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ICT Usage and Unemployment Rate Nexus in Nigeria: An Empirical Analysis

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Abstract

This paper empirically estimates the impact of ICT usage on unemployment rate in Nigeria from 1985-2015. Adopting a classical linear regression model with data from the National Bureau of Statistics (NBS), the results reveal that within the period under review, ICT had a significant positive impact on unemployment rate in Nigeria. The study therefore concludes that ICT innovations can help the Nigerian unemployment situation through different channels but the government and other policy makers must be pro-active in adopting useful policies and strategies that will enhance ICT penetration and usage in critical sectors of the economy. Apart from Telecom services, other elements of ICT infrastructure should be adopted and utilized in the economy in order to enhance productivity and reduce unemployment.

Keywords: **ICT, Infrastructure; Unemployment; Nexus; Economy; Analysis**

INTRODUCTION AND MOTIVATION

The challenges confronting the Nigerian economy in the 21st Century are diverse and enormous and they have kept the economy in the most unacceptable state owing to the fact that it is a country abundantly blessed and enormously endowed with both human and natural resources but whose potentials remained largely untapped and even mismanaged. Ironically, an attempt to evaluate the country's economic achievements underscores the scope of its misfortunes when compared with classical examples such as Indonesia and Malaysia. Hence, the quest for economic development in Nigeria has been the key priority to the government and other policy makers.

As it were, Nigeria has gone through different structural changes since the attainment of independence in 1960. These domestic structural shifts have however not resulted in any generally-acceptable significant and sustainable growth and development in the economy. According to NBS [1], the oil boom of the 1970s contributed significantly to the growth of the Nigerian economy in the 1970s but the growth was not sustained because of the wasteful expenditures in the public sector and other attendant problems. This among many other crises resulted in the introduction of the Structural Adjustment Programme (SAP) in 1986 and other current economic reforms. The main reason for the introduction of the economic structural reform was to revitalize the Nigerian economy and support its growing population. However, these economic reforms put in place may not have yielded the desired results as a result of several socio-economic challenges faced by the country.

Conceptually, no single definition incorporates all of the different strands of economic development. Thus, development may be seen as growth through a series of progressive and structural changes or as a gradual advancement towards improved standard of living. Typically, economic development can be described in terms of objectives. These include creation of jobs, redistribution of wealth, and the general improvement in standard of living or quality of life. Summarily, the main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life. From the foregoing, it is clear the creation of jobs which contributes to employment (and reduces unemployment rate) is a major factor in defining economic development [2].

Unemployment has been a major problem for most countries across the world. The USA Unemployment rate for example, increased from 5% in 2007 to 9% so far in 2011.