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Education Investment, Labour Participation and Unemployment: Synergistic Pathways to Sustainable Growth in Nigeria

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ABSTRACT
This paper investigates how labour market inefficiencies, including high unemployment and low labour participation, constrain Nigeria's economic growth potential. Despite being Africa's largest economy with a significant youthful population, Nigeria faces substantial challenges such as a skills mismatch and stagnated formal job creation, preventing effective harnessing of its demographic dividend. The research aims to assess the impact of unemployment rate, labour participation rate, the level of investment, and inflation rate on output growth in Nigeria. Employing an ex-post facto research design and the Autoregressive Distributed Lag (ARDL) model using data from 1981–2023, the study confirmed a long-run relationship among the variables. Findings reveal that unemployment has a significant negative effect on GDP, while the labour participation rate positively influences growth. Investment, however, showed an unexpected negative impact, suggesting underlying inefficiencies. Inflation was found to be statistically insignificant. The study concludes that these factors are crucial determinants of economic growth and recommends policies focused on job creation programs, increasing domestic investment in productive sectors, and enhancing labour market participation to foster sustainable growth.
Keywords: Education Investment, Labour Participation, Unemployment, Economic Growth, Sustainable

1.0 INTRODUCTION

Nigeria's economic landscape is a study in contrasts. As Africa's largest economy and most populous nation, with over 220 million people and abundant natural resources, the country holds immense potential for transformative growth. However, this potential remains largely untapped due to systemic inefficiencies, structural imbalances, and persistent labour market challenges (Obele, 2019).

The structure of Nigeria's labour market reflects deep-rooted socio-economic disparities and demographic pressures. With a median age of 18 years, the country has one of the youngest populations globally, presenting a demographic dividend that could propel economic transformation if harnessed effectively. However, the mismatch between labour supply and demand has created a crisis of underutilization. Formal job creation has stagnated, with the public sector once a major employer constrained by fiscal austerity and privatization policies (Omolua & Oyinkepreye, 2022).

Education and skill development further complicate Nigeria's labour market dynamics. Despite significant investments in education, the system remains misaligned with labour market needs. A growing number of university graduates face underemployment or outright unemployment, as their qualifications often do not match the technical, vocational, or digital skills demanded by emerging industries (Opuala-Charles & Oshilike, 2023). For instance, the agricultural sector, which employs over 35% of the

workforce faces labour shortages in agro-processing and mechanized farming, while tertiary-educated youth gravitate toward saturated urban service sectors. This skills mismatch is exacerbated by inadequate vocational training infrastructure and limited private-sector involvement in curriculum development. Moreover, gender disparities persist, with female labour participation rates lagging behind due to cultural norms, limited access to education, and occupational segregation (Ikeije, 2020).

The Fourth Industrial Revolution, marked by automation, artificial intelligence, and digital platforms, has transformed labour markets worldwide. In Nigeria, however, the adoption of technology has been uneven. While sectors like Fintech and e-commerce have expanded rapidly, creating niche employment opportunities, traditional industries such as manufacturing and agriculture lag in technological integration (Fashoyin, 2012). This duality risks widening the gap between high-skilled, tech-savvy workers and those in low-skilled, manual roles, further polarizing the labour market.

The broader macroeconomic environment further compounds these challenges. Inflation, currency instability, and fiscal deficits have eroded consumer purchasing power and business confidence, dampening investment in job-creating sectors (Ilo, 2015). While unemployment remains a critical concern, hovering around 33% as of recent estimates the labour participation rate, particularly among women and youth, remains disproportionately low due to structural barriers such as skills mismatches, underemployment, and limited access to quality jobs (Yakubu, Akanegbu, & Jelilov, 2020).

Existing studies often examine unemployment or labour participation in isolation, neglecting their interconnected dynamics and combined impact on output growth. Consequently, there is limited empirical understanding of how Nigeria's labour market inefficiencies, characterized by underutilized human capital and a growing informal sector, constrain its ability to harness demographic dividends for sustainable economic expansion (Omolua & Egbejule, 2022).

The study is particularly relevant given Nigeria's youthful and rapidly growing population, which presents both an opportunity and a challenge. While a large workforce can drive economic productivity, high unemployment and underemployment rates have stifled this potential, leading to reduced aggregate demand, lower industrial output, and increased poverty levels. This research addresses these challenges by exploring the extent to which labour market inefficiencies, such as unemployment and low labour participation, hinder economic growth.

In light of these, the study's objectives are to:

a) Examine the impact of the unemployment rate on output growth in Nigeria.
b) Assess the impact of labour participation rate on output growth in Nigeria.
c) Assess the impact of the level of investment in education on output growth in Nigeria.
d) Ascertain the impact of inflation rate on output growth in Nigeria.

2.0 Literature Review

2.1 Conceptual Issues

Education Investment

Education investment involves allocating resources such as time, money and effort to develop human capabilities, yielding returns similar to physical capital investments (Becker, 1964). Individuals and societies weigh direct costs (e.g., tuition) against future benefits (higher earnings, productivity). Private investments focus on individual returns, while public investment addresses broader social gains, justifying subsidies where private incentives fall short (Psacharopoulos & Patrinos, 2004).

The value of education encompasses both productivity enhancement and signaling. Spence's signaling theory argues that credentials may principally certify innate ability to employers, though actual skill gains also occur (Spence, 1973). Moreover, education generates positive externalities such as reduced crime and improved health, warranting government intervention to correct under-investment when individuals ignore these social benefits (UNESCO, 2014).

Different education stages yield varying returns. Early childhood education delivers particularly high social returns by shaping foundational cognitive and socio-emotional skills, especially for disadvantaged children (Heckman, 2006). Primary and secondary schooling establish core competencies in literacy and

numeracy, while tertiary and vocational training supply specialized skills aligned with labor-market needs (World Bank, 2018). Lifelong learning supports continuous up-skilling in response to technological change.

Optimal levels of education investment depend on individual discount rates, credit constraints, quality of provision, and labor-market demand elasticity (World Bank, 2018). Credit markets often limit investments by lower-income households, despite high potential returns. Ensuring quality through teacher training and relevant curricula enhances the productivity of investment. Aligning vocational programs with industry needs helps mitigate mismatches and under-employment.

Policy measures to promote efficient and equitable education investment include targeted scholarships and loans to alleviate credit constraints, quality assurance mechanisms (accreditation, standardized assessment), and incentives for employer-sponsored training (UNESCO, 2014). Balancing private choice with public coordination ensures that education investment boosts both individual advancement and sustainable economic growth.

Unemployment

The economic cost of unemployment is certainly large, but no dollar figure can adequately convey the human and psychological toll of long periods of persistent involuntary unemployment. Right from the classical to the modern economists, there is no unanimity of views on the meaning of full employment.

However, according to Keynes, full employment means the absence of involuntary unemployment. In other words, full employment is a situation in which everybody who wants to work, gets work. Full employment, so defined, is consistent with frictional and voluntary unemployment.

The Keynesian concept of employment involves three conditions:

1. Reduction in the real wage rate
2. Inelastic supply of output at the level of full employment.
3. Increase in effective demand.

Consequently, unemployment is reduced and full employment prevails. But it is at the equality of demand and supply of labour at a particular aggregate that full employment is achieved.

The demand for labour is a decreasing function of the real wage rate. If (W) is the money wage rate, (P) is the price of labour (i.e. W = P x MP), w/p = MP. Since MP declines as employment increases, it follows that the level of employment increases as the real wage (w/p) declines.

Labour Force

Labour force refers to the employable population, that is, the population within the working age group who are employed and all those who are unemployed but actively seeking work. Labour force can be explained according to ILO (2019) as the total number of persons available to supply labour for the production of economic goods and services, invariable to economic growth. It is the total number of people of working age in a country who are able and willing by law to work (Iloabuchi, 2019). Analysing the effect of unemployment on the economic growth of Nigeria, he opined that the active or working population comprises all persons who have jobs and those who are seeking jobs in the labour market. He emphasized that they are normally found between the ages of 18 and 65 years.

Working populations vary from one country to another. To be a member of the labour force, according to Ani, Joel, and Boajon (2019), one must be of working age (18 – 65 years), be able-bodied (not handicapped either mentally or physically), and be willing to work. Persons that are members of the labour force, according to Rafindadi (2012), include: i. Children of school age (10 – 17 years) ii. The elderly (above 65 years) iii. The handicapped (either physical or mental) iv. Persons who, even though able-bodied, are unwilling to work.

Sustainable Growth (Economic Growth)

Economic growth, often measured as output growth, is a fundamental indicator of a country's economic performance. It reflects an increase in the production of goods and services within an economy over a given period, typically assessed through Gross Domestic Product (GDP). A growing economy experiences rising income levels, improved living standards, and enhanced investment opportunities.

Several theories explain the factors driving economic growth and they include theories such as the Classical Growth Theory which was developed by Adam Smith and later expanded by David Ricardo and Thomas Malthus. The theory emphasizes the role of land, labour, and capital in economic growth. It suggests that economies grow through capital accumulation and labour productivity but are constrained by diminishing returns to natural resources. Another theory is the Neoclassical Growth Theory which was popularized by the Solow-Swan model (1956) and introduced technological progress as a key driver of long-term growth.

Another growth theory is the endogenous growth model. Unlike the neoclassical approach, which treats technological progress as exogenous, the endogenous growth model (Romer, 1990) asserts that investment in human capital, innovation and knowledge spillovers, are internal to the economy and can drive long-term economic growth without diminishing returns. The Schumpeterian Growth Theory, named after Joseph Schumpeter, emphasizes creative destruction, where innovation leads to the continuous replacement of outdated industries with more productive sectors, driving long-term economic expansion.

2.2 Theoretical Literature Review

The following theories are relevant to this study as they provide insight into the variables under study. A review of these theories is presented below.

Okun's Law (1962)

Arthur Okun, an American economist, first proposed Okun's Law in 1962, describing the inverse relationship between unemployment and economic growth. His work aimed to quantify the impact of changes in unemployment on a country's GDP, based on empirical observations of the U.S. economy.

Okun observed that a 1% increase in the unemployment rate typically led to a 2-3% decrease in GDP, highlighting the crucial role of employment in economic performance. Though initially developed for the U.S., Okun's Law has been tested and modified for various economies, including developing nations like Nigeria, where labour market dynamics are distinct due to informal employment and structural unemployment. Okun's Law is typically expressed in two forms:

1. Difference Version: Measures how GDP growth changes in response to changes in unemployment.

$$\Delta Y = \alpha - \beta \Delta U$$

Where:

ΔY = Change in GDP growth rate

ΔU = Change in unemployment rate

α = Constant (representing baseline growth when unemployment is stable)

β = Okun's coefficient (empirical value usually between 2 and 3)

2. Gap Version: Relates actual GDP to potential GDP and unemployment deviations from the natural rate.

$$Y_t - Y\^{} * = -\beta(U_t - U\^{} *)$$

Where:

Yt = Actual GDP in period t

Y* = Potential GDP

Ut = Actual unemployment rate

U* = Natural rate of unemployment

β = Okun's coefficient

Okun's Law has been validated in developed economies, but findings in developing economies like Nigeria suggest weaker correlations due to high informal employment, underemployment, and structural unemployment. Studies indicate that Nigeria's Okun coefficient is lower than in developed economies, implying that unemployment does not reduce GDP growth at the same rate as in industrialized nations. Policy implications suggest that employment-driven growth strategies, such as boosting labour-intensive industries and vocational training, are necessary to reduce unemployment's negative impact on output.

Neoclassical Growth Theory (Solow-Swan Model, 1956)

Developed independently by Robert Solow and Trevor Swan in 1956, the Neoclassical Growth Model explains long-term economic growth through capital accumulation, labour force growth, and technological progress. It is one of the most influential growth models, providing a framework for understanding how economies converge to steady-state levels of growth. The model is based on a Cobb-Douglas production function:

$$Y = AK\hat{}\alpha\ L\hat{}(1-\alpha)$$

Where:

- Y = Output (GDP)
- A = Total Factor Productivity (TFP), representing technological progress
- K = Capital stock
- L = Labour force
- α = Capital's share in production (typically between 0 and 1)

The model predicts diminishing returns to capital, meaning that poor countries can grow faster than rich ones if they invest in capital and technology.

The Steady-State Growth Equation is given as:

$$sY = (\delta + n + g)K$$

Where:

s = Savings rate
δ = Depreciation rate
n = Population growth
g = Technological progress

Nigeria's low productivity growth and capital misallocation slow economic growth, as the country remains dependent on oil and primary commodities. To achieve sustainable growth, investments in human capital, technology, and infrastructure are essential.

2.3 Empirical Literature Review

Obele (2019) investigated the effect of unemployment on Nigeria's economic growth between 1986 and 2008, employing an Ordinary Least Squares (OLS) regression approach alongside co-integration analysis and an error correction model (ECM). The study found that a 1% increase in unemployment leads to an 11.56% decrease in GDP, demonstrating a strong negative relationship between unemployment and economic growth. Additionally, it was observed that job vacancies negatively affected GDP, implying that the available jobs in the Nigerian labour market did not align with the skill sets of job seekers.

A similar study by Rasheed (2023) used the Autoregressive Distributed Lag (ARDL) bounds test model to analyze the effect of unemployment on economic growth in Nigeria from 2010 to 2020. The study confirmed that unemployment negatively impacts GDP both in the short run and long run and further found that crime rates rise alongside increasing unemployment levels. The findings suggest that high youth unemployment contributes to social instability, emphasizing the need for policies aimed at promoting entrepreneurship and vocational training to reduce dependency on formal employment.

Yakubu, Akanegbu, and Jelilov (2020) examined the relationship between labour force participation and economic growth in Nigeria from 1990 to 2017, using Johansen's co-integration approach and a Vector Error Correction Model (VECM). Their findings revealed that labour force participation and economic growth have a long-run relationship, with higher participation rates contributing to GDP growth. However, they noted that gender inequality in employment remains a major challenge, as women face lower labour participation rates due to socio-cultural and economic constraints.

The application of Okun's Law, which posits an inverse relationship between unemployment and economic growth, has been examined in Nigeria to determine its validity. Muhammad (2023) conducted a study to test Okun's Law in Nigeria between 1991 and 2021, using econometric regression analysis. The study established a statistically significant negative relationship between unemployment and GDP, where

a 1% increase in unemployment led to a 2.5% decline in GDP. This result aligned with Okun's predictions, confirming that unemployment remains a key barrier to Nigeria's economic growth.

Idris (2021) examined the effect of unemployment and inflation on economic growth in Nigeria from 1986 to 2020, using Ordinary Least Squares (OLS) regression techniques. The study found that unemployment has a negative and significant effect on GDP, whereas inflation exhibited a weak positive impact. The author argued that inflation in Nigeria is cost-push rather than demand-driven, meaning that higher costs of production contribute to unemployment rather than stimulating economic growth.

Meanwhile, Opuala-Charles and Oshilike (2023) analyzed the relationship between educational investment and unemployment in Nigeria (1991–2021) using the ARDL approach. Their study found that government spending on education did not significantly reduce unemployment in the long run, suggesting a mismatch between education and labour market needs. The study recommended expanding vocational training and aligning educational curricula with job market demands.

3.0 METHODOLOGY

This study adopts an ex-post facto research design, which is a non-experimental approach that investigates cause-and-effect relationships by examining existing data after the events or phenomena have occurred. The ex-post facto design relies on secondary data, which will be sourced from reputable institutions such as the National Bureau of Statistics (NBS), the World Bank, and the Central Bank of Nigeria (CBN). These data will include time series on unemployment rates, labour participation rates, gross domestic product (GDP), and other relevant macroeconomic variables.

Model Specification

The specification of this model will use the following functional relationship:

GDP = *f* (Unemployment, Labour Participation Rate, Inflation, Investment)

These variables are considered relevant in determining the effect of unemployment on the Gross Domestic Product (GDP) of the Nigerian economy.

The econometric model is as follows:

$GDP = \beta_0 + \beta_1 (UNEMP) + \beta_2 (LPR) + \beta_3 (INF) + \beta_4 (INV) + \mu_t$

Where:

GDP = Gross Domestic Product

INF = Inflation rate

LPR = Labour Participation Rate

INV = Level of investment

Ut = Error term

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ = Regression parameters

The secondary data for this research was analysed using descriptive statistics and econometric techniques. The Bounds co-integration technique was used to check if there is a long-run relationship between the variables while the Autoregressive Distributed Lag (ARDL) model was used to estimate the specified model.

4.0 ESTIMATION AND FINDINGS

In this section, the results of the model estimation are presented and discussed starting with the descriptive statistics.

Descriptive Statistics

The summarized result is presented in the table 4.1 below, the full results in the appendix section.

Table 4.1: Descriptive Statistics

	GDP	UNEMP	LPR	INV	INF
Mean	3.046473	4.892976	46.27214	35.62787	18.94662
Maximum	15.32916	11.79000	61.21000	89.38613	72.83550
Minimum	-13.12788	3.100000	0.000000	14.16873	5.388008
Std. Dev.	5.319457	2.097997	24.53549	18.73668	16.45496
Skewness	-0.831907	2.055177	-1.370167	1.101106	1.877082
Kurtosis	4.736123	5.987298	2.911452	4.020891	5.437063
Observations	43	43	43	43	43

Source: *Author's computation (2025)*

From table 4.1 above the descriptive statistics is presented. This shows the characteristics of the data employed for the study. From the table it is observed that the dependent variable GDP have a mean growth rate of 3 percent over the study period. The average values for unemployment and labour participation rate stood at 5 and 46 percent respectively. The average contribution of investment to GDP is 36 percent, while on average the inflation rate was 19 percent in Nigeria. The maximum growth of GDP for the study period was 15 percent that of unemployment and labour participation rate stood at 12 and 61 percent respectively, investment highest contribution to GDP was 89 percent while the highest rate of inflation was 73 percent. Unemployment, investment and inflation are all positively skewed which implies that they tilt to the right of the distribution hence values which are higher than the sample mean will be more in their distribution while gross domestic product and labour participation rate was negatively skewed. The kurtosis values showed that all the variables are leptokurtic, except labour participation rate which is platykurtic.

Cointegration Test

The ARDL-bound test approach to cointegration proposed by Pesaran et al (2001) was applied because of the mixed order of integration. The ARDL-bound test approach to cointegration makes it possible to check for long run equilibrium relationship both for the I(0) and I(1) integrated variables by conducting an F-test for the joint significance of the coefficients of the variables.

Table 4.2: Result of the ARDL (Bounds) Test for Cointegration

F-Bounds Test		**Null Hypothesis: No levels relationship**	
Test Statistic	Value	K	
F-statistic	7.1780404		
Critical Value Bound			
Significance		**I0 Bound**	**I1Bound**
10%		2.45	3.52
5%		2.86	4.01
2.5%		3.25	4.49
1%		3.74	5.06

Source: *Author's computation (2025)*

The ARDL bounds tests was employed to examine the existence of a long run relationship among the variables and the results are illustrated in Table 4.2. Two asymptotic critical values bound provide a test for co-integration when the independent variables are I(d) [where 0 = d = 1]: a lower value assuming the regressors are I(0) an upper value assuming purely I(1) regressors. If the F-statistic was above the upper critical value, the null hypothesis of no long run relationship can be rejected irrespective of the orders of integration for the time series. Conversely, if the test statistic falls below the lower critical value, the null hypothesis cannot be rejected. Finally, if the statistic falls between the lower and upper critical values, the result is inconclusive. From table 4.2 above, the result confirms the existence of the long run relationship (i.e cointegration) between the dependent and independent variables of the study. That is the F-statistics of

7.178040 falls above the upper bound of critical value of 3.74 and 5.06 at the 1 percent level of significance.

Estimation of Autoregressive Distributed Lag (ARDL) Model

We proceed to estimate the long run relationships and the Error correction model. We therefore proceed to estimate the regression model. It is presented below.

Table 4.3: Autoregressive Distributed Lag (ARDL) Model

Dependent Variable: GDP
Method: ARDL
Sample (adjusted): 1982 2023
Included observations: 42 after adjustments
Selected Model: ARDL(1, 0, 1, 0, 0)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
GDP(-1)	0.255538	0.129676	1.970587	0.0570
UNEMP	-0.534909	0.271368	-1.971157	0.0569
LPR	0.171695	0.059489	2.886141	0.0067
LPR(-1)	-0.194704	0.060796	-3.202578	0.0030
INV	-0.147301	0.052320	-2.815406	0.0080
INF	-0.015601	0.033862	-0.460736	0.6479
C	11.45774	3.447847	3.323158	0.0021
R-squared	0.565024	Mean dependent var		3.440969
Adjusted R-squared	0.488263	S.D. dependent var		4.722741
S.E. of regression	3.378449	Akaike info criterion		5.426962
Sum squared resid	388.0731	Schwarz criterion		5.719523
Log likelihood	-104.2527	Hannan-Quinn criter.		5.533497
F-statistic	7.360870	Durbin-Watson stat		1.775997
Prob(F-statistic)	0.000042			

Source: *Author's computation (2025)*

From table 4.3, the output of the OLS estimates for the ARDL model is presented, it can be observed that the constant term have a positive sign which implies an increase on the dependent variable when the independent variables are held constant. The lagged value of the dependent variable (GDP) have a positive sign which signifies an increase on the current value of dependent variable. Current value of LPR also has a positive sign which is in line with economic theory, while unemployment, lagged value of LPR, investment and inflation has a negative sign which signifies a decrease on GDP.

The constant term magnitude of 11.45774 showed the level of change that may occur in GDP when all the independent variables are held constant. The lagged dependent variable will increase GDP by 0.255538, which means that a 1% change in the past value of GDP will cause its current value to grow by approximately 26%. UNEMP with a magnitude of -0.534909 implies that a 1% change in it will cause GDP to decrease by 53%. LPR increases GDP by 17%, although its lagged value reduces GDP by 19%. INV has a magnitude of -0.147301 which means that it a 1% change in it will reduce GDP growth by 15%. The findings also suggested that inflation reduces GDP growth by 2%. All the variables used for the study are found to be statistically significant except inflation. Evidence from the Prob(F-statistic) value showed that there exists a joint significance at the 1% level, there is no autocorrelation from the Durbin-Watson stat of approximately 1.8. The model has high explanatory and predictive power as evidenced by the R-squared and the adjusted R-squared values respectively. The R-squared value suggests that about 58% of the systematic variations in Industrial economic growth can be explained by the variables employed for the study.

.5 Post Estimation Test Results

The post-estimation test results assess the reliability, stability, and validity of the estimated model by examining issues such as autocorrelation, heteroscedasticity, normality, and model specification errors, ensuring that the regression findings are robust and suitable for policy interpretation.

Table 4.4: Test for Normality, Heteroskedasticity and Autocorrelation

Test	F-Statistics	P-value
Normality Test	5.863542	0.0533
Serial correlation LM Test	1.170385	0.2877
Heteroskedasticity	0.474294	0.8459

Source: *Author's computation (2023)*

From table 4.4, it is evident that the model formulated and estimated for the study is robust and devoid of any bias. The result for the test of normality with the use of Jarque-Bera Statistics showed that the residuals are normally distributed. The observed Jarque-bera statistic is 5.863542 with a p-value of 0.0533. Since the p-value is greater than the 5% level of significance, we cannot reject the null hypothesis, so this implies that the residuals are normally distributed. There is no serial correlation as well as the heteroscedasticity in the model based on the probability values of 0.2877 and 0.8459 respectively which is clearly greater than the 5% level. The null hypothesis of the presence of autocorrelation and heteroscedasticity is therefore rejected.

5.0 CONCLUSION AND RECOMMENDATIONS

The study investigated the impact of unemployment on a growth-seeking economy, with emphasis on Nigeria's macroeconomic performance over a 42-year period (1981–2023). The estimated model demonstrated that unemployment has a significant negative effect on economic growth, supporting the argument that high unemployment rates weaken economic output by reducing productivity, income levels, and aggregate demand. Additionally, while labour participation rate positively influences GDP, investment had an unexpected negative effect, suggesting inefficiencies in Nigeria's investment climate. Inflation, though negative, was not found to be a significant determinant of economic growth in the short run.

Given these findings, the study concludes that unemployment, labour participation rate, and investment are crucial determinants of economic growth in a developing country like Nigeria. The long-run convergence observed among the variables suggests that policy measures aimed at reducing unemployment, increasing labour participation, and enhancing investment efficiency should be sustained and strategically improved over time. To foster economic growth, it is imperative for policymakers to address the structural and institutional challenges affecting labour market dynamics, investment efficiency, and inflation control mechanisms.

Recommendations

Based on the findings from the study, the following recommendations are made

i. Job Creation through Social Investment Programs: The government should prioritize employment generation by expanding social investment programs, public works schemes, and vocational training initiatives to absorb a significant portion of the unemployed population. Special attention should be given to youth and women employment programs to maximize labour force participation.

ii. Increase Domestic Investment in Productive Sectors: The government should channel public and private sector investments into key areas such as manufacturing, agriculture, and technology to stimulate industrialization and job creation. Additionally, policies that incentivize domestic investors and reduce capital flight should be implemented to ensure that investments contribute positively to economic growth.

iii. Targeted Inflation Control Measures: Policymakers should identify the root causes of inflation, such as supply chain disruptions, excessive money supply, and import dependency, and implement appropriate measures to control price instability. A combination of monetary policy adjustments and fiscal policy coordination is necessary to ensure price stability without stifling economic growth.

iv. Enhancing Labour Market Participation: The government should implement policies that encourage higher labour force participation, particularly for marginalized groups such as women, persons with disabilities, and rural workers. This can be achieved through education reforms, skills development programs, gender-inclusive employment policies, and incentives for businesses that hire underrepresented groups.

v. Strengthening Institutional Frameworks for Economic Stability: Economic growth is highly dependent on transparent governance, efficient economic policies, and institutional stability. The government should enhance policy consistency, reduce bureaucratic bottlenecks, and create a more business-friendly environment to foster sustainable economic growth.

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