Microfinancing and Unemployment Reduction in Nigeria: A Critical Review

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Abstract. This research paper reviewed the effect of microfinancing on unemployment reduction in Nigeria. Data from Central Bank of Nigeria statistical bulletin was utilized. The period covered is twenty eight (28) years. Auto-Regressive Distributed Lag (ARDL) was employed for the analysis after stationarizing the data via Augumented Dicky Fuller (ADF) unit root test. The result revealed that microfinancing had no significant effect on unemployment reduction in the shortrun but could reduce the rate of unemployment in the longrun. We therefore recommended that the government should partner with microfinance banks in Nigeria to provide adequate funds to entrepreneurs in these sectors for investment which will create jobs for the teeming unemployed labor force and ultimately reduce the rate of unemployment in Nigeria.

Key words: Microfinance, Agriculture and forestry, Mining and quarrying, Unemployment rate, Manufacturing and food processing, Real estate and construction, Transport and commerce

Introduction

Government has made several efforts to reduce unemployment and the rate of hardship in Nigeria through diverse programs as posited by Taiwoand Agwu (2016) which include the Farm Settlement Option introduced in 1960's, the National Accelerated Food Production project in 1972, Agricultural Development Project (ADP) in 1973, Operation Feed the Nation in 1976, the Rural Banking Scheme in 1977, Austerity Measures in 1985, the Green Revolution Programme in 1980, the River Basin Development Authority in 1986, Structural Adjustment Programme (SAP) in 1986 andthe National Directorate of Employment (NDE) in 1986 aimed at the jobless adolescence, to empower and offer economic assistance. The lone aim was to deliver work with accent on autonomy plus private enterprise. "The Directorate for Food, Roads and Rural Infrastructures (DFRRI), the Better Life Programme (BLP) in 1987, the National Policy on Science and Technology, the Science and Technology Fund (STF) and the National Economic Recovery Fund (NERFUND) in 1989, the People's Bank of Nigeria in 1990, the Family Support Programme (FSP) in 1994, Family Economic Advancement Programme (FEAP) in 1997, the poverty alleviation programme in 1999, the National Poverty Eradication Programme (NAPEP), Youth Empowerment Scheme (YES), Rural Infrastructure Development Scheme (RIDS), Social Welfare Service Scheme (SOWESS) and Natural Resources Development and Conservative Scheme (NRDCS) were introduce between 1999-2015, for the same purpose" (p. 3).

As a strategy for achieving the aim of the above mentioned programs, the government offers monetary types of assistance to little and medium scale endeavors generally through commercial banks. Be that as it may, the helpless entrepreneurs, particularly provincial inhabitants, have exceptionally restricted, if at all any admittance to the money related administrations gave by commercial banks because of the inconsistencies amid their requirements and fears, besides the techniques of the banks (Izugbara, 2004; Kabeer, 1999). Admittance to a given loan for the entrepreneurs are vital to economical neediness lightening and joblessness decrease since, it empowers them to put and improve profitability in farming,

independent ventures and little scope fabricating in this manner enabling them to make occupations in a supported and self-decided way (Soyibo, 1996).

Ensuring rural individuals' admittance to credit for significant monetary exercises requires explicit budgetary plans that activate reserve funds and middle of the road money related administrations. Microfinance banks developed to fill this hole in the monetary administrations conveyance framework. Demonstrated after the Gremeen bank neediness decrease activities in Bangladesh, miniature credit plans help the conveyance of little, low premium and non-collateralized credit to the country and metropolitan poor, depending on common guarantee and dual obligation (Aryeteey, 1995; Olomola, 2000).

Microfinancing is certifiably not another wonder in Nigeria as confirmed by such social, monetary exercises as Esusu, Adashi, Otataje, and so on which were drilled with the sole motivation behind giving assets to makers in our provincial networks. What is current anyway is the exertion of governments in Nigeria to modernize it in rustic and metropolitan networks to improve their beneficial limit, upgrade their monetary standing which raises the degree of their public economy (Onyeneke & Iruo, 2012).

The unemployed labor force are subjected to low level of income, financial dependency, poor maternal health, HIV/AIDS, malaria and other diseases, poor educational attainment, environmental risks, etc (UNDP, 2009).According to CBN (2005), commercial banks can only serve (give loan to) thirty five percent of Nigerian people; the remaining sixty five percent were not served and therefore are excluded from the financial system; thereby increased unemployment rate in Nigeria's economy. In order to reduce unemployment rate in our country, the federal government established microfinance bank in 2005 for the purpose of employment and salary openings over the conception and development of small enterprises (Ledgerwood, 1999).

The bank gives loans to the poor entrepreneurs who ordinarily cannot access fund from the conventional banks. The money received as loans enable them boost their businesses and create employment for the unemployed active labor force (UNDP, 2009).

Studies conducted by both national and international organizations and individuals on microfinance banks only concentrated on microfinance bank and economic growth and poverty reduction for instance, Nnamdi and Nwiyordee (2014) evaluated the influences of private sector microcredit programs in Nigeria, financial inclusion and sectorial growth of entrepreneurial activities over the period 1992 to 2011; Sharma and Putri (2013) evaluated the extent of relationship between microcredits and economic growth in India; Audu and Achegbulu (2011) evaluated the influence of microfinance operations on poverty reduction in Nigeria among others. None of them addressed the unemployment reduction in Nigeria. This gap therefore constitutes the core problem of this study which the research is designed to fill.

Thus the objective of these study is to ascertain the effect of microfinancing on unemployment reduction in Nigeria. To achieve the objective of the study, the hypothesis that microfinancing has no significant effect on unemployment reduction in Nigeria is stated.

The rest of the paper is structured as follows: section two is literature review, while section three is methodology; section four is data presentation, while section five is data analysis. Section six is the conclusion and recommendation.

Literature Review

Conceptual Issues

i) Concept of Microfinance

According to CBN (2005), microfinance bank/institution except if in any case expressed, will be deduced to some what business authorized to carry out the task of ushering microfinance services, for instance, investment monies, credit, home grown finances move,

and other budgetary administrations that are required by the dynamic poor, miniature, little and medium ventures to lead or grow their organizations as characterized by these rule.

"As per Marguerite (2001), microfinance indicates to pintsize cash services basically loan and reserve moneys given to entities who farm or fish or crowd; who work little undertakings or miniature ventures where merchandise are created, reused, fixed, or sold; who offer types of assistance; who work for compensation commissions; who gain pay from leasing modest quantities of land, vehicles, draft animals, or hardware and devices; and to others and gatherings at the neighborhood levels of non-industrial nations, both rural and metropolitan. Numerous families have various wellsprings of wage" (Marguerite, 2001).

ii) Unemployment

This is the number of people who are employable and eyeing for a work yet cannot lay hands on a descent work. Moreover, it is those persons in the labor force or group of personalities whom are reachable for labor that do not have work. It is usually projected by the unemployment rate, which is separating the magnitude of unwaged people by the absolute figure of persons in the labor force multiply by 100.

iii) Microfinancing

Rissa (2018) characterize micro-financing as an arrangement of monetary services that is accessible to low-salary individuals. This sort of credit enables hopeful business people to create pay, manufacture resources, oversee dangers and meet their family unit needs. This specialized form of financing is available through microfinance institutions such as microfinance banks.

Theoretical Framework

The theories relevant to the subject of this study are:

i. Implicit Contract Theory

"Greek macroeconomist Costas Azariadis and American financial expert Joseph Stiglitz presented the implicit contract hypothesis of unemployment (that is joblessness) in 1983. They built up this hypothesis to clarify why there are amount changes or cutbacks rather than value changes or pay changes in the work market, particularly during monetary plunges. At the end of the day, this hypothesis attempts to clarify the essential driver of joblessness during a downturn.

The implicit contract hypothesis explicitly asserts that work agreements and work laws make it hard for managers to cut the pay of their current workers. Thus, during a downturn where organizations need to spare expenses and improve their activities, they normally decide to cut back their workers or scale back their labor force as opposed to executing wage shrinkages" (Costas & Joseph, 1983).

ii. Efficiency Wage Theory

Famous economist Alfred Marshall depicted the phrase "proficiency compensation" in his 1890 book "Principles of Economics" to demonstrate the comparable remuneration as per usefulness of task. Advocates of this fundamental notion contend that companies ought to pay their laborers contrastingly on their proficiency. At the end of the day, a more productive worker must have a better pay than a fewer effective expert. The Marshallian notion advanced the efficiency wage theory. Notwithstanding, there is a bottleneck for disbursing astronomical salaries above the harmony threshold. A well-paid boss will typically influence in extra representatives.

iii. Keynesian Theory of Unemployment

It offers a selective hypothesis of unemployment. "John Maynard Keynes and followers of the Keynesian way of thinking came up in 1936 and clarified that joblessness happens when there isn't sufficient total interest in the economy. All things considered, in the event that requests for merchandise and ventures decline, at that point there is a lesser requirement

for creation and subsequently, lesser requirements for laborers. Observe that Keynesian economics matters additionally contend that market economies or entrepreneur monetary frameworks normally go through a win and-fail cycle. Low total interest and joblessness portray the bust period of the economy" (Keynes, 1936).

iv. Commercial Loan Theory

This was propounded by Adam Smith in 1776. The theory stated that short-term loans advanced to finance businesses are the best cash loans that banks can create. It is a self-selling advances based on that fact the merchandise been bankrolled would before long be traded. The essence of the theory is that short term loans are preferred by banks as they will be repaid from the proceeds of transactions they facilitate and finance.

Microfinance banks give loans on a short term period to their customers (entrepreneurs), who invest the money, grow their business, boost their income and return the capital and interest back to the bank.

vi. The Financial Intermediation Theory

This proposition was propounded by Gurley and Shaw in 1960. They said that if there is information asymmetry in the financial system, it will result into significant expense of exchange, absence of complete data in helpful time and in technique for guideline, issue of antagonistic choice, attendant good peril and market imperfection. The theory advocates that there should be a financial institution that will act as an economic agent to link those with surplus economic funds and deficit economic funds together to avoid information asymmetry in the system. Microfinance banks perform this role. They provide a non-collateralized fund at a low cost to the entrepreneurs and useful information that they need to boost their businesses.

Methodology

This research work adopted expost facto design. Here, the scholars evaluated the effect of microfinancing on unemployment reduction in Nigeria. Data gathered from CBN statistical bulletin 2019. CBN statistical bulletin therefore becomes the instrument for data collection. Also, the data collected are very helpful and effective as it is in line with the objective of the work.

The data span through the period 1992 to 2019, twenty six (28) years.

The model specification is given as:

UNPR = f(MFAF, MFMFP, MFMQ, MFRC, MFTC)

This can be transmodified as:

$$\Delta DUEPR_t=\alpha_0+\sum_{i=1}^{n}\beta_{1i}\,\Delta UEPR_t+\beta_1\Delta UEPR_{t-1}+\sum_{i=0}^{n}\beta_{2i}\,\Delta DMFAF1_t+$$
$$\Delta D\beta_2 MFAF_{t-1}+\sum_{i=1}^{n}\beta_{3i}\,\Delta DMFMFP2_t+\beta_3\Delta DMFMFP_{t-1}+$$
$$\sum_{i=0}^{n}\beta_{4i}\,DMFMQ3_t+\Delta D\beta_4 MFMQ_{t-1}+\sum_{i=0}^{n}\beta_{5i}\,\Delta DMFRC4_t+$$
$$\beta_5\Delta DMFRC_{t-1}+\sum_{i=0}^{n}\beta_{6i}\,\Delta DMFTC5_t+B_6\Delta DMFTC_{t-1}+U$$

Where UEPR = Unemployment Rate

MFAF = Microfinancing to agriculture and forestry

MFMQ = Microfinancing to mining and quarrying

MFMFP=Microfinancing to manufacturing and food processing

MFREC = Microfinancing to real estate and construction

MFTC = Microfinancing to transport and commerce

α = constant intercept

pb, Δb = parameter

"$\beta_1,\beta_2,\beta_3,\beta_4,\beta_5$, = Coefficient of independent variables"
μ = error term.

Aprior expectation: A positive significant effect is expected between microfinancing variables such as MFAF, MFMQ, MFMFP, MFRC, MFTC and unemployment rate (UEPR).

The researcher employed stationarity test and autoregressive distributive lag (ADRL) tests for the analysis.

(i) Unit root test

"Unit root was used to determine the stationarity of the time series data employed. This is to ensure that employment of the data do not lead to spurious estimates. The Augmented Dickey Fuller (ADF) test was employed and while the decision rule is to reject the null hypothesis if the ADF test statistic is absolutely greater than the corresponding Mackinnon's Critical Values at 5% levels of significance" (p. 12).

(ii) Autoregressive Distributive Lag (ADRL) test

ARDL created by Pesaran and Shin (1999) is adjudged to be superior to Johansen's co-integration because of the following: primarily, it makes use of undersized test range. Two sets of analytical values are offered, shorter and higher values boundaries for all set of descriptive variables into pure I(1), I(0) or both furthermore, Johansen's procedure needs that the variables should be combined of similar order, whereas ARDL does not compel the variables to be integrated of the similar order. Thirdly, ARDL method offers an impartial longrun approximation with cogent t-statistic if several of the regressors model are endogenous. Lastly, this technique delivers a process of evaluating the short run and long run upshots of one variable on the other and as well single out both once a suitable range of the arrangement of the ARDL model is made. In this regard, Akaike info criterion (AIC) is chosen.

Presentation

The data used for the work is presented below:

Table 1. Total Microfinance Credit (TMC), MFAF, MFMQ, MFMFP, MFRC and MFTC in Billions from 1992-2019

YEARS	TMC A	MFAF B	MFMQ C	MFMFP D	MFREC E	MFCT F
1992	135.80	29.50	3.70	19.90	14.60	45.60
1993	654.50	123.20	5.70	129.60	47.50	280.00
1994	1,220.60	155.40	32.20	201.00	34.90	513.80
1995	1,129.80	98.60	17.90	124.80	102.60	575.70
1996	1,400.20	229.40	17.60	155.40	92.70	695.00
1997	1,618.80	367.40	28.50	200.00	105.20	729.90
1998	2,526.80	962.70	31.00	299.40	67.10	1,042.70
1999	2,958.30	1,007.20	27.00	293.50	71.90	1,447.80
2000	3,666.60	1,248.35	33.46	363.77	89.11	1,794.44
2001	1,314.00	447.37	11.99	130.36	31.94	643.08
2002	4,310.90	1,467.71	39.34	427.69	104.77	2,109.77
2003	9,954.80	3,389.27	90.86	987.64	241.95	4,871.91
2004	11,353.80	3,865.58	103.62	1,126.44	275.95	5,556.58
2005	28,504.80	9,704.91	260.16	2,828.03	692.79	13,950.33
2006	16,450.20	505.23	449.33	491.98	2,554.43	5,078.32

2007	22,850.20	701.80	624.14	683.39	3,548.24	7,054.05
2008	42,753.06	3,354.30	412.40	2,006.33	2,139.15	23,962.48
2009	58,215.66	4,736.90	569.70	2,275.70	2,421.10	28,314.20
2010	52,986.36	5,102.90	520.40	2,172.90	2,257.40	25,975.90
2011	50,928.30	4,679.20	329.40	1,728.85	1,725.45	36,114.94
2012	90,422.25	7,407.68	298.73	2,275.01	3,718.03	54,673.01
2013	94,055.58	4,803.12	603.25	2,937.27	2,616.01	53,409.48
2014	112,110.15	7,735.68	187.09	3,156.49	5,486.51	58,821.75
2015	187,247.34	11,761.52	390.88	3,372.79	5,218.26	117,759.41
2016	196,194.99	14,412.32	234.17	4,742.99	5,318.10	124,412.31
2017	190,490.05	16,589.95	346.10	4,484.29	9,771.14	132,870.23
2018	207,963.32	15,096.15	426.78	3,755.08	9,496.94	118,540.19
2019	262,630.00	18,770.54	391.06	3,959.97	11,979.58	164,408.17

Source: CBN Statistical Bulletin (2019)

In order to be in the same unit of measurement, we convert the data to percentages and the data now becomes the following.

Table 2. Unemployment Rate (UEPR), MFAF1, MFMQ1, MFMFP1, MFRC1 and MFTC1 in percentages from 1992-2019

YEARS	UEPR	MFAF1	MFMQ1	MFMFP1	MFREC1	MFTC1
		B/A*100	(C/A)*100	D/A*100	(E/A)*100	F/A*100
1992	3.5	21.72312	2.724595	14.6539	10.7511	33.5788
1993	3.4	18.82353	0.870894	19.8014	7.257448	42.7807
1994	3.2	12.73144	2.638047	16.4673	2.85925	42.0941
1995	1.9	8.727208	1.584351	11.0462	9.081253	50.9559
1996	2.8	16.38337	1.256963	11.0984	6.620483	49.6358
1997	3.4	22.69582	1.760563	12.3548	6.498641	45.089
1998	3.5	38.09957	1.226848	11.849	2.655533	41.2656
1999	17.5	34.04658	0.912686	9.92124	2.43045	48.9403
2000	18.1	34.04658	0.912562	9.9211	2.430317	48.9403
2001	13.7	34.04658	0.912481	9.92086	2.430746	48.9403
2002	12.2	34.04658	0.91257	9.92113	2.430351	48.9403
2003	14.8	34.04658	0.912726	9.92125	2.430486	48.9403
2004	11.8	34.04658	0.912646	9.92126	2.430464	48.9403
2005	11.9	34.04658	0.912688	9.92122	2.430433	48.9403
2006	12.3	3.07127	2.731456	2.99072	15.52826	30.8709
2007	12.7	3.071308	2.731442	2.99074	15.52827	30.8708
2008	14.7	7.845754	0.964609	4.69283	5.003502	56.0486
2009	19.7	8.136814	0.978603	3.90909	4.158847	48.6367
2010	5.1	9.630592	0.98214	4.10087	4.260342	49.0237
2011	6	9.187819	0.646792	3.39467	3.387998	70.9133
2012	10.6	8.192315	0.330372	2.51598	4.111853	60.4641
2013	10	5.106677	0.641376	3.1229	2.781345	56.785
2014	7.8	6.90007	0.166881	2.81552	4.893857	52.4678

2015	10.44	6.281274	0.208751	1.80125	2.786827	62.8898
2016	14.23	7.345917	0.119356	2.41749	2.71062	63.4126
2017	20.42	8.70909	0.181689	2.35408	5.129475	69.7518
2018	23.1	7.259045	0.205219	1.80565	4.566642	57.0005
2019	27.1	7.147142	0.148901	1.50781	4.561391	62.6007

Source: Authors computation based on data from CBN Statistical Bulletin (2019)

Data Analysis

The data was analyzed to achieve the stated objective.

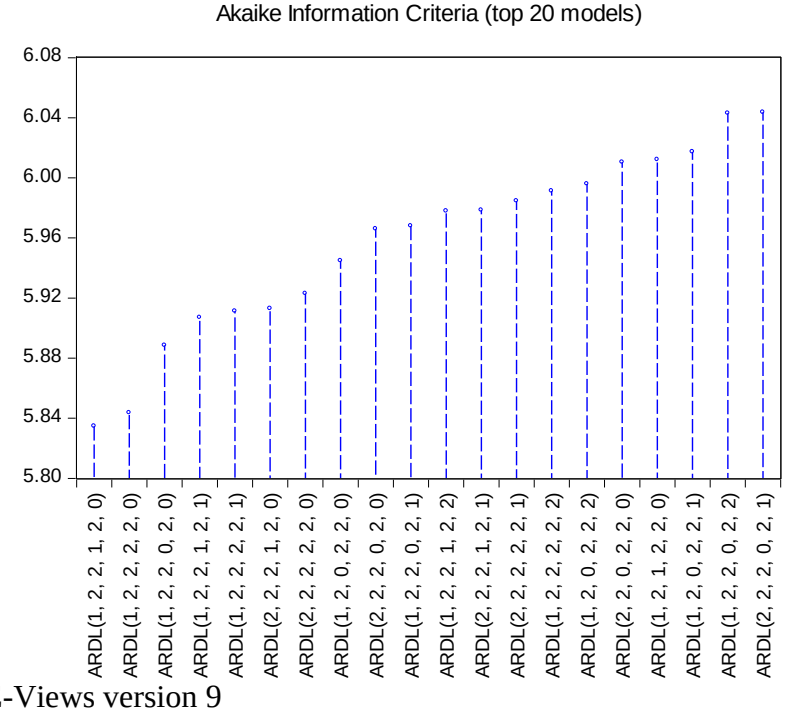
Table 3. Stationarity (Unit Root) Test Result

(Difference) Variables	ADF Test Statistic	Mackinnon's Critical Values at 1%, 5% & 10%			Order of Integration	Prob.
		1%	5%	10%		
UEPR	-5.115515	-4.356068	-3.595026	-3.233456	1(1)	0.0018
DMFAF1	-4.545743	-4.356068	-3.595026	-3.233456	1(1)	0.0065
DMFMQ1	-4.071164	-4.339330	-3.587527	-3.229230	1(0)	0.0181
DMLMFP1	-4.415475	-4.356068	-3.595026	-3.233456	1(0)	0.0088
DMFRC1	-5.268509	-4.374307	-3.603202	-3.238054	1(1)	0.0014
MFTC1	-3.724763	-4.339330	-3.587527	-3.229230	1(0)	0.0378

Source: Extracts from E-Views 9 Output

Table 3 depicts the unit root stationarity-test outcomes for the utilized information maximum of 2 with trend and intercept. For the most part, the total estimations of the ADF test measurement for all the utilized investigation factors are greater contrasted with all their comparing Mackinnon's basic qualities at 5% taking all things together. Variables are integrated of order I(0) and I(1), thus, they are considered fit for usage in resulting assessments and suggests the use of ADRL for the analysis.

Table 4. Auto-Regressive Distributed Lag (ADRL) Model selection test result



Source: E-Views version 9

The utilization of this methodology is shielded by the succinct data range. The researcher chooses a maximum order of 2 for the provisional ARDL vector error correction model by using the Akaike information criteria (AIC). Number of models evaluated was 486 and the result shows that the best model is ARDL (1 2 2 1 2 0) which was summarized in graph above.

Table 4. Auto-Regressive Distributed Lag (ADRL) shortrun result

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
DUEPR(-1)	0.052368	0.193229	0.271014	0.7914
DMFAF1	0.142105	0.265840	0.534552	0.6036
DMFAF1(-1)	0.112537	0.246612	0.456334	0.6570
DMFAF1(-2)	0.605884	0.192475	3.147862	0.0093
DMFMQ1	-3.426725	4.159458	-0.823839	0.4275
DMFMQ1(-1)	0.461560	3.644979	0.126629	0.9015
DMFMQ1(-2)	5.229650	2.086432	2.506504	0.0292
DMFMFP1	-1.791725	1.257560	-1.424763	0.1820
DMFMFP1(-1)	1.656611	1.320653	1.254388	0.2357
DMFREC1	0.435324	0.776771	0.560427	0.5864
DMFREC1(-1)	0.760488	0.398164	1.909986	0.0825
DMFREC1(-2)	1.360464	0.319150	4.262777	0.0013
DMFTC1	0.203748	0.184577	1.103863	0.2932
C	-11.89244	12.14944	-0.978847	0.3487

Source: Extracts from E-Views 9 Output

Table 4 showed that microfinancing to agriculture and forestry (MFAF1) had no major influence on unemployment rate in Nigeria under the period of the study. The probability of the t-statistic 0.6036 is more than 0.05 power of test. The coefficient 0.142105 showed positive but no substantial effect on unemployment rate in Nigeria. The last two previous years had significant effect ie 0.0093 < 0.05.

Secondly, the analysis also confirmed that microfinancing to manufacturing and food processing (MFMFP1) has no significant effect on unemployment rate in Nigeria. The probability of the t-statistic 0.1820 is more than 0.05 power of test. The coefficient -1.791725 is negative but no major effect on unemployment rate in Nigeria. The analysis further revealed that microfinancing to manufacturing and food processing (MFMFP1) lag one year had no significant consequence on unemployment rate in Nigeria. "The probability of the t-statistic 0.2357 is more than 0.05 power of test. The coefficient 1.656611 is positive but had no significant effect on unemployment rate in Nigeria.

Furthermore, the analysis also revealed that microfinancing to mining and quarrying (MFMQ1) does not have significant effect on unemployment rate in Nigeria. The probability of t-statistic 0.4275 is more than 0.05 power of test and the coefficient -3.426725 showed negative but no significant effect on unemployment rate in Nigeria. However, the result revealed that microfinancing to mining and quarrying (MFMQ1) for the last two years had significant effect ie 0.0292 < 0.05.

Fourthly, the analysis also showed that microfinancing to real estate and construction (MFREC1) had no significant effect on unemployment rate in Nigeria, because, the probability of t-statistic 0.5864 is more than 0.05 power of test and the coefficient 0.435324 showed positive but no significant effect on unemployment rate in Nigeria. However, the result also revealed that microfinancing to real estate and construction (MFREC1) for two years ago had significant effect ie 0.0013 < 0.05.

Finally, the analysis also revealed that microfinancing to transport and commerce (MFTC1) had no significant effect on unemployment rate in Nigeria within the period of study as it portray the probability of t-statistic is 0.2932 is more than 0.05, therefore the null hypothesis is accepted. The 0.203748 coefficient showed positive but no significant effect on unemployment rate in Nigeria.

Table 5. ARDL Bound cointegration test

Test Statistic	Value	K
F-statistic	6.868338	5
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	2.26	3.35
5%	2.62	3.79
2.5%	2.96	4.18
1%	3.41	4.68

Note: *level of significance at 5%
Source: Extracts from E-Views 9 Output

The bound cointegration test is to check whether there will be longrun relationship. The outcome showed that the F-measurement 6.868338 is higher than the upper bound which is 3.79 at 5% level of significant. There is cointegration and the error of the shortrun could be corrected in the longrun.

Table 6. Shortrun error correction model

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
DUEPR(-1)	-0.016259	0.161214	-0.100857	0.9289
DUEPR(-2)	-0.172347	0.150964	-1.141641	0.3719
DMFAF1	0.896059	0.286156	3.131367	0.0886
DMFAF1(-1)	1.864666	0.370838	5.028256	0.0373
DMFAF1(-2)	0.985549	0.154381	6.383885	0.0237
DMFMFP1	5.232024	1.573557	3.324967	0.0798
DMFMFP1(-1)	-7.368637	1.962493	-3.754732	0.0642
DMFMQ1	2.856998	3.256937	0.877204	0.4729
DMFMQ1(-1)	-12.07983	4.077413	-2.962621	0.0975
DMFMQ1(-2)	16.65152	4.544887	3.663791	0.0671
DMFREC1	4.323509	0.970357	4.455587	0.0469
DMFREC1(-1)	3.799240	0.771733	4.922996	0.0389
DMFREC1(-2)	2.758542	0.355286	7.764284	0.0162
DMFTC1	-0.217353	0.158005	-1.375614	0.3027
DMFTC1(-1)	-0.310184	0.134702	-2.302737	0.1479
DMFTC1(-2)	-0.194174	0.136585	-1.421633	0.2910
ECM(-1)	-0.287440	0.252089	-1.140232	0.03723
ECM(-2)	0.290122	0.271333	1.069246	0.3969
ECM(-3)	-0.120736	0.241252	-0.500458	0.6664
C	49.32686	20.04920	2.460290	0.1330
R-squared	0.984578	Mean dependent var		1.077273
Adjusted R-squared	0.838068	S.D. dependent var		5.167208

S.E. of regression	2.079326	Akaike info criterion	3.722251
Sum squared resid	8.647189	Schwarz criterion	4.714108
Log likelihood	-20.94476	Hannan-Quinn criter.	3.955902
F-statistic	6.720208	Durbin-Watson stat	1.934984
Prob(F-statistic)	0.137268		

Source: Extracts from E-Views 9 Output

Table 6 showed that microfinancing to agriculture and forestry (MFAF1) of the current year had no significant effect on unemployment reduction in Nigeria within the period of study but the preceding and last two years had significant effect on unemployment reduction. The probability of the t-statistic were 0.0886, 0.0373 and 0.0237 for the current, preceding year and two years respectively and the critical value is 0.05. The coefficients were all positive ie 0.896059, 1.864666 and 0.985549 respectively implying that 1% increase in MLAF1 increases unemployment reduction in Nigeria by 0.90%, 1.86% and 0.99% respectively.

Secondly, the analysis further revealed that microfinancing to manufacturing and food processing (MFMFP1) had no significant effect on unemployment reduction in Nigeria for both current and preceding year. The probability of the t-statistic 0.0798 and 0.0642 for the current and preceding years respectively were more than 0.05 power of test. The coefficients 5.232024 and -7.368637of the current and preceding years showed both positive and negative respectively.

Thirdly, microfinancing to mining and quarrying (MFMQ1)had positive and no significant effect on unemployment reduction in Nigeria. The probability of the t-statistic 0.4729, 0.0975 and 0.0671 were more than 0.05 power of test. The coefficients were 2.856998, -12.07983 and 16.65152 which showed positive, negative and positive respectively.

Fourthly, the analysis also showed that microfinancing to real estate and construction (MFREC1) had positive and significant effect on unemployment reduction in Nigeria. The probability of the t-statistic 0.0469, 0.0389 and 0.0162 for the current, last and two years respectively were less than 0.05 power of test. The coefficients 4.323509, 3.799240 and 2.758542 of the current, preceding and last two years respectively showed positive meaning that 1% increase in (MFREC1) increased unemployment reduction in Nigeria by 4.32%, 7.80 and 2.76% respectively.

Finally, microfinancing to transport and commerce (MLTC1) had negative and no significant effect on unemployment reduction in Nigeria within the period of study. The probability of t-statistic 0.3027, 0.1479 and 0.2910 were more than the critical value 0.05. Therefore we accept null hypothesis. The coefficients were negative ie -0.217353, -0.310184 and -0.194174 meaning that they do not reduce unemployment rate in Nigeria.

The result of the ARDL short run error correction model showed that the model had a good fit on the data. This is demonstrated by the high values of coefficient of determination (R^2) of 0.984578 (98.46%) and the adjusted R^2 of 0.838068 (83.81%). This implied that variations in all the explanatory variables accounted for 83.81% of the total variations in unemployment rate in the study.

The F-statistic measures the overall significance of the model. The F-statistic was 6.720208 and the probability of F-statistic 0.137268 which was more than 0.05 power of test. The meaning is that microfinancing to MLAF1, MLMFP1, MLMQ1, MLREC1 and MLTC1 had no significant effect on unemployment reduction in Nigeria. 49.32686 in the regression equation was constant, autonomous and uninfluenced intercept that did not change by the changes of the independent variables. The error correction model (ECM) factor had a negative sign which had a significant effect as was theoretically expected. The coefficient of

the error correction model showed that about 28.74% of the shortrun disequilibrium had been corrected each year. The ECM showed "low speed of adjustment" to equilibrium. This was below "average speed" of adjustment from "short run equilibrium to long run equilibrium".

Durbin Watson 1.934984 which is approximately 2 showed absence of serial correlation, therefore no fear of statistic been over estimated or driving incorrect result.

Conclusion and Recommendations

From the result of the analysis, it is very apparent that microfinancing to the various sectors under consideration do not have significant effect on unemployment reduction in Nigeria in the short run but showed that in the longrun, it will help to reduce unemployment rate in Nigeria. Therefore, we recommend that the government should partner with microfinance banks in Nigeria to providing adequate funds to the various entrepreneurs in these sectors for investment which will create jobs for the teeming unemployed labor force and ultimately reduce the rate of unemployment in Nigeria.

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