

**MANUFACTURING SECTOR PERFORMANCE AND
EMPLOYMENT IN NIGERIA: THE INTERACTIVE ROLE OF
INFRASTRUCTURE**

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INFRASTRUCTURE**

BY

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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JULY, 2022

ACCEPTANCE

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

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DECLARATION

I, **OKEDELE, GRACE IFEOLUWA (20PAF02136)** declares that this research was carried out by me under supervision of Professor Evans S. Osabuohien of the Department of Economics and Development Studies, College of Management and Social Sciences, Covenant University, Ota, Nigeria. I attest that the dissertation has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this dissertation are duly acknowledged.

OKEDELE, GRACE IFEOLUWA

Signature and Date

CERTIFICATION

We certify that this dissertation titled “**MANUFACTURING SECTOR PERFORMANCE AND EMPLOYMENT IN NIGERIA: INTERACTIVE ROLE OF INFRASTRUCTURE**” is an original research work carried out by **OKEDELE, GRACE IFEOLUWA (20PAF02136)** in the Department of Economics and Development Studies, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria, under the supervision of Professor Evans S. Osabuohien. We have examined and found this work acceptable as part of the requirement for the award of Master of Science, Economics.

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DEDICATION

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LIST OF ABBREVIATIONS

ADF:	Augmented Dickey Fuller
AfDB:	African Development Bank
ARDL:	Auto-Regressive Distributed Lag
ATE:	Access to Electricity
CBN:	Central Bank of Nigeria
CFI:	Corporate Financial Institute
DI:	Domestic Investment
EMIN:	Employment in Industry
ERGP:	Economic Recovery Growth Plan
FDI:	Foreign Direct Investment
GCF:	Government Capital Investment
GDP:	Gross Domestic Product
GEXP:	Government Expenditure on Economic Services
ICT:	Information and Communication Technology
ILO:	International Labour Organisation
INT:	Lending Interest rate
IRS:	Internal Revenue Service
ISIC:	International Standard Industrial Classification
ISM:	Institute of Supply Management
LCCI:	Lagos Chamber of Commerce and Industry
MAN:	Manufacturing Association of Nigeria
MCCI:	MAN CEO's Confidence Index
MHT:	Medium and High Technology
MOT:	Manufacturing Sector Output
NBS:	National Bureau of Statistics
NESC:	Nigerian Economic Summit Group
OECD:	Organisation of Economic Co-operation and Development

PMI:	Purchasing Managers' Index
SDGs:	Sustainable Development Goals
SIC:	Standard Industrial Classification
SSA:	Sub-Saharan Africa
TWI:	Training Within Industry
UNDP:	United Nations Development Programme
US:	United States
WDI:	World Development Indicators

ABSTRACT

The manufacturing sector remains a major contributor to industrialisation and an essential contributor to employment generation in the economy. Hence, the importance of the development of the sector to achieve industrialisation and massive employment generation. The manufacturing sector in Nigeria is researched to be faced with stunted growth which has limited its capacity to generate employment and contribute to industrialisation. Thus, the need to examine channels through which the performance of the manufacturing sector can be enhanced to improve its employment generation capacity. This study, therefore, investigates the interactive role of infrastructure in the relationship between manufacturing sector performance and employment. The study, thus, employs Autoregressive Distributed Lag (ARDL) estimation technique and finds that manufacturing sector performance positively impacts on employment in the short run but does not have a significant impact in the long run. Some control variables including government expenditure, interest rate, foreign direct investment and gross capital formation were employed. The findings from the analyses reveals that government expenditure, interest rate, and foreign direct investment have significant effect on employment in the short and long run while gross capital formation was significant only in the short run. Furthermore, employing the interaction effect model to examine the interactive role of infrastructure in the relationship between manufacturing sector performance and employment, the study finds that the interaction between access to electricity and manufacturing sector performance significantly and positively impacts on employment while the interaction between medium-high technology and manufacturing sector performance negatively but significantly impacts on employment. The study, hence, recommends that more attention be paid to the manufacturing sector by the Nigerian government and other relevant policy agencies to improve the capacity of the sector to generate more employment opportunity particularly through the increased accessibility and availability of infrastructure.

Keywords: Access to electricity, Employment in Industry, Interaction effect, Manufacturing sector performance, and Medium and high technology.