

ECONOMIC DETERMINANT OF SELF EMPLOYMENT IN A DEVELOPING NATION: THE NIGERIA EXPERIENCE

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ABSTRACT

This study investigated the economic determinant of that affect the number of self employed in a developing country, a case study of Nigeria. The findings provide answers to various research questions like, What are the economic factors that affect self-owned business (private business) in Nigeria?, What are the effects of these economic variables on self-owned business (private business) in Nigeria?, How can these variables be controlled to improve self-owned business performance in Nigeria?. To investigate through this survey, data were collected from secondary source, world bank statistics on indicators such as unemployment, credit availability, inflation rate, interest rate and exchange rate. These were considered has the variables with the most effect, which was later proved in the study. Ordinary Least Square (OLS) formed the basis for the estimation.

The study found that exchange rate and interest rate have negative relationship with Number of self owned enterprises. While inflation rate, credit availability and unemployment has a positive effects on number of self owned enterprises. The effects of these indicators are propulsive, if they are well monitored and stabilized in the right way with good economy policies.

KEYWORD: Self-owned business, SMEs, Unemployment, and Economic performance Determinant

INTRODUCTION

The impact of self owned enterprises or business on the development of any economy in the world cannot be overestimated in any way. Overtime, private business has contributed so much to the economy, ranging from wealth creation (private business has prove to be a means of improvement in economic growth), job creation (entrepreneurship has reduce the prevailing unemployment), increasing competitiveness in the economy (private enterprise has caused competitiveness in the economy, thereby reducing wastage in the economy and improving efficiency)(Benzing, 2008).

The historical background of entrepreneurship/ private business in Nigeria can be traced back to 1946 when essential paper No 24 of 1945 on "A Ten year plan of development and welfare of Nigeria was presented (Abiodun, 2011). Over 70% of industrial employment and over 50% of the gross domestic product is accounted by private business (Odeyemi, 2003). In developed countries like Japan, United State of America and United Kingdom, it accounts for over half of the aggregate share of employment, sale and contribution to GDP.

In 1986, Nigerian government as reduce their role in the economy as the driving force by the process of commercialization and privatisation, these cause a shift from large scale industries to small medium scale enterprises; thus had the prospect of stabilizing economy development (Anyawu, 2003). During the post-independence period, Nigeria adopted the entrepreneurship government and established a development bank (NIDB: Nigeria Industrial Development Bank), this organization provided credit for private business and entrepreneurs (Babajide, 2000).

Economic determinants are those indicators that affect the totality of the economy. The sturdiness of any economy depends on the several economic yardsticks, in turn these variables affects the day to day performances of business and fluctuation in these yardsticks might cause a boom or burst in the economy. The expansion or contraction in the economy depends on the direction of movement of the variables and most importantly the magnitude of change experienced by these variables. Some of these yardsticks or better said 'indicators' are interest rate, exchange rate, inflation rate, government tax return, unemployment rate and so on (Ayozie, 2011). According to Shane (2014) argues that small business prevails well in a suitable economy and when the economy is not stable small business does not do well or even regress.

Sustainable economic growth is a huge concern for every sovereign nation most especially the Less Developed Countries (LDCs) which are characterized by low capital formation due to low levels of domestic savings and investment (Awogbenle and Iwuamadi, 2011). There is a high level consensus among many economist, central bankers, policy makers and practitioners that one of the fundamental objective of macroeconomic policies in both the developed and developing economics is to sustain high economic growth together with low and maintain all determinant of economic growth so that private business will survive and grow.(Olapade and Olapade 2010).

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The progress of every business depends on the situation of the economy, which are the states of these economic variables (interest rate, exchange rate, inflation rate, unemployment rate, interest rate and so on). The instability of these variables then there is a propensity that a business might not progress (Emefiele, 2012). Ultimately, a change in direction of any of the variables/ determinant of the economy (interest rate, exchange rate, inflation rate, unemployment rate and so on) will cause an expansion or contraction in the economy, this dictates the performance of business. Usually, these changes are either positive or negative and depend on the magnitude of the change (Emefiele, 2012). This proves that the variation that private business and all other type of business experience is down to these aforementioned economic variables. This is a pointer that these variables that affects private business (self owned) should be determined and the magnitude of effect of these indicators (economic) should be known and how they can be changed and controlled, In other to ensure more productivity and efficiency and reduction wastage of resources.

This study attempts to provide answer to the following question:

- i. What are the economic factors that affect self-owned business (private business) in Nigeria?
- ii. What are the effects of these economic variables on self-owned business (private business) in Nigeria?
- iii. How can these variables be controlled to improve self-owned business performance in Nigeria?

The general aim of this study is to determine the economic factors that affect self-owned business (private business) in Nigeria with the following objectives

- i. To ascertain the effects of these economic variables on self-owned business (private business) in Nigeria.
- ii. To document how these economic variables be controlled to improve self-owned business performance in Nigeria.

LITERATURE REVIEW

Conceptual Review

Economic Determinant

An economic indicator is a statistic about an economic performance. Economic indicators allow analysis of economic performance and predictions of future state of the economy. Business cycle is an application of economic variables. Economic indicators include various indices, earnings reports, and economic summaries: for example, unemployment, and inflation rate etc. Also Economic environment consists of those economic parameters that directly or indirectly influence the performance of businesses (both private and public owned business) in Nigeria, it include inflation rate, exchange rate and interest rate etc (Euler, 1987).

Asiedu (2004) opines that economic sturdiness is the attainment of price stability, low inflation, fixed exchange rate, interest rate and maintaining full employment on the economy.

Mathew (2005) suggests that economic environment exerts considerable influence on the operations of small scale enterprises. He, however, suggested that firms must have holistic knowledge or understanding of the interactions of these variables in order to make pertinent decisions.

Exchange rate (EXR)

In finance, an exchange rate is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in relation to another currency. Exchange rate is the rate at which the naira is converted to another currency. It is measured as domestic price x nominal exchange rate x 1 divided by foreign price (Euler, 1987).

Interest rate

Interest rate is the amount charged, always a percentage of principal amount, by a lender to a borrower for the use of assets. Interest rates are typically noted on an annual basis, known as the annual percentage rate (APR). This is the proportion of a loan that is charged as interest to the borrower. It is expressed as an annual percentage of the loan outstanding. Interest rate is the amount charged, expressed as a percentage of principal, by a lender (Henley, 2007).

Inflation rate

Inflation is a continuous increase in price level of goods and services in an economy over a period of time. When the price level rises, each unit of currency buys fewer amount of goods and services, that is the money have lower purchasing power (Euler, 1987).

Credit Availability

It is the unused portion of an open line of credit which is currently available to individual, such as a credit card or a revolving loan. Available credit is the difference between the amount of the credit limit (the credit maximum amount), and the amount that has already been borrowed by the public or those in question(Adeoye, 2012).

Unemployment

Unemployment is the situation of actively looking for job but not being employed. The unemployment rate is a measure of the prevailing unemployment and it is can calculated mathematically as a percentage by dividing the number of unemployed individuals by all individuals currently in the labour force. During periods of recession/burst, an economy usually experiences a very high unemployment rate(Akindede, Oginni, and Omoyele, 2012).

Theoretical Review

Keynesian economic theory

Keynesian Economic Theory was propounded by John M. Keynes. In the theory, it was explained that small scale enterprises has a vital role in the economic growth and development. The theory explained that government can achieve economic stability and development on the long run if resources are adequate and efficiently allocated or disbursed to private sector. It was further explain that the main role of government is to stabilize the economy and ensure efficiency and effectiveness. Also government intervention, is always necessary to ensure conducive economic environment for the business enterprises must ensure efficient allocation and use of resources (curb wastage and excesses), regulation of markets forces and indicators, and stabilization of policies on those economic factors that interact on the operations of self-owned enterprises(Kenyes, 1936).

Keynes assumes in the theory that business enterprises propel in a conducive economic environment where there are policies that maintain stable interest rate, exchange rate and low inflation rate that could have positive effect on the operations. Hence, the ability of a firm to understand its economic environment of operations taking cognizance of the dynamism and change in the business environment will enhance their performance(Kenyes, 1936).

Schumpeterian Theory

This theory was propounded by the Harvard University Professor Joseph Schumpeter, who brought the conceptual change in the definition and function of entrepreneurs. Development in his sense implies carrying out of new combinations(Schumpeter 1934). According to Schumpeter, this concept of new combinations covers the following cases:

- (i) The introduction of a new good – innovately creating a new product or brand.
- (ii) The introduction of a new means of production, that is one not yet tested by any other firm.
- (iii)The discovery and opening of a new market that has not been explored.
- (iv) The conquest of a new source of supply of raw materials or semi goods which is yet to be discovered by any other person or firm
- (v) The starting of the new organisation of any industry like the creation of a monopoly

The carrying out of these new combinations, Schumpeter calls 'enterprise', the individuals who carry them out he calls 'entrepreneurs'. The theory explains that entrepreneurs are risk-takers and their novel ideas are carry out based on their pro-activeness on the environment(Schumpeter 1934).

Resource-based theory

This theory was propounded by Penrose in “The theory of the Growth of the firm”. The theory is based on two perspectives, namely: resource diversity and resource immobility. Resource diversity peduncle when business possesses resources that are appearing and could not maintain competitive advantage. While

resource immobility laid prominence on that resources, skills and working strategies that are not common which perhaps distinguished business drivers from others. The theory explains that when entrepreneur(s) have those attributes that they can allocate resources without wastage in meeting the demands of their customers(Penrose, 1987). The theory explained that it is only with right and adequate resources that can be deployed in a stable manner over a long period that entrepreneurs achieve sturdiness in competitive advantage and success.

The theory explains that an entrepreneur achieves success when there is perfect understanding of the resource potentials and they are well handled, through good plan, creative act, an entrepreneur chooses a particular business where resources that are valuable, rare, hard to copy and resources that are non-substitutable, the entrepreneur will not only be able to succeed but enjoy long term competitive advantage and economic success. Without sustainable competitive advantage entrepreneurs successes are short lived as competitors quickly obliterate the successful outcome of the initial effort(Penrose, 1987).

Empirical Review

Blanchflower (2000), discovers that at the macroeconomic level, the studies analyze the probability and possibilities of becoming self-employed and owning one's self owned organization and its association with unemployment rate and country wealth. The researcher tried to check for the relationship between this two variables. In the research, it was revealed that unemployment is a huge factor that determines self employment.

Imoisi and Ephraim (2015), examined Small and Medium Scale Enterprises and Economic Growth in Nigeria. The main objective of the study was to explore the effects of small and medium scale enterprises on economic growth in Nigeria (1975-2012).the method of estimation is Ordinary least Square, cointegration and error correction models were employed on the study. The result of the study reveals that money available to SMEs has a positive relationship between economic growth, while interest rate and inflation rate revealed a negative and positive relationship on economic growth. The study concluded that those economic factors play a important role in determining the performance of SMEs on economic growth in Nigeria.

Henley (2004), At a microeconomic level the concepts of self employment explored are past employment experiences, higher earnings expectations, and the need for independence and how this factors leads an individual into creating an enterprise of their own. It was concluded that the aforementioned factors can determine whether a person will start his own business.

Rotimi (2014) examines the implications of environmental factors on performance of small scale enterprises (profitability and productivity) in Nigeria. The study was designed to show a detailed effect of exchange rate on performance of small scale enterprises. The study revealed that high exchange rate affects the performance and productivity of small scale businesses in Nigeria, and therefore concludes that federal government and relevant agencies should bring up stringent policies that will maintain exchange rate in an attempt to create enabling and stable environment for small scale business.

METHODOLOGY

The aim of this research study is to examine the economic determinant of self employment in Nigeria. Also in order to fully assess the economic determinant of self employment(self-owned organization) a model with dependent and explanatory variables to be estimated is specified, a priori expectations of these variables, techniques of estimation and method of data analysis are all treated in this chapter.

This study would rely on secondary sources of data. This would be generated mainly from the world bank statistical bank .It will use a time series data spanning through a period of 20 years (1996 – 2016) The aim of this is to ascertain the effect of documented economic determinant of self employment in Nigeria. The study made use of ordinary least Square for the estimation and correlation test, co integration test, and error correlation model.

Model Specification

The main aim of this study is to examine the economic determinant of self employment in Nigeria. The model was adopted Euler's theorem on self-owned enterprise performance. To determine the economic determinant of self employment (self-owned enterprise), the study include several economic indicators to determine how they affects the number of self employment and their performance. Several economic determinant/indicators, such as unemployment, interest rate, inflation rate, credit availability and exchange rate were all considered to capture their effects of self employment.

The first model specification as presented below assumes a linear relationship between self employment and economic determinant and specified in the functional form:

$$NSE = f(UNE, CRA, INF, INR, EXR) \text{-----} (1)$$

Where:

NSE= Number of Self-owned Business

UNE= Unemployment

CRA= Credit Availability

INR= Interest Rate
 IFR= Inflation Rate
 EXR = Exchange Rate
 μ = Error term

The model is specified of its stochastic form:

$$NSE_t = \beta_0 + \beta_1 UNE_t + \beta_2 CRA_t + \beta_3 INF_t + \beta_4 INR_t + \beta_5 EXR_t + \mu_t \dots \dots \dots (2)$$

Priori Expectation

$$\beta_1 > 0, \beta_2 > 0, \beta_3 < 0, \beta_4 < 0, \beta_5 < 0,$$

Estimation Techniques

Unit Root Test (ADF)

A test of stationary or non-stationary that has become widely popular over the past several years is the unit root test (Gujarati, 2004). This is the first step in co-integration analysis and it is the standard to investigate the stationarity of a time series. This test is relevant because statistical test of the parameter resulting from spurious regression, sequel to regression of a non-stationary series, or another non-stationary series may be biased and inconsistent (Yoo et al, 1987). The empirical test of co-integration is usually a unit root test in which the order of integration of each series employed is determined. The determination of the order of integration of each series is necessary for co-integration and indeed for error correction model (ECM), simply because each series involved in the estimation of a model must be integrated of the same order (Folorunsho, 2000).

Basically, the idea is to ascertain the order of integration of the variables and the number of times that the variables and the number of times that the variables have to be differentiated to be stationary in order to establish a long-run co-integration relationship. First, a unit root test is performed on each variable in the model using the Augmented Dickey Fuller (ADF) test.

$$\Delta Y_t = \alpha + \beta Y_{t-1} + \sum t \dots \dots \dots (i)$$

Equation (i) is the equation of the Augmented Dickey Fuller (ADF) test with no drift or stochastic trend where Y represents the vector of the variables considered in the study, β is negative and significantly different from zero, then the series is $I(0)$, that is, stationary. However, $\sum t$ should be white noise residual, the problem of non-stationarity is overcome by the additional lag value of Y_t that is;

$$\Delta Y_t = \alpha + \beta Y_{t-1} + \sum_{i=1}^n \Delta Y_{t-i} + \sum t \dots \dots \dots (ii)$$

The above equation (ii) is the equation for the Augmented Dickey Fuller (ADF) test with n sufficiently large enough to obtain auto-correlated residual. The t- statistics computation in equation (ii) for the coefficient β is the ADF test. Thus, the ADF unit root test states that:

$$H_0 : \beta = 0, \text{ and;} \\ H_1 : \beta < 0$$

Where the ADF statistics was compared with the observed critical values.

Co-Integration Test

If there exist a stationary linear combination of non-stationary random variables, the variables combined are said to be co-integrated. The notion of co-integration arose out of the concern about spurious or non-sense regression in time series. Specifying a relation in terms of levels of the economic variables, say $Y_t = \alpha + \beta X_t + U_t$, often produces empirical results in which the R^2 is quite high, but the Durbin-Watson statistic is quite low. This happens because economic time series are dominated by smooth, long term trends. That is, the variables behave individually as non-stationary random walks. In a model which includes two such variables, it is possible to choose coefficient which make $Y_t - \alpha - \beta X_t$ appear to be stationary. But such an empirical result tells us little of the short run relationship between Y_t and X_t . Infact, if the two series are both $I(1)$, then we will often reject the hypothesis of no relationship between them even when none exists. For there to be a long run relationship between the variables, they must be co-integrated.

Error Correction Mechanism (ECM)

Error Correction Model is a dynamical system with the characteristics that the deviation of the current state from its long run relationship will be fed into short run dynamics. An error correction model is not a

model that corrects the error in another model. Error correction models (ECMs) are a category of multiple time series models that are directly estimate the speed at which a dependent variable Y returns to equilibrium after a change in an independent variable X. ECMs are theoretically-driven approach useful for estimating both short term and long term effects of one time series on another. ECMs are useful models when dealing with co-integrated data, but can also be used with stationary data.

ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

In line with stated objectives of this study which is to empirically examine the economic determinant of self-employment in a developing nation (Nigeria), this chapter therefore, concentrates on the presentation and interpretation of the unit root tests, co-integration analysis and error correction mechanism.

Unit Root Test

The unit root test is conducted to determine the stationarity of the variables and to determine the order of integration of the variables using the Augumented Dickey Fuller (ADF) test.

TABLE 4.1 Augumented Dickey Fuller Unit Root Test Result

| VARIABLES | LEVELS | | | FIRST DIFFERENCE | | | ORDER OF INTEGRATION |
|-----------|-------------|-----------------|-----------|------------------|-----------------|-----------|----------------------|
| | T-STATISTIC | CRITICAL VALUES | | T- STATISTIC | CRITICAL VALUES | | |
| | | 5% | 10% | | 5% | 10% | |
| NSE | -1.063620 | -3.020686 | -2.650413 | -4.343274 | -3.040391 | -2.660551 | I(1) |
| UNE | -2.494759 | -3.040391 | -2.660551 | -4.850843 | -3.052169 | -2.666593 | I(1) |
| CRA | -2.200580 | -3.020686 | -2.650413 | -3.919415 | -3.029970 | -2.655194 | I(1) |
| INR | -2.068890 | -3.020686 | -2.650413 | -6.133996 | -3.040391 | -2.660551 | I(1) |
| IFR | -1.169416 | -3.020686 | -2.650413 | -6.740391 | -3.029970 | -2.655194 | I(1) |
| EXR | -0.275783 | -3.020686 | -2.650413 | -3.900865 | -3.029970 | -2.655194 | I(1) |

Source: Author’s Computation, 2018.

In the table above, the absolute values of the variables’ t-statistic are greater than their critical values at first difference, therefore, the null hypothesis of no unit root is rejected in favour of the alternative hypothesis. This shows the variables have unit root and are stationary. The economic implication of this is that any shock or disturbance (e.g. government policy) to the variables will not be sustained for a long period of time, meaning such shock will die off in a short while.

Since the variables are stationary, the test for long run relationship among the variables using Johansen Cointegration test is carried out.

Conintegration Test

Since all the variables are stationary at their first difference, we proceed to the Johansen Cointegration test to confirm if there is a long run relationship among the variables.

Table 4.2 Johansen Co-Integration Test Results

| NUMBER OF CE | TRACE STATISTICS | CRITICAL VALUE (0.05) | PROBABILITY** |
|--------------|------------------|-----------------------|---------------|
| None * | 190.4822 | 95.75366 | 0.0000 |
| At most 1 * | 118.3850 | 69.81889 | 0.0000 |
| At most 2 * | 66.42674 | 47.85613 | 0.0004 |
| At most 3 * | 32.09636 | 29.79707 | 0.0267 |
| At most 4 | 8.632976 | 15.49471 | 0.4004 |
| At most 5 | 0.258843 | 3.841466 | 0.6109 |

* indicates the number of cointegrating vectors.

Source: Author’s Computation, 2018.

Table 4.2 shows the result of the cointegration test. The result shows the variables cointegrate on the long run. This is because four of the Trace statistics are more than four of the critical values. There are four cointegrating vectors and the economic implication of this is that there is a long run relationship among the variables. As evident in table above, the dependent variable NSE is cointegrated with the independent

variables. The test statistics strongly reject the null hypothesis of no cointegration in favour of four cointegrating relationships among the variables. Thus, the result shows that the dependent and independent variables co-move on the long run. Since our variables are cointegrated, the long run cointegrating coefficients are estimated as shown below.

Long and Short Run Estimation Coefficients

Having confirmed the existence of long-run relationship among the variables, the study will estimate long run and short run parameters.

Table 4.3: Long Run Co-Integrating Coefficients

| VARIABLES | COEFFICIENT | STANDARD ERROR | PROBABILITY** |
|-------------------|-------------|--------------------|---------------|
| C | 67.276114 | 6.874674 | 0.0000 |
| UNE | 3.751763 | 1.519628 | 0.0296 |
| CRA | 0.048711 | 0.049648 | 0.3459 |
| INR | -0.020156 | 0.023573 | 0.4093 |
| IFR | 0.124345 | 0.097110 | 0.2246 |
| EXR | -3.026674 | 0.709086 | 0.0046 |
| R-squared | 0.852250 | Durbin-Watson stat | 1.698612 |
| Prob(F-statistic) | 0.000370 | | |

Source: Author’s Computation, 2018.

$$NSE_t = 67.276 + 3.751 UNE_t + 0.005 CRA_t + 0.124 INF_t + (-0.020) INR_t + (-3.026) EXR_t + \mu_t$$

From the above result, if all independent variables are held constant, Real GDP will increase by 67.3%.

Run Cointegrating Coefficients

The coefficient of Unemployment is positive and statistically significant, which shows the existence of a positive and significant long run relationship between Unemployment and Number of Self-owned Business. A percent increase in the Unemployment increases Number of Self-owned Business by about 3.75%. Credit Availability is positive and statistically insignificant, there exist a positive and an insignificant long run relationship between Credit Availability and Number of Self-owned Business. A percent increase in Credit Availability increases Number of Self-owned Business by 0.05%.

The coefficient of Interest rate is negative and statistically insignificant, which shows there is a negative and an insignificant long run relationship between Interest rate and Number of Self-owned Business. A percent increase in the value of Interest rate decreases Number of Self-owned Business by 0.02%.

Inflation rate is positive and statistically insignificant; there exist a positive and an insignificant long run relationship between Inflation rate and Number of Self-owned Business, this is against the orthodox, that states that inflation ought to have a negative effects on investment, but this is believed to be so because Nigeria is facing Philips curve effect due to its deficiency in supply. A percent increase in Inflation rate increases Number of Self-owned Business by 0.12%.

The coefficient of Exchange rate is negative and statistically significant, which shows there is a negative and a significant long run relationship between Exchange rate and Number of Self-owned Business. A percent increase in the value of Exchange rate decreases Number of Self-owned Business by 3.03%.

The R-squared is 0.852250 (85 percent). By implication, this shows that about 85 percent of the variations in Number of Self-owned Business can be explained by the five variables taken together. The remaining 15 percent variations can be attributed to other forces outside the model. The F-statistic probability is 0.000370, it is less than 0.05 and shows that the estimated model is statistically significant at 5% level of significance. The implication of this is that all the independent variables can jointly impact the dependent variable (NSE). The Durbin-Watson stat is 1.698612 which shows the presence of a positive autocorrelation.

Error Correction Model

The ECM tries to study the short run dynamics among the variables from disequilibrium to equilibrium. It checks whether the model is capable of correcting the necessary disequilibrium.

TABLE 4.4 Correction Model Result

| VARIABLES | COEFFICIENT | STANDARD ERROR | PROBABILITY** |
|-----------|-------------|----------------|---------------|
|-----------|-------------|----------------|---------------|

| | | | |
|---------|-----------|----------|--------|
| D(UNE) | 0.122486 | 0.326622 | 0.7142 |
| D(CRA) | 0.024705 | 0.024707 | 0.3371 |
| D(INR) | -0.010222 | 0.012307 | 0.4224 |
| D(IFR) | 0.063064 | 0.052096 | 0.2494 |
| D(EXR) | -0.009378 | 0.005474 | 0.1124 |
| ECM(-1) | -0.707170 | 0.183499 | 0.0072 |

Source: Author's Computation, 2018.

Table 4.4 show the ECM result. The result in the table indicate that the coefficient of the error correction term ECM(-1) has the correct sign and significant at 5% level. The value of the coefficient is -0.707170. The result shows that about 71% of the short-run inconsistencies are being corrected and incorporated into the long-run equilibrium relationship in each period.

CONCLUSION

From the results, the study concludes that economic indicators/factors such as, unemployment, credit availability, inflation rate have a positive relationship with the number of self employed while other indicators such as interest rate and exchange rate shows a negative relationship with number of self employed. Although, some variables were insignificant at 5% and 10% level of significance, these variables are credit availability to self employed, interest rate, and inflation rate while unemployment and exchange rate are both significant at each level. The impact of this negative relationship is that consistent increase in exchange rate and interest rate will result to attendant decline on the number of self employed in Nigeria, vice versa while those indicators that have a positive impacts result to an incline in the number of self employed in Nigeria.

The study provided proofs that these economic parameters determines the number of self employed and therefore for federal government and policy makers to pay more attention to credit availability, unemployment, exchange rate, interest rate and inflation rate in stabilizing the economy. Monitoring these economic indicators will help improved the private sector which will aid the downward sliding Nigerian economy.

RECOMMENDATIONS

The federal government should make with economic policy that will maintain fixed exchange rate, lower interest rate and stabilize inflation rate. Monitoring and Stabilizing these economic indicators would drive the number and operations of privately owned enterprises, and thus increase productivity and hence induce economic growth/development. Federal government should also monitor the ever increasing unemployment rate and also make sure that credit is always easy to assess. Monitoring these indicators will help private investors and increase productivity and this may equally attract foreign investors, to invest on the economy, thereby creating job employment as the economy will grow.

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