THE IMPACT OF LABOUR MARKET CRISIS ON DEVELOPING ECONOMICS THE NIGERIA EXPERIENCE [1980- 2010]

BY

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EC/2009/756

DEPARTMENT OF ECONOMICS

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APROTECT SUBMITTED IN PARTIAL FULLMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR OF SCIENCE DEGREE IN ECONOMICS

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APPROVAL PAGE

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DEDICATION

I dedicate this research work to the Author and Finisher of my faith who has seen me throughout this project and has also been the source of my finance and strength. Thank you Jesus Christ.

ACKNOWLEDGEMENT

I give all the praise unto GOD Almighty who made it possible for me to complete successfully this research work and also my parents whose constant love and care have strengthen me.

My profound gratitude goes to my supervisor Mr Odo who had been of great help to this project completion. Also my health felt gratitude goes to my lecturers Sr.uche, Mr.odiike , prof onah, mr. ojike and also my friends and roommates such as Mark, Nancy, Constance, chineye, Udo and others whose help and support has been a propelling force to me.

My gratitude goes to my loving and caring brother whose prayers have been of immeasurable help to me throughout my stay in caritas university. I love you mum, dad, brother Elvis, and Oghale.

ABSTRACT

This research work tries to investigate the impact of labour market crisis in developing economics using Nigeria as a case study .Using Nigeria as a case study. Using ordinary least square the study shows that there is a negative relationship between labour market crisis and economic growth; Also inflation was found to reduce production output and economic growth. Based on these findings this study recommends that government should apply reconciliation technique with labour unions so that production output would not be affected also policies such as unemployment benefit and reduction in wage inequality should be applied.

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CHAPTER ONE

1.1 BACKGROUND OF THE STUDY

The Nigeria labour market in recent years has experienced problems such as strikes, unemployment and reduction in productivity.

Labour conflict is a phenomenon that most often takes the form of strikes [where they are permitted] or, as in the public sector in the united states the arbitration procedures. In the United states arbitration is frequently used in the public sector when strikes are forbidden. The arbitrators are generally experts picked by the employers and unions following a procedure setout by the government.

Unemployment is one of the developmental problems that face developed and mostly developing economics of which Nigeria constitute 2/3 [two third] of the population of developing countries. During the last 30 years, the industrialized countries have evolved in different directions with respect to unemployment.

The minimum wage legislation exists in 22 [OECD] organization for economic cooperation and development. Such legislation has generally been framed with the intent to compress wage inequality. But the effectiveness of the minimum wage as an income redistribution tool is often criticized, since by raising the cost of labour it can have negative effects on out put and employment .Economic analysis suggests that the effects of the minimum wage on employment actually depend on the initial level of minimum wage.

The minimum wage can be set on an hourly, daily or monthly basis .Everywhere thepublic authorities govern the mode of its calculation but it can also be bargained over between employers and employees.

The effect of the minimum wage depend on the characteristics of the labour market to which it applies . However , other theoretical framework s like the monopsony model or the matching model with endogenous labour market participation or job search effort highlight situations which arises in the minimum wage and leads to an increase in hiring.

An active and functioning labour market is important for economic stability .The Nigeria labour market has been experiencing a lot of crisis over the years .Loss of manpower which policy makers fear will adversely affect the national output .

The impact of labour market crisis in developing economies using Nigeria as a case study generates welfare loss in terms of lower output thereby leading to lower GDP, lower income.

1.2 STATEMENT OF THE PROBLEM.

The voluminous literature on the source s of economic growth identified awide range of natural and government imposed stimulants and impediments to growth.

In particular, a huge level of educational attainment, an open – trading regime , a low level of government consumption and political stability are generally seen as having a significant on internal growth is its interest in the effect of institutions on economic growth and the vital role played by the labour market institution s in economic growth . The high rate of labour unionization has been a notable characteristic of a number of economic s with different growth performance s, though probable link between labour unionization and growth has been frequently noted.

This paper attempts to look at the effects of labour market crisis on developing economics using Nigeria as a case study .Strike volume has been studied from a number of viewpoints. One view point attribute strike propensity to such economic factors as unemployment, inflation and real wage change [faber 1978]. The other view point is the organizational perspective which states that strikes are related to such structural factor as the extent of unionization and the degree of centralization and institutionalization in collective bargaining [BRITTE AND GALLE 1972; SYNDER 1975].

Most of the developing economics are faced with numerous labour market crisis and the Nigeria economy is not an exception especially after the [SAP] Structural Adjustment Program. The Nigeria labour market problem could be seen as one of the chronic labour crisis with high wage inequality and unemployment. Since independence there has been series of distortions in the labour market. The market is highly distorted and characterized by insignificant imbalances and industrial actions embarked upon by the Nigeria labour congress [NLC] pressing for improved working conditions for workers .These actions are in the form of strikes .

The academic and non- academic union of the Nigerian tertiary institution are not left out as they embark on several actions to either pressfor improved working condition, redressing the wage inequality problem and in some cases to register their disagreements with government development program. All these lead to loss of man-hour which policymakers fear will adversely affect the national output.

During the military era, it was not news for workers to embark on strike as it was a potent weapon at the disposal of the workers to drive home their demands.

What then have been the effect of these myriad of the labour crisis on the productivity and the growth of the Nigeria economy? The above questions have not adequately received attention empirically.

Hence, this research work tends to investigate the effect of these labour market crisis on Nigeria economy growth and productivity using Man-hour lost will be proxy to the labour market crisis.

1.3 RESEARCH QUESTIONS

1. What is the effect of labour market crisis on Nigeria economic growth.

1.4 OBJECTIVE OF THE STUDY.

The broad objective of these research is to investigate the effect of labour market crisis on developing economic s using Nigeria as a case study .Specifically this research work is set out to achieve the following objectives.

1. To investigate the effect of labour market crisis on economic growth of Nigeria.

1.5RESEARCH HYPOTHESIS

The following hypothesis was formulated in line with objective of the study.

1. There is no relationship between labour market crisis and economic growth.

1.6 SCOPE OF THE STUDY

This research is designed to investigate labour market crisis on developing economics using Nigeria as a case study.

This research work covers the period 1980-2010 at which Nigeria economy witnessed liberalization and globalization. This time period witnessed labour unions resistance to new global world thereby leading to series of industrial actions.

1.7 SIGNIFICANCE OF THE STUDY

The crisis that has for a long time beclouded the Nigeria labour market has been a source of worry to policy makers. This worry comes from the fact that industrial actions does not affect only the sector concerned but also affect the general economy because of its multiplier effect .

The study , which is aimed at assessing to what extent the labour market crisis affect s the economy , will be of tremendous importance not only to the Nigerian economy , but also to the global economy since globalization and liberalization have brought global systems together. The findings of this research will also help to improve the current economic reforms that have to do with labour market institutions.

Finally, this research will serve as material for researchers carrying out studies on related area.

CHAPTER TWO

LITERATURE REVIEW

2.1 REVIEW OF THEORITICAL LITERATURE

Research on labour market crisis has taken different dimensions .Some studies were devoted to the effect of minimum wage on economic growth , the relationship that exist between the incidence of strikes and industrial development , activities of trade unions and unemployment .

A number of theorists have suggested that a relationship exist between the incidence of strikes and industrial development. Most theorist agree that the propensity to strike increased during the early periods of industrialization .However, widespread disagreement exist about the effect of advanced economic development on strike activity. Theorist [Blum 1984] expect strike activity to fall in late industrialization for reasons such as the decline in unionization and the identification of workers with management.

The effect of imposing a minimum wage is to increase the wages only of those who would otherwise reduce the lowest wages below the minimumwage.

It can be said that labour is highly responsive to relative wages. Lewis

[2005] found out that the imposition of minimum wages affect only those in less skilled, low paid jobs.

However, these workers earning just above the minimum wage are highly substitutable for those who would otherwise earn below the minimum wage; this is because there is skill differential between them though the job is still relatively unskilled .The impact of minimum wage on total employment may be disproportionately high.

In explaining the impact of strike action on employment [Rao 2000] outlined several effect of strike on employment statistics. He affirmed that strike affects current statistics in the sense that if persons on strike were included in the current employment statistics [CES] estimates of the aggregate earning data will be inflated.

Strikes are costly to both parties. The firm profits decline and lose customers permanently. Also a highly publicized strike may diminish the long run value of the brand name, workers lose income and perhaps even their jobs . When the parties have reasonably good information about the cost and likely outcome of the strike it is irrational to strike.

Adegbola [1990] has it that trade union have become a political instrument for channeling the protest of relatively less privilege wage earners against the distribution of national wealth between themselves and the distribution pyramid .

Another aspect of labour market crisis is caused by income inequality Ginding and Trayos [2003] find a number of other factors that can also help in explaining rising earning and inequality including change in the supply of education .

The idea of new technologies which have accelerated the pace of sector change in employment from manufacturing to services as well as a shift from un skilled labour to skilled labour within sectors appear to show a direct link with the structural problems of contemporary labour market .

2.2 OVER VIEIW OF THE NIGERIA LABOUR MARKET

THE LABOUR FORCE

In 2005, Nigeria had a labour force of 57.2 million. In 2003, the unemployment rate was 10.8 percent overall; urban unemployment of 12.3 percent exceeded rural unemployment of 7.4 percent. According to the latest available information from 1999, labour force employment by sector was as follows; 70 percent in agriculture 20 percent in services, 10 percent in industry. The labour force, total in Nigeria was last reported at 50280306 .59 in 2010 according to a World Bank report published in 2012.

The political crisis of1987 triggered a large emigration of both skilled and unskilled labour. The growth in labour force contracted to around 0.8 percent in 1988. During the early 1990s growth in the labour force recovered to an average around 3.0 percent per annum as emigration numbers dropped.

Labour unions, which have undergone periods of militancy and quiescence, reemerge as a force in 1998 when they regained independence from the government. Since, 1999, the Nigeria Labour Congress [NLC] as a union umbrella organization, has called six general strikes to protest domestic fuel price increases .

However, in March 2005 the government introduced legislation ending the NLCs monopoly over union organizing. In December 2005 the NLC was lobbying on the minimum wage for federal workers. The existing minimum wage which was introduced six years earlier but has not been whittled away by inflation to only US 42.80 per month. As established the Nigeria labour force is 48.53 million in 2011 and 53.83 million in 2012.

UNEMPLOYMENT

As defined by the international Labour Organization, unemployed workers are those who are currently not working but are willing and able to work for pay , currently available to work and have actively searched for work .

In the 1980s to mid 1990s unemployment fell to moderate levels as the economy recovered through a series of measures implemented by the authorities to promote economic growth. Among such measures was the devaluation of the naira, export promotion policies e.t.c

However, subdued public and private investment s in employment creation relative to the growth in the number of job seekers contributed to high unemployment in the late 1990s .

The world bank recently published that unemployment in Nigeria presently stands at 56 percent. The Nigeria unemployment rate is spiraling upwards, growing at 16 percent per year. The youth of the nation are the most impacted with youth unemployment rate over 50 percent. Nigeria spiraling youth unemployment has been a significant contributor in social un rest and crime example Niger Delta militancy, Boko – Haram , Jos crisis e.t.c

WAGES

Nigeria wage growth has been very uneven over the past three and half decades. Wage growth picked up sharply in the mid 1970s reaching a peak of 30 percent in 1976. However, wage growth declined through much of the late 1980s and by mid 1990s wages were growing very slowly .In the late wages fell , while growth was rapid in the late 1990s , averaging a little over 74 percent per year following the unprecedented upward review of salaries in the formal sector beginning late 1990s.

A variety of wage regulations have underpinned the evaluation of wages since the 1970s. Regulated wage policies were introduced in Nigeria after an agreement was signed in 1977 between the government , Nigeria Labour Congress[NLC] , and the Nigeria Employers Association to establish the tripartite forum .During the early 2000, wages outcomes have been heavily impacted by centralized policy decisions following the lifting of wage freeze imposed in the 1980s, new wage setting guidelines were introduced in 1986 .Wages were adjusted according to a weighted average of movements in the terms of trade , productivity, and the CPI.

2.3 EMPIRICAL LITERATURE

Onwuioduokit et al [2005] carried out a research to investigate the determinant of labour market in Nigeria arising from the economic transformation in recent years and how it affect affects labour market outcome in particular . The research involved data from 1980- 2007,using the seemingly unrelated Regression [SUR] .A two equation model for Nigeria labour demand and supply was estimated . They found out that, on the supply side , labour force participation is largely determined by its own backward looking expectation and demand elasticity while real minimum wage and population growth were insignificant but positively related to labour force participation . The result also showed that demand was negatively related to labour supply and the level of the working age population, while capacity utilization and real minimum wage though not significant had positive relationships with demand for labour. It is evident from the results that to fix the disequilibrium in the Nigeria labour market, macroeconomic stability is needed to sustain prices at levels that will drive labour market activities to optimal levels.

Haas and Stack [1983] tested the relationship between strike volume or activity and economic development with analysis from 71 countries .He used data ranging from 1976-1978 using the latest square regression . They tested the effect of strike activities from three perspectives.

From the economic perspective, the authors used the degree of prosperity and the rate of inflation as two factors that affect a nation strike activity. They found out increasing prosperity reduce strike volume and that strike activity is positively affected by price changes.

From the organizational perspective, the authors used a measure of union strength as a control variable. The degree of unionization is calculated as a percentage of the number of union members in the labour force .Union strength has been shown to affect strike activity and this is in line with earlier study by Britte and Galle [1972]. This is because union promotes workers solidarity and provide resources such as strike funds that encourage workers to press their demands more forcefully and found and this was found to be positively significant.

Lastly from the social perspective, the rates or rural- urban migration was seen as having a bearing on strike behavior because rural migrants were seen as having the inclination to express pro-union sentiments. The degree of the development of mass media was also studied since an awareness of one's standard of living relative to someone else , might affect ones desire to strike .This was found to be positively insignificant. Lewis [2000] in his work on minimum wage and unemployment finds that, if wages are held at minimum, then labour supply exceeds labour demand and therefore unemployment results.

Ogwunike et al [2005] showed that the structure of the labour market have a significant consequences on employment status and it served as an important determinant of household income and welfare. The research also analyzed the distribution and structure of man job earnings and income inequality in the Nigeria labour market using Ginicoefficient ,Theils Entropy Index , Tobit Analytical Technique, Ordinary Least Square Technique and Heckman two – stage electivity bias correction procedure .He found that inequality was evident in paid employment than in self – employed segment of the labour force .It is generally higher in the areas than in the urban areas .

Valentine [1975] ,Rosendel [1975] , Holmes [1979] and others in their researches and found that labour market institutions and regulations significantly affect employment decisions by firms and by extension affect unemployment.

2.4 LIMITATIONS OF WORK RESEARCHED.

The research on labour market crisis in Nigeria is constrained as a result of limited available data on labour market in Nigeria . Man- hour loss is proxy to Man- day of labour market crisis.Agbenor [1995] and onwiodouket [2008] stated that publisahed data on unemployment in developing countries are often incomplete also ogwuinike and Agbo [2002] showed that those in paid jobs with adequate skills are the most vulnerable when a shock occurs in the labour market.

CHAPTER THREE

3.1 RESEARCH METHODOLOGY

One of the problems numerous that greeted the economies of developing nations is the issue of labour market crisis manifested in the incessant strike actions embarked upon by trade unions, unemployment crisis and wage inequality.

There had always been the dire need to ensure that there is macroeconomic stability which cannot be achieved in a condition of disturbing labour market. This implies that at all times, policy makers must identify the variables that bring disequilibrium to the economic system and strive to put them in check.

In Nigeria, there has been disturbing occurrence of labour market crisis which brings about demand for improved welfare for workers, resistance to demands lead to strike and locket with man-hour being lost in the end. Though labour market crisis may be represented by series of variables, this research work will use the man-day lost in place of man-hour lost as a result of industrial actions to represent labour market crisis.

3.2 MODEL SPECIFICATION

The following variables must be used to conduct this research work.

MATHEMATICAL SPECIFICATION

GDP=F[MDL,INF,INDOUT]

Where

GDP=Gross Domestic PRODUCT.

MDL= Man-Day Loss.

INF= Inflation.

INDOUT= Industrial OUTPUT

-Gross domestic product [GDP] is used to represent economic growth .

-Man –Hour loss [MHL] which is used to represent the volume of strikes embarked upon which is been replaced with man day lost [MDL].

-Industrial -output [INDOUT] which is the total volume of industrial production.

3.3 ECONOMETRIC SPECULATION

GDP= B0 + B1MDL + B3INF+ B3INDOUT+U

BO – Is the intercept [constant] which shows the level of economic growth even at [0] labour market crisis.

B1, B2, B3, are the coefficient which measures the rate of change of economic growth as man – day lost, inflation and industrial output changes by a unit.

U is the stochastic term.

3.4 ECONOMIC APIORI CRITERIA

Economic criteria involves examining the variables of the equation with regards to meeting the apiori expected signs.

Theoretical apiori evaluation of the parameter will be used as determined by the principles of economic theory to check whether or not the parameters are consistent with economic theory.

The theoretical apiori expected signs of the macroeconomic variables used in the model are stated below.

BI is expected to have a negative sign because as labour market crisis increases, it reduces economic growth.

B2 is expected to have a negative sign because as inflation increases it reduces economic growth [in the long run].

B3 is expected to be positive because an increase in industrial output, increases economic growth.

3.5 STATISTICAL CRITERIA [FIRST ORDER TEST]

These are determined by the statistical theory aimed at evaluating the statistical aimed at evaluating the statistical reliability or significance of the estimate of the parameter of the model.

In this research, the following statistical criteria will be used;

- Coefficient of determination, R2 will be used to capture how well the regression fits the data.
- The t- statistics will be used in testing the significance of each regression coefficient at 5 percent level of significance with n-k degree of freedom.

Where; n- sample size.

k- No of variables.

3.6 ESTIMATION TECHNIQUE

This research work has adopted the ordinary the least square [OLS] technique which will cover a period of thirty years [1980-2010].

3.7 ECONOMETRIC CRITERIA [SECOND ORDER TEST]

The Durbin –Watson [DW] test will be used for autocorrelation of the error term. Normality test will also be used to test if the hypothesis is normally distributed or not. The hetroscedasticitytest is used to ascertain whether the variance of the error term is constant. The multicollinearity is carried out using correlation matrix.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF RESULT

4.1 PRESENTATION OF RESULTS

From the regression results the following were obtained

Table 4.1: Dependent variable; LGDP

LGDP	Coefficient signs	Standard error	t	P > ǀ t ǀ	[95% conf. interval]	
Mdl	-1.80e-09	3.50e-09	-0.52	0.611	-8.99e-09	5.38e-09
Inf	-.0130395	.008537	-1.53	0.138	-.0305559	.0044769
Indout	1.05e-07	4.50e-08	2.33	0.027	1.26e-08	1.97e-07
cons	11.95508	.2475909	48.29	0.000	11.44706	12.46309

R^2 = 0.3014   F (3, 27) = 3.88   DW (4, 31) = 1.152815

In summary,

LDGP = 11.95508 -1.80MDL -.0130395INF +1.05 + e

4.2 ANALYSIS OF THE RESULT

4.2.1 ANALYSIS OF THE REGRESSION COEFFICIENTS:

- Man-day loss has a coefficient of 0.00000000180. This implies that a unit increase in MDL will bring about a decrease in the gross domestic product by 1.80 units.

-Inflation is seen to have a coefficient of -0.0130395. This shows that a unit increase in INF will decrease the gross domestic product by 0.0130395 units.

-Industrial output has a coefficient of 0.0000000150 which implies that a unit increase in INDOUT will result to an increase of the gross domestic product by 1.05 units.

-The coefficient of the constant is 11.95508, implying that when all other independent variables are held constant; the value of the dependent variable (GDP) will be 11.95508.

4.2.2 EVALUATION BASED ON ECONOMIC CRITERIA

This test is carried out to ascertain if the observed signs of the independent variables conforms to economic theory. The table below explains the situation.

DEPENDENT VARIABLE: LGDP

Table 4.2: economic a priori expectation

Variables	Expected	Observed	Remark
MDL	-	-	Conforms
INF	-	-	Conforms
INDOUT	+	+	Conforms

4.2.3. EVALUATION BASED ON STATISTICAL CRITERIA

1. **The R^2 (Coefficient of determination):**

The coefficient of determination shows the variations in the dependent variables been explained by the explanatory variables in the model.

From the above result R^2 is found to be 0.3014, showing that the model captured 30% of the variation on the GDP using MDL, INF, and INDOUT as independent variable.

The t-test (Student t):

The t-student test is used to check the significant of the parameter included in the model.

Table 4.3: The t-test

Variables	$\mathbf{t_{cal}}$	$\mathbf{t_{tab}}$	**Remark**
MDL	-0.52	±2.052	Not significant
INF	-1.53	±2.052	Not significant
INDOUT	2.33	±2.052	Significant
Constant	48.29	±2.052	Significant

From the results of the model above, it was observed that MDL and INF have insignificant impact on GDP, while INDOUT was the only significant parameter in the model.

Test of hypothesis: H_o: There is no relationship between labour market crisis and economic growth in Nigeria.

CONCLUSION: From the regression results, the man-day loss has a negative relationship with the gross domestic product. However, the individual significance test revealed that man-day loss has no significant impact on the gross domestic product. Thus we reject the null hypothesis, and conclude that there is a relationship between labour market crisis and economic growth in Nigeria.

2. F-TEST

The F-test was conducted to capture the overall significance of the model. The hypothesis is given as

Bi=0

Bi#0

i=1, 2, 3

Testing at 5% level of significant, the calculated F-test (F*) is given as 3.88, while the F-tabulated having 3and 27 as its degree of freedom is 2.96. From the above result, F*= 3.88> F-tab= 2.96. We reject the Ho and accepted H1 and conclude by saying that the model is statistical significant.

4.2.4 ECONOMETRIC CRITERIA (SECOND-ORDER TEST)

1 Autocorrelation:

Durbin –Watson is used to determine if there is autocorrelation among the error terms generated in the model.

Table 4.4: Decision rule

No positive autocorrelation	Reject	$O < d < dl$
No positive autocorrelation	No decision	$Dl \leq d \leq du$
No negative autocorrelation	Reject	$4\text{-}dl < d \leq 4$
No negative autocorrelation	No decision	$4\text{-}du \leq d \leq 4\text{-}dl$
No autocorrelation	Do not reject	$Du < d < 4\text{-}du$

D=Durbin Watson

Dl=lower limit Durbin Watson

Du=upper limit Durbin Watson

N=31

K=3

D= 1.152815

Dl= 1.229

Du= 1.650

From the result, D falls under O<d<dl (i.e. 0 < 1.152815 < 1.229). With this, the researcher concludes that the null hypothesis has a positive serial correlation and therefore should be rejected.

1. NORMALITY TEST:

The test using Jarque-bera criterion follows the x^2 distribution with 2 degrees of freedom.

Ho: residuals are normally distributed

Hi: residuals are not normally distributed

If x^2 -cal > x^2 –tab, reject the null hypothesis Ho.

Using 2 degrees of freedom at 5% level of significance,

x^2 –tabulated= 5.991

x^2 –calculated= 5.57

Therefore, 5.57 < 5.991, the research concludes that residuals are normally distributed.

2. <u>HETEROSCEDASTICITY TEST</u>

This test is basically on the variance of the error term. The test helps to ascertain whether the variance of the error term is constant.

Ho: homoscedasticity

Hi: heteroscedasticity

Decision rule;

If x^2 –cal >x^2 –tab, reject the null hypothesis Ho, and accept if otherwise.

Under 9 degree of freedom

X^2 -cal= 5.33

X^2–tab= 16.9, which is (5.33 < 16.9). It shows that homoscedasticity, which concludes that the conditional variance of the error terms is equal.

3. <u>TEST FOR MULTICOLLINEARITY:</u>

This test is carried out using correlation matrix. According to Gujarati (2004), multicollinearity is a problem, if any correlation exceeds 0.8.

Table 4.5: Correlation matrix

	INDOUT	INF	MDL
INDOUT	1.0000		
INF	-0.2201	1.0000	
MDL	-0.0990	0.3846	1.0000

From the correlation matrix above, no pair-wise is seen to have a value that is in excess of 0.8, therefore we can conclude that multicollinearity is not present in the model.

CHAPTER FIVE

SUMMARY, POLICY IMPLEMENTATION AND CONCLUSION

5.1 SUMMARY

This research work analysis the impact of labour market crisis on developing economics using Nigeria experience from 1980- 2010 [a span of thirty years]. The ordinary least square [OlS] technique is was used to achieve the objective of the study.

The number of man- day loss proxy to the labour market crisis while gross domestic product is use as proxy for economic growth. The result of the study employed secondary data.

The result shows that man- day loss has a negative relationship with the gross domestic product. Thus we reject the null hypothesis, and conclude that there is a relationship between labour market crisis and economic growth in Nigeria. Inflation was found to have an insignificant impact on the gross domestic product while industrial output was the only significant parameter in the model.

5.2 POLICY RECOMMENDATION

Based on the above findings, the following recommendation is made.

- The finding that a unit change in man – day loss [MDL] will bring about a decrease in the gross domestic product by 0.00000000180 unit conforms to the existing theory, meaning that labour market decreases economic growth. Therefore, government, should ensure that labour market crisis be reduced to the nearest minimum through the formulation and implementation of policies that will help to reduce this crisis.

Policies such as unemployment benefit, creation of job opportunities, reduction in wage inequality, increase in minimum wage, improved working condition of workers in order to avoid strike actions should be implemented.

- Inflation having a coefficient of -0.0130395 shows that a unit change in inflation will decrease the economic growth by 0.0130395 units. According to Iyoha [2004], fiscal policy would be the most effective tool for closing the inflationary gap.

The policy recommendation is to reduce government spending and / or raise taxes. Also monetary Policy which is in line the postulation that high inflation rate is a monetary phenomenon.

-Industrial output was found to increase the gross domestic product [GDP]. Therefore government should improve the industrial sector in order to increase the economic growth.

5.3 CONCLUSION

Labour market crisis is a problem in developing economics especially in Nigeria; unemployment, wage inequality, strike actions, Problem of minimum wage e.t.c and this affects the growth of an economy. Government should look into these problems for the betterment of the economy and society as a whole.

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