the fluctuating oil prices and high level of corruption in the country have hindered economic growth and made it difficult for businesses to thrive and create job opportunities. The lack of investment in key sectors such as agriculture, manufacturing, and technology has also limited the number of job opportunities available to the workforce.

Moreover, the mismatch between the skills and qualifications of job seekers and the requirements of employers has further worsened the unemployment situation in Nigeria. Many young graduates are unable to secure employment due to a lack of relevant skills and experience, while employers struggle to find qualified candidates to fill vacant positions. This has created a vicious cycle of high unemployment rates and underemployment in the country.

Ajufo (2013) pointed out that in response to the growing issue of unemployment, the Nigerian government has implemented various policies and programs to address the problem. The National Directorate of Employment (NDE) was established to provide vocational training and entrepreneurship development programs to equip job seekers with the necessary skills to secure employment or start their own businesses. The Youth Empowerment Scheme (YES) and the N-Power program are also initiatives aimed at providing job opportunities and skills development for young people in Nigeria.

Despite these efforts, the issue of unemployment in Nigeria remains a major concern that requires a multi-faceted approach to be effectively addressed. More investment in key sectors such as infrastructure, agriculture, and manufacturing is needed to create job opportunities and stimulate economic growth. Improving access to education and vocational training programs will also help to bridge the gap between the skills of job seekers and the needs of employers.

According to Igwe et al (2018), unemployment remains a pressing issue in Nigeria that has far-reaching consequences for the country's social and economic development. The high rate of unemployment has contributed to poverty, crime, and social unrest, making it essential for the government to implement effective policies and programs to create job opportunities and reduce unemployment rates in the country. By addressing the root causes of unemployment and investing in key sectors, Nigeria can work towards reducing the unemployment rate and fostering sustainable economic growth and development.

III. METHODOLOGY

In table 1 below, the growth of unemployment by states in Nigeria is shown in which Abia, Adamawa, Bauchi, Delta, Kebbi and Zamfara are among the states with the highest level of unemployment in Nigeria.

Table 2: Unemployment Rates by states in Nigeria 2002- 2011

State	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Abia	14.8	11.4	9.7	7.9	13.5	10.9	14.5	14.5	15.5	11.2
Adamawa	12.9	11.9	16.7	21.4	17.9	11.9	29.4	29.4	31.4	18.4
A/Ibom	12.3	14.4	14.4	14.4	15.3	13.5	34.1	34.1	36.1	18.4
Anambra	6.6	9.1	9.5	9.8	10.8	11.1	16.8	16.8	17.8	12.2
Bauchi	10.4	20.5	25.1	29.7	23.9	7.3	37.2	37.2	39.2	41.4
Bayelsa	3.5	7.1	14.0	20.9	16.0	6.9	38.4	38.4	40.4	23.9
Benue	8.2	4.8	11.7	18.6	10.8	67.4	8.5	8.5	9.5	14.2
Borno	6.4	0.8	3.6	6.3	5.8	7.8	27.7	27.7	29.7	29.1
C/River	7.9	12.0	11.5	11.1	16.9	11.8	14.3	14.3	15.3	18.2
Delta	14.9	17.1	10.8	4.5	13.8	18.9	18.4	18.4	20.8	27.2
Ebonyi	2.8	16.7	11.8	7.0	10.9	11.5	12.0	12.0	13.0	23.1
Edo	4.8	3.1	6.5	9.9	8.6	5.1	12.2	12.2	13.2	35.2
Ekiti	17.5	8.2	7.9	7.5	8.7	15.6	20.6	20.6	22.6	12.1
Enugu	15.2	16.5	21.6	27.4	20.0	11.5	14.9	14.9	15.9	25.2
Gombe	13.4	7.6	15.2	22.8	15.6	10.5	32.1	32.1	34.1	38.7
Imo	19.9	22.1	19.3	16.5	21.5	7.6	20.8	20.8	22.8	35.9
Jigawa	6.1	20.5	19.8	19.1	21.6	17.4	26.5	26.5	28.5	35.9
Kaduna	8.4	19.6	15.9	12.1	14.1	5.9	11.6	11.6	12.6	30.3
Kano	12.8	25.9	22.5	19.1	19.4	12.7	27.6	27.6	29.6	21.3
Katsina	10.4	20.3	22.1	23.8	19.3	5.8	37.3	37.3	39.3	28.1
Kebbi	12.3	19.8	19.9	19.9	15.2	11.8	12.0	12.0	13.0	25.3
Kogi	19.9	14.9	11.8	8.7	12.5	16.5	19.0	19.0	21.0	14.4
Kwara	8.8	5.4	4.2	2.9	7.5	16.4	11.0	11.0	12.0	7.1
Lagos	8.0	25.6	16.1	6.5	15.5	10.2	19.5	19.5	20.5	8.3
Nasarawa	1.6	5.1	6.9	8.7	8.1	7.6	10.1	10.1	11.1	36.5
Niger	6.3	6.7	3.5	0.2	3.6	17.0	11.9	11.9	12.9	39.4
Ogun	9.2	1.3	1.9	2.5	2.3	3.9	8.5	8.5	9.5	22.9
Ondo	16.8	7.3	6.8	6.2	6.7	5.8	14.9	14.9	16.9	12.5
Osun	1.0	0.4	1.2	1.9	2.7	6.3	12.6	12.6	13.6	3.0
Oyo	7.0	0.8	3.1	5.3	4.3	6.5	14.9	14.9	15.9	8.9
Plateau	11.8	0.4	1.6	2.8	2.9	8.7	7.1	7.1	8.1	25.3
Rivers	6.6	15.3	11.2	7.0	25.0	4.7	27.9	27.9	29.9	25.5
Sokoto	4.1	4.9	4.5	4.1	6.4	12.1	22.4	22.4	24.4	17.9
Taraba	16.8	23.8	13.6	3.4	14.0	5.9	26.8	26.8	28.8	12.7
Yobe	15.0	12.1	10.7	8.0	13.6	19.9	27.3	27.3	29.3	35.6
Zamfara	46.4	71.5	61.3	51.1	50.8	12.8	13.3	13.3	14.3	42.6
FCT	14.4	5.3	5.9	6.5	16.4	16.4	21.5	21.5	23.5	21.1
Nigeria	12.6	14.8	13.4	11.9	13.7	14.6	19.7	19.7	21.5	23.9

Source: NBS (2010); CBN Annual Report and Statement of Account (various issues)

I.1 Average Growth of Poverty, Unemployment other Variables

Table 2 below shows the growth profile of incidence of poverty, unemployment, agricultural, manufacturing and services contributions to real GDP in Nigeria. Growth rate of population and inflation rate is equally shown in the table. For the period 1987-1991, poverty level in Nigeria averaged 44.0 percent while unemployment recorded 4.6 percent. Poverty level increased to 54.3 percent while unemployment declined to 3.0 percent in the period of 1992-96. Poverty and unemployment levels further increased to 67.4 and 10.2 percent between 1997-2001 respectively before declining to 57.4 percent for poverty level while unemployment recorded 13.0 percent between 2002-06. In the last period, 2007-2011, poverty level in Nigeria averaged 60.0 percent while unemployment increased to 18.5 percent respectively.

Table 2: Average Growth Profile of Poverty, Unemployment and other Variables

Year	Poverty	Unemploy	Agric	Manuf	Services	Populatn	Inflatn
1987-1991	44.0	4.6	4.4	6.9	8.7	164.3	27.4
1992-96	54.3	3.0	2.8	-2.8	3.5	2.9	51.3
1997-2001	67.4	10.2	4.1	1.5	10.7	2.9	10.2
2002-06	57.4	13.0	16.6	9.3	11.5	3.5	13.6
200-11	60.0	18.5	6.2	8.3	29.1	3.2	10.8

Source: BSS (2010); CBN Annual Report and Statement of Account (various issues)

The table also revealed that between 1987-1991, agricultural contribution to real GDP was 4.4 percent, manufacturing 6.9 percent and services sector averaged 8.7 percent. During the 1991-96, the real sector contributions declined to 2.8 percent for agriculture, -2.8 percent for manufacturing while services sector averaged 3.5 percent. In 1997-2001, the contribution of the agricultural sector to real GDP was 4.1 percent, manufacturing 1.5 percent and 10.7 percent for the services section. An increase for the real sector contributions between 2002-06 recorded 16.6 percent for agriculture, 9.3 percent for manufacturing and 11.5 percent for services sector. In the final period, there was a decline in contributions to real GDP from agriculture and manufacturing while services sector recorded an increase. Thus, agricultural sector contribution was 6.2 percent, 8.3 percent for manufacturing and 29.1 percent for services sector. It can also be seen from table 2 that average population and inflation growth rates for the period 1987-1991 was 164.3 and 27.4 percent respectively. During the 1992-96, average population growth declined to 2.9 percent while inflation increase to 51.3 percent and between 1997-2001, population growth remained the previous level while inflation rate declined to 10.2 percent. In 2002-06 periods, average population growth was 3.5 percent and 13.6 percent for inflation. Finally, in 2002- 2011, average population and inflation growth declined marginally to 3.2 and 10.8 percent respectively.

II.6 Poverty Profile in Nigeria

Poverty is still pervasive in Nigeria. Available statistics reveals that the poverty incidence in Nigeria has been on the increase since the 1980s. As reported by the UNDP (2010), between 1980 and 1996, the percentage of the core poor rose from 6.2 percent to 29.3 percent, and declined to 22.0 percent in 2004. According to Omotola (2008), about 70 percent of the population now lives in abject poverty. There is the geographical dimension of poverty in Nigeria. According to Aigbokhan (2000), poverty is higher in the rural areas than in urban areas. In 2004, the urban population with access to water was 67 percent, while it was 31 percent in the rural areas. In terms of sanitation services, 53 percent of the urban population had access to sanitation services and 36 percent in the rural areas. This is worse than the situation in Cameroon, South Africa, Zambia, and Zimbabwe (World Bank, 2008). Given the figures above, the rural dwellers in Nigeria grapple with difficult living conditions compared to the urban dwellers. This explains why there is prevalence of diseases among the rural poor in the country (Segun, 2010).

As observed by Garba (2006), the world's per capita income as of 2003 was \$7,140. Comparing this to Nigeria's per capita income of \$290 makes the country one of the poorest in the world. This relegated Nigeria to the ranks of Togo (\$270), Rwanda (\$220), and Mali (\$210). Other indicators of development, such as life expectancy, for which Nigeria is ranked 155th out of the world's 177 countries, and infant mortality,

for which Nigeria is ranked 148th among 173 countries, were consistent with Nigeria's low rank in income per capita (CIA, 2009). Based on these facts, Nigeria has been classified as a poor nation; a situation which can be described as a bewildering paradox given the vast resource base of the country. According to Earth Trends (2003), 70.2 percent of the Nigerian population lives on less than \$1 a day, while 90.8 percent lives on less than \$2 a day. The total income earned by the richest 20 percent of the population is 55.7 percent, while the total income earned by the poorest 20 percent is 4.4 percent. This explains the alarming increase in poverty and the sharp inequality between the rich and the poor. Looking at the area with the highest measure of welfare per capita, the leading area in Nigeria, which is Bayelsa with a poverty incidence of 26.2 percent between 1995 and 2006, is still below the leading areas in Ghana (Greater Accra-2.4 percent), Cameroon (Douala, Capital of Littoral-10.9 percent) and South Africa (Baoteng-19.0 percent) (World Bank, 2008). In terms of the human development index, Nigeria is ranked 158th of the 159 countries surveyed in 2005 (CIA, 2009) (see table 3). Using selected world development indicators, the life expectancy at birth in 2006 for male and female in Nigeria was 46 and 47 years, respectively. Between 2000 and 2007, 27.2 percent of children under five years of age were malnourished. This is alarming compared to 3.7 percent between the same periods in Brazil, another emerging economy.

Table 3: Human Development Index, 1975-2005; Ranked Highest to Lowest in 2005

Rank	Country	1975	1980	1985	1990	1995	2000	2005
151	Zimbabwe		0.55	0.579	0.645	0.654	0.613	0.513
152	Togo	0.423	0.473	0.469	0.469	0.514	0.521	0.521
153	Yemen				0.402	0.439	0.473	0.508
154	Uganda			0.42	0.434	0.433	0.48	0.505
155	Gambia	0.29				0.436	0.472	0.502
156	Senegal	0.342	0.367	0.401	0.428	0.449	0.473	0.499
157	Eritrea					0.435	0.459	0.483
158	Nigeria	0.321	0.378	0.391	0.411	0.432	0.445	0.470
159	Tanzania				0.421	0.419	0.433	0.467

Source: CIA (2009); Segun, O. (2010)

Worse still, the mortality rate for children under five years old is given as 191 per 1,000 births in 2006. This situation is very ridiculous compared to the figures of 69 per 1,000 births in South Africa, 108 per 1,000 births in Togo, 120 per 1,000 births in Ghana, and 149 per 1,000 births in Cameroon (World Bank, 2008). This implies that there is a general high level of poverty in the Nigeria (Segun, 2010). An analysis of the context reveals that poverty holds sway in the midst of the plenty. Nigeria is the eighth largest oil producing country in the world, but it harbors the largest population of poor people in sub-Saharan Africa and is ranked 158th on the human development index. There is pervasive high-income inequality, which has perpetuated the concentration of wealth in the hands of a few individuals (Action Aid Nigeria, 2009).

II.7 Classification of Poverty

Relative Poverty Measurement: Relative poverty is defined by reference to the living standards of majority in a given society that separates the poor from the non-poor. Households with expenditure greater than two-thirds of the total household per capita expenditure are non-poor whereas those below it are poor. Further households with less than one-third of total household per capita expenditure are core-poor (extreme poor) while those households greater than one-third of total

expenditure but less than two-thirds of the total expenditure are moderate poor. Accordingly, the poor category is sub-divided into those in extreme poverty and those in moderate poverty, where extreme poverty is more severe than moderate poverty. Those in moderate poverty constitute a greater portion of the growing middle class in Nigeria who are at the point of crossing over to the non-poor category. Similarly, the non-poor are divided into the fairly rich and the very rich (NBS, 2012 Report). According to the Nigeria poverty profile of 2012 Report, Nigeria's relative poverty measurement in 2004 stood at 54.4 percent (table 4), but increased to 69 percent (or 112,518,507 Nigerians) in 2010. The North-West and North-East geo-political zones recorded the highest poverty rates in the country with 77.7 percent and 76.3 percent respectively in 2010, while the South-West geo-political zone recorded the lowest at 59.1 percent (see table 5). Among States, Sokoto had the highest poverty rate at 86.4 percent while Niger had the lowest at 43.6 percent in the year under review (NBS, 2012 Report).

Absolute Poverty: is defined in terms of the minimal requirements necessary to afford minimal standards of food, clothing, healthcare and shelter. Using this measure, 54.7 percent of Nigerians were living in poverty in 2004 but this increased to 60.9 percent (or 99,284,512 Nigerians) in 2010. Among the geo-political zones, the North-West and North-East recorded the highest rates of 70 and 69 percent respectively, while the South-West had the least at 49.8 percent (table 5). At the State level, Sokoto had the highest at 81.2 percent while Niger had the least at 33.8 percent during the review period (NBS, 2012 Report).

Table 4: Relative Poverty Headcount, 1980-2010

Year	Poverty Incidence (%)	Estimated Population (million)	Population in Poverty (million)
1980	27.2	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.5

Source: National Bureau of Statistics, HNLSS (2010)

Table 5: Incidence of Poverty by Zone (%)

Zone	Absolute Poverty	Relative Poverty	Dollar per Day
North-Central	59.5	67.5	59.7
North-East	69.0	76.3	69.1
North-West	70.0	77.7	70.4
South-East	58.7	67.0	59.2
South-South	55.9	63.8	56.1
South-West	49.8	59.1	50.1

Source: Source: National Bureau of Statistics, HNLSS (2010)

The-Dollar-per-day measure: refers to the proportion of those living on less than US\$1 per day poverty line. Applying this approach, 51.6 percent of Nigerians were living below US\$1 per day in 2004, but this increased to 61.2 percent in 2010. Although the World Bank standard according to NBS (2012 Report) has been marginally increased to US\$1.25, the old reference of US\$1 was the standard used in Nigeria at the time that the survey was conducted. The North-West geo-political zone recorded the highest percentage at 70.4 percent, while the South-

West geo-political zone had the least at 50.1 percent (table 5). Sokoto had the highest rate among States at 81.9 percent while Niger had the least at 33.9 percent (NBS, 2012 Report). Although, it is bad enough that the ratio of Nigerians within the range of relative is scary, that of those groaning under absolute poverty is by no means flattering. It should be noted that two prominent states from the North-West and North East, Sokoto and Niger, have become a reoccurring decimal in measuring the highs and lows in poverty index. There is no doubt that the Sokoto poverty index is dismal, but it does not in any way suggest that other states in the Federation have any course to celebrate as indicated in the South-West with almost 60 percent relative poverty (see table 5).

II. Methodology

The method of study employed is the Ordinary Least Squares (OLS) while data used (1987-2011) which are secondary in nature, are sourced from the Central Bank of Nigeria, Statistical Bulletin (2010), and Annual Report and Statement of Account (various issues). The growth rate of the data is employed for the test except otherwise thus:

$$PGR = f(\text{UNM, AGR, MNR, SVR, POP, INF}) \dots\dots\dots(1)$$

In stochastic term, equation (1) becomes:

$$LPGR = \beta_0 + \beta_1\text{UNM} + \beta_2\text{LAGR} + \beta_3\text{LMNR} + \beta_4\text{SVR} + \beta_5\text{POP} + \beta_6\text{INF} + \varepsilon \quad (2)$$

Where:

PGR = log of growth rate of incidence of poverty
 UNM = unemployment rate

AGR = log of growth rate of agricultural contribution to GDP
 MNR = log of growth rate of manufacturing contribution to GDP

SVC = growth rate of services sector contribution to GDP

POP = growth of the population
 INF = inflation rate

E = white noise error

A priori Expectation: An increase in unemployment, population and inflation rate or the general price level should normally have direct effect on poverty level. On the other hand, increase in agricultural output, manufacturing output and services are expected to depress poverty level.

III. Results and Interpretation

In estimating the model in table 6 below, the Cochrane Orcutt Iterative method was applied as the OLS whose results was not presented could not give a better results. The dependent variable for the study is incidence of poverty (PGR) while independent variables include growth rate of unemployment (UNM), growth rate of agricultural contribution to real GDP (AGR), growth rate of manufacturing contribution to real GDP (MNR), growth rate of services sector contribution to real GDP (SVC), growth rates of population and inflation. In order to achieve better results, only three variables were logged and they included poverty, agricultural and manufacturing sectors. Similarly, the autoregressive process of order one (inverted

AR) was adopted to correct for presence of serial autocorrelation.

Table 6: Cochrane Orcutt Iterative Estimation; Dependent Variable: LPGR

Variable	coefficient	std error	t-statistics	Probability
C	3.96	0.109	36.5	0.00
UNM	0.02	0.005	2.9	0.02
LAGR	0.05	0.043	1.2	0.26
LMNR	-0.15	0.037	-4.0	0.00
SVC	0.01	0.003	2.9	0.02
POP	0.01	0.006	2.4	0.04
INF	-0.01	0.007	-0.7	0.50
AR(1)	-0.09	0.211	-0.4	0.69
R² =0.84; F-Stat = 6.2; DW = 1.61				

The results showed that the R² of 0.84 means that the six independent variables explained about 84 percent of poverty rate during the period of 1987-2011 in Nigeria. The F-stat of 6.2 revealed that the entire model is significant while the DW = 1.61 falls within the acceptance region (1.59 -2.41) of no autocorrelation. The results further revealed that unemployment, agricultural and services contributions to GDP as well as the nation's population growth have positive significant impact on incidence of poverty in Nigeria with agricultural sector appearing insignificant. The implication of positive relationship means that a unit increase in unemployment, for example, led to 0.02 percent increase in poverty level within the period under review. The fact that the variable is significant means that the impact was felt in the system. The other three variables with positive relationship with poverty rate also exhibited the same implication as unemployment. The relationship between agricultural and services sectors contributions to GDP and poverty level in Nigeria gave credence to the findings of Abdul (2010) who earlier reached a similar conclusion on the relationship between GDP and poverty in Nigeria.

On the other hand, manufacturing sector contribution to GDP and inflation rate exhibited negative relationship with poverty level in Nigeria with the t-statistic for manufacturing highly significant and that of inflation rate insignificant. This means that a percentage increase in manufacturing led to 0.15 percent decrease in poverty level in Nigeria. Although, inflation rate was not significant, the results showed that inflation does not contribute to poverty level in Nigeria during the period under consideration. Finally, the constant of 3.96 showed the level of poverty at the beginning of 1987 or that poverty level would be positive in the absence of all the independent variables. This is so because the R² of 0.84 means there were still other factors influencing poverty in Nigeria but were not included in the model.

IV. Conclusion and Recommendation

From the evidence of various development indicators shown in this study such as unemployment rate by states, average growth profile of poverty, unemployment and other relevant variables, relative and absolute poverty among others and the results of our empirical findings, the major conclusion reached is that Nigeria is indeed a poor country with majority of her population wallowing in abject poverty.

In the empirical findings, the study employed incidence of poverty as a function of unemployment, agricultural, manufacturing and services contributions to real GDP, population and inflation rate in which the growth rate of the variables were modeled. The results of the study revealed that unemployment, agricultural and services contributions to real GDP as well as population have positive determining influence

on poverty level in Nigeria with only agricultural sector statistically insignificant. On the other hand, manufacturing sector contribution to real GDP and inflation rate exhibited negative relationship on poverty level in Nigeria with only manufacturing sector appearing significant. It is therefore recommended that holistic effort should be made by governments at all levels to create jobs and arrest unemployment. The federal and state governments should endeavor to convince the citizens to adopt birth control and finally the real sector of the economy should be boosted to contribute meaningfully in reducing poverty in Nigeria.

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