

Growth and economic development in Nigeria: issues and challenges

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Key words

Growth, Economic Development, challenges, Issues, Poverty, Illiteracy.

Abstract

Economic development is the backbone of every country's progress and it increases the level of literacy and reduces poverty in the country. However, these researchers have observed that, there are some issues and challenges that hinder, effective economic development in Nigeria. It is in light of the above, the researchers aim to identify those challenges and issues in order to address the situations. In view of this, three research questions and three hypotheses will be tested in this study. Finally, some recommendations will be offered so as to arrest the situations; among which is the formation of policy by the government and its full implementation in order to reduce the menace of bribery and corruption across the country, as well as to outline the possible measures to be taken on any person/persons involved in these acts.

1. Introduction

Economic development is the sustained, centered actions of policy makers and communities that promote the standard of living and economic health of a specific area. Economic development can also be referred to as the quantitative and qualitative changes in the economy such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability etc. while economic growth is the increase, or decrease in what the economy produces overtime, on the other hand economic growth is also an increase in a country's real level of national output which can be caused by an increase in the quality of resources (Dike, 2010).

In another perspective, economic growth means more output; while economic development implies both output derived from greater amount of inputs but also greater efficiency (Jhingan, 1990). According to Nwokoma (2003), growth is an aspect of development which is about increase in the size of the economy, while inclusive development is a wider concept. Development to do with improved living standard of the people, the efficiency in social services, the state of infrastructure and provision of social amenities in the country, Life expectancy rate, the education system and health condition of the people among other services.

The Nigeria economic growth had slowed down from 7.4% to 6.6% in 2012. The oil sector continues to drive the economy, with an average growth of about 8.0% compared to -0.35% for the non-oil sector. Agriculture and the oil and gas sectors continue to dominate economic activities in Nigeria. The fiscal consolidation stance of the government has helped to contain the fiscal deficit below 3.0% of Gross Domestic Product (GDP). This coupled with the tight monetary policy stance of the Central Bank of Nigeria (CBN), helped to keep inflation at around 12.0% in 2012. The economic growth has not translated into job creation as poverty alleviation. Unemployment increased from 12% in 2010 to 24% in 2011 because the sectors driving the economic growth are not high job-creating sectors. (African Economic Outlook (AEO), 2013)

2. A brief survey of literature

Economic development refers to the problems of underdeveloped countries and economic growth to those of developed countries. Middison, (1970) makes the distinction between the two terms in this sense when he writes: "The raising of income levels is generally called economic growth in rich countries and in poor ones it is called economic development." But this view does not specify the underlying forces which raise the income levels in the two types of economics. Hicks (1957) points out in this connection that the problems of under developed countries are concerned with the development of unused resources. Even though their uses are well-known, while those of advanced countries are related to growth, most of

their resources being already known and developed to considerable extent. In the post world war II eras, it was often assumed that since the advanced countries were already developed, their principal problem was that of economic growth. The mainstreams of economic growth were then considered to suffice far the nations already developed. Arndit (1987) in Onwa (2013) argue that, in western post war thinking and writing, economic development was interpreted as virtually synonymous with economic growth.

To substantiate on this argument, Doffman, (1991) in Onwa (2013) added that distinguishing between the two concepts does not seem worth while and Kuznets (1973), still in Onwa (2013), concur with this argument in his endorsement of the conception of development as such he characterized modern economic growth as thorough transformation of a country's economic and social frame work.

3. Methodology of data collection/ analysis

The data was collected by administering questionnaires to respondents to fill, after which 1000 questionnaires were returned. The three research questions and three hypothesis were tested using Chi-square (χ^2) denoted by Greek.

3.1 Purpose of the study

1. To examine the influence of the challenges on growth and economic development in Nigeria.
2. To identify challenges of illiteracy on growth and economic development in Nigeria.
3. To compare the relationship between poverty, illiteracy and growth of economic development in Nigeria.

3.2 Research questions

1. To what extent does poverty influence the challenges on growth and economic development in Nigeria?
2. What are the challenges of illiteracy on growth and economic development in Nigeria?
3. What are the relationship between poverty, illiteracy and growth and economic development in Nigeria?

3.4 Hypotheses

1. There is no significant relationship between poverty and growth, economic Development in Nigeria.
2. There is no significant relationship between illiteracy and growth and economic development in Nigeria.
3. There is no significant relationship between the issue of poverty, illiteracy and growth, and Economic development in Nigeria.

3.5 Test of research questions

Research question one: To what extent does poverty influence the challenges on growth and economic development in Nigeria?

To answer this research question the responses of the respondents were computed into table and percentages. The summary of responses is presented as follows:

OPTION	RESPONDENTS	PERCENTAGE
YES	290	58
NO	210	42
TOTAL	500	100

Table 1: Summary of responses on poverty influence on economic growth and development.

From table 1 it could be deduced that 290 of the respondents representing 58% agreed that, the poverty influence the challenges on growth and economic development, while 210 representing 42% said no.

Research question two: What are the challenges of illiteracy on growth and economic development in Nigeria?

To respond to this research question, the researchers computed the responses of the respondents under yes and no, and table 2 shows the summary of the respondents and the percentage.

OPTION	RESPONDENTS	PERCENTAGE
YES	288	57.6

NO	212	42.4
TOTAL	500	100

Table 2: showing the summary of the respondents and percentage.

From table 2 the number of the respondents that agreed that challenges of illiteracy on growth and economic development in Nigeria are 288 which represent 57.6%. While 212 representing 42.4% disagreed.

Research question three: What are the relationship between poverty, illiteracy and growth and economic development in Nigeria?

To present this research question table and percentage were design to summarize the responses as follows:

OPTION	RESPONDENTS	PERCENTAGE
YES	280	56
NO	220	44
TOTAL	500	100

Table 3: showing the relationship between poverty, illiteracy and growth and economic development in Nigeria.

From table 3, 280 representing 56% are of the opinion that, there is relationship between poverty and illiteracy in growth and economic development in Nigeria, while 220 representing 44% said there is no relationship between poverty, illiteracy in growth and economic development in Nigeria.

3.6 Test of Hypothesis

Chi-square (X^2) is used in testing the three hypotheses. According to E.C. Osuala (1982), Greek letter X^2 is frequently used in testing a hypothesis concerning the difference between a set of observed frequencies of a sample and corresponding set of expected or theoretical frequencies. A chi-square is a sample statistics. It is computed as follows:

Where, O = Observed frequency

E = Expected frequency

Hypothesis one

There is no significant relationship between poverty and growth, and Economic Development in Nigeria.

OPTION	There is significant relationship between poverty & growth and economic Development	There is no significant relationship between poverty & growth and economic development	TOTAL
YES	290	210	500
NO	210	290	500
TOTAL	500	500	1000

Table 4: Computation of Expected Frequencies

OBSERVED FREQUENCIES	EXPECTED FREQUENCIES
290	$500 \times 500 / 1000 = 250$
210	$500 \times 500 / 1000 = 250$

Table 5: Expected frequencies

OPTION	O	E	O-E	(O-E) ²	$(O - E)^2 / E$
YES	290	250	40	1600	6.4
NO	210	250	-40	1600	6.4
TOTAL	500	500			12.8

Table 6: Computation of the Value of X^2

Analysis from table 6 shows that calculate X^2 is 12.8 while the critical or table value is 3.84 under 1 degree of freedom at 0.05 significant level. Since the table value is less than calculated t, the decision is to reject the hypothesis, and conclude that there is significant relationship between poverty and growth, and Economic development in Nigeria.

Hypothesis Two

There is no significant relationship between illiteracy and growth and economic development in Nigeria.

OPTION	There is significant relationship between literacy & growth and economic Development in Nigeria	There is no significant relationship between literacy & growth and economic development in Nigeria	TOTAL
YES	288	212	500
NO	212	288	500
TOTAL	500	500	1000

Table 7: Computation of expected frequencies

OBSERVED FREQUENCIES	EXPECTED FREQUENCIES
288	$500 \times 500 / 1000 = 250$
212	$500 \times 500 / 1000 = 250$

Table 8: Expected frequencies

OPTION	O	E	O-E	(O-E) ²	$(O - E)^2 / E$
YES	288	250	38	1444	5.776
NO	212	250	-38	1444	5.776
TOTAL	500	500			11.552

Table 9: Computation of the value of x^2

Table 9 shows that X^2 calculated is 11.552 but the table value is 3.84 under 1 degree of freedom at 0.05 significant level. The decision is to reject the null hypothesis, and conclude that there is significant relationship between literacy and growth and economic development in Nigeria.

Hypothesis Three

There is no significant relationship between the issue of poverty, illiteracy and economic growth, and Economic development in Nigeria.

OPTION	There is significant relationship between poverty, literacy, growth and economic Development	There is no significant relationship between poverty, literacy, growth and economic development	TOTAL
YES	280	220	500
NO	220	280	500
TOTAL	500	500	1000

Table 10: Computation of expected frequencies

OBSERVED FREQUENCIES	EXPECTED FREQUENCIES
280	$500 \times 500 / 1000 = 250$
220	$500 \times 500 / 1000 = 250$

Table 11: Expected frequencies

OPTION	O	E	O-E	(O-E) ²	$\frac{(O - E)^2}{E}$
YES	280	250	30	900	3.6
NO	220	250	-30	900	3.6
TOTAL	500	500			7.2

Table 12: Computation of the value of χ^2

Table 12 depict that the table value of χ^2 is 3.84 < 7.2 calculated χ^2 under 1 degree of freedom at 0.05 significant level. The decision is to reject the null hypothesis and conclude that there is significant relationship between the issue of poverty, literacy and growth, and economic development in Nigeria.

4. Discussion and conclusion

The main objective in this paper is to compute and identify the challenges in the growth and economic development in Nigeria. The outcomes of the study revealed that, the Nigerian economy growth and development is faced with some challenges like poverty, and illiteracy as pointed out in hypotheses 1, 2 and 3. The two major challenges will lead to corruption, inconsistent of policy and poor leadership. In conclusion, if the challenges are not properly tackled and if allow to deteriorate the country will not be developed rather it will continue to be of the developing stage

5. Recommendations

Based on the findings of this research, the following recommendations were offered.

1. To increase the level of economic growth and economic development in Nigeria the menace of bribery and corruption should be eliminated or reduced.
2. There should be full implementation of the possible measures to be taken on any person/persons involved in these acts by the government of Nigeria.
3. The citizens of Nigeria should be empowered to participate actively in businesses to reduce the level of poverty in the country.
4. There should be job opportunities among the youth in the country to reduce the level of unemployment in Nigeria. This will boost the economic growth in the country.
5. To reduce the level of challenges facing the economic growth and economic development as outlined in this research, there should be strong, reliable and honest leaders, who will lead the administration of the country (Nigeria).

6. Direction for future research

Based on the findings of the study, future research may be conducted using a different data set. It will be interesting to test the instrument using data on other countries/states to identify the other challenges in growth and economic development in the selected countries/state which this research did not identified.

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Appendix

Research questionnaire

Dear respondents,

This questionnaire is in respect of the research on Growth and Economic Development in Nigeria: issues and challenges. The purpose of this instrument is to collect data on some of the challenges hindering the effective economic growth and development in Nigeria. All the information required will be treated confidentially.

Instruction: please read carefully and tick appropriate option of your opinion.

Section A: personal Data

1. Sex: Male Female
2. Age: 18-30 31-40 40 and above
3. Marital status: Married Single

4. Qualification obtained:

- (a) O'level Certificate
- (b) N.C.E
- (c) Diploma
- (d) B.ed/B.sc
- (e) HND
- (f) Others

General Information

5. Poverty has a great influence on economic growth and development in Nigeria.

Yes No

6. Illiteracy has impact on economic growth and development in Nigeria.

YES No

7. There is relationship between poverty, illiteracy and economic growth and economic development in Nigeria.

Yes No

8. Poverty and illiteracy are among the challenges facing the economic growth and development.

Yes No

9. Is there any significant relationship between poverty and economic growth and economic development in Nigeria?

Yes No

10. Is there any significant relationship between illiteracy and economic growth and economic development in Nigeria?

Yes No

11. There is no significant relationship between the issue of poverty, illiteracy and economic growth, and Economic development in Nigeria.

Yes No

12. Corruption and bad leadership are among the challenges of economic growth and economic development on Nigeria.

Yes No
