

**MACROECONOMIC POLICIES, CORRUPTION AND
UNEMPLOYMENT IN NIGERIA**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF
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MAY, 2021

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of the degree of Masters of Science (M.Sc.) in Economics in the Department of Economics and Development Studies, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria.

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DECLARATION

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CERTIFICATION

This is to certify that this research work titled “**MACROECONOMIC POLICIES, CORRUPTION AND UNEMPLOYMENT IN NIGERIA**” is an original work written by **OGUNWALE, Oluwadamilola Deborah (18PAF01894)** under the supervision of Dr. Oluwasogo Adediran, and approved in partial fulfilment of the requirement for the award of Masters (M.Sc.) Degree in Economics of the Department of Economics and Development Studies, Covenant University, Ota, Ogun State, Nigeria.

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DEDICATION

This project work is dedicated to God Almighty and my parents Mr. and Mrs. Olanrewaju Ogunwale as well as my brother, Daniel Ogunwale, for their relentless efforts to see me achieve the best education which serves as a stepping stone to a meaningful living.

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ABSTRACT

Macroeconomic policies are vital in achieving sustainable economic growth, reduced unemployment, price stability and favourable balance of payments. Using policy proxy variables, several studies were conducted to investigate the impact of macroeconomic policies on global unemployment. However, this aspect explored in previous studies is the economic aspect, while the social aspect has not been well researched. This research thus examines the effect of macroeconomic (fiscal and monetary) policies and corruption on Nigerian unemployment from a broader global social as well as economic viewpoint utilizing yearly time series data spanning 39 years (1981-2019). All of the research variables were subjected to a unit root test, which revealed that they were all stationary at first difference. The Johansen Co-integration test was used to look into the long run connection between the independent and dependent variables, while the Vector Error Correction Model was used to look into the short run dynamics. The study found a long run positive relationship between money supply, economic output and unemployment. While for interest rate, government expenditure and unemployment, a negative relationship was established. In investigating the relationship between corruption and unemployment, the study employed the correlation test which revealed a positive relationship between the variables. Based on the study findings, the study therefore suggested that government expenditure and debt should be restructured in such a way that it is channelled to productive labour-intensive sectors to absorb large number of the working population, hence, leading to a decline in the unemployment rate in the country. The study also recommended that appropriate disciplinary measures should be imposed in those who engage in corrupt practices to reduce the level of corruption in the economy and have a transmission effect of reduction in unemployment.

Keywords: Monetary policy, Fiscal policy, Corruption, Economic growth, Unemployment.