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ANALYZING HOW URBANIZATION IMPACTS ECONOMIC GROWTH IN NIGERIA

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ABSTRACT

Research on the complex interplay among urbanization and economic growth frequently examines a number of factors, including industrial sectors including manufacturing, high-tech industries, and productive service industries missing aggregate analysis. Sequel to this, this study analyzed how urbanization impacts economic growth in Nigeria. Essentially, the study uses unit root testing, vector error correction model (VECM) and causality method to analyze the data span over 1986-2021. Given that the likelihood is negligible at 0.39%, the null hypothesis that there is no causal association between jobs and economic development, directed from jobs to economic growth cannot be rejected at 5%. On the other hand, at 5%, the null hypothesis that there is no causal relationship between CGDP and employment can be rejected, with a probability of 0.02%, which is highly significant. Therefore, for the time span covered by the analysis, there is a unidirectional causal relationship in Nigeria between jobs and economic growth, with jobs driving economic expansion. indicating that more jobs can be created in Nigeria as a result of increased economic growth. The use of the empirical framework and data restrictions are two of the study's shortcomings. To further explore this empirical issue, future efforts should concentrate more on the study of panel and quarterly data.

Introduction

The idea that the whole is greater than the sum of its parts makes urbanization an essential component of the expansion of the national economy. Urbanization results in population growth and industry expansion, which in turn creates technology spillover, diversification, and demand for specialized services, among other effects. The population and built-up area are growing, economic activity is expanding outward, the labor force from rural areas is migrating to cities, and the industrial structure is continuously transitioning to secondary and tertiary industries as a result of urban drift to big cities. When barriers to the advancement of creation factors are removed, labor and capital gather in areas with higher levels of financial turn of events; specific business sectors are framed by work divisions; endeavors share the foundation; mechanical advancement is shaped by opposition and modernity drives the degree of provincial economic growth through

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mechanical advancement (Li et al., 2023). Industry extension also accelerates the urbanization cycle and becomes a major driver of great economic growth.

In essence, urbanization refers to the migration of people from rural to urban areas that causes a population concentration to increase (Kuddus et al., 2020; Nasution et al., 2021). Urbanization is temporarily sparked by rural-to-urban migration, and this cycle has a substantial impact on population density and mobility, leading to financial opportunities and easier access to healthcare, education, and employment opportunities. While financial development is one of the factors that contribute to urbanization, over time, a concentration of people in one place causes a rise in financial activity, which in turn causes financial development (Raihan et al., 2022). The text then outlined the relationship between urbanization and financial development as a common critique causality.

There has to be more research done on the relationship and effects of urbanization and financial development in Nigeria, as the country's economy currently faces challenges related to a challenging financial situation. The benefits of many organizations declined as a result of the rapid decrease in work due to poor interest in goods due to rising costs and the growth of urbanization. Prior to 2010, metrics like standard least square and the ARDL approach were typically used in information research strategies for studies on urbanization and development. ECM (Jacobs et al., 2023; Adekunle et al., 2023). However, subsequent analyses employed distinct research methodologies, such as DPDA models, focusing on diverse elements such as expansion rates and conversion scale. These distinctions might come from varieties in the review periods, yet they lead to various ends in regards to what urbanization meaning for monetary development, going with it challenging for financial choice creators to recognize existing issues and monetary patterns which require further observational check and exploration.

Urbanization is a worldwide peculiarity that has now turned into a reality, particularly for emerging nations like Nigeria, albeit a few investigations feature the adverse consequences and different examinations feature the positive effect on financial development (Adekunle et al., 2023; Chen et al., 2014; Jacobs et al., 2023). The development of the worldwide industrialist framework and how rustic populaces are underestimated are the essential factors that drive individuals from country to join the metropolitan low class (Lewis et al., 2014). Ritchie et al. (2018), states that more than half of the total populace lives in metropolitan regions and that was not the situation in prior times. As a result, numerous research on the potential effects of this new worldwide phenomena on socioeconomic problems, growth, and development have been spurred by its predominance. To provide a comprehensive knowledge of the relationship between urbanization and economic growth in Nigeria, more research is needed.

This study examines the relationship between Nigeria's economic growth and urbanization. The main goal of the paper is to shed light on the intricate relationship between these elements and how Nigeria's economic growth has been shaped by the employed variables. Additionally, this analysis sheds light on the structure of urbanization in Nigeria and how it affects economic growth. This will be achieved by a thorough examination of these components. Examining how urbanization affects economic growth in Nigeria and the relationship between it and factors like education, job inflation and urbanization are important areas of focus for this study and their effects on economy, policymakers and other stakeholders in the Nigeria economy.

Furthermore, this analysis provides observational evidence as well as theoretical support for the development of the overall economy. Three key promises are made in this paper. It begins by using all available data to examine the relationship between urbanization and economic development. This investigation adds to the body of literature on the topic by providing observational evidence in favor of Nigeria's economic growth and metropolitan turn of events. In addition, the review lays the framework for further research into the instrument of "urbanization-education-employment-economic growth. In the end, the paper provides a deeper understanding of complete separation by spearheading a heterogeneity examination, enabling more accurate strategy recommendations for national economic development and serving as a sort of benchmark for policy initiation.

Literature Review

Urbanization is the result of developing ways of life and populace elements. It addresses a characteristic and verifiable movement of territorial and financial relations changing from rustic regions to metropolitan focuses. This interaction incorporates both populace urbanization and land urbanization. The impacts of populace relocation during these urbanization cycles can fundamentally influence society, culture, and the climate. Thus, insightful examination on urbanization essentially centers around its effect on these areas. Be that as it may, flow research patterns uncover a rising worry about the natural difficulties related with urbanization. A review led (Wang et al., 2021) exhibits that urbanization significantly affects fossil fuel byproducts inside the transportation area. Nonetheless, it has simultaneously exacerbated the positive connection between fossil fuel byproducts and environmental impression (Li et al., 2022). Furthermore, different income groups influence urbanization in different ways in different ways. For example, Li et al. (2023) found that changes in economic structure, economic growth, energy intensity, and renewable energy consumption are fostered by the expansion of urbanization among low-income groups [Glomm, 1992]. Urbanization

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shows a causal association with economic growth, economic structure, per capita carbon emissions, energy intensity, and energy structure in middle-class and lower-class populations. On the other hand, there is a reciprocal causal relationship between urbanization and energy intensity and energy structure for high-income populations. Furthermore, researchers have looked into how urbanization affects consumption, income, and industrial structure [Wang et al., 2019; Zhang et al., 2022].

Although many studies have examined the relationship between urbanization and economic growth, a consensus has remained difficult. Urbanization and economic growth have long been research hotspots. The majority of academics argue that urbanization promotes economic expansion [Henderson, 2000]. But when considering urbanization within the framework of China, some analysts contend that there have been significant setbacks in its progress. They suggest that these delays in urbanization could impede economic growth and employment creation [Chang et al., 2006]. A more integrated method that takes into account both the transition of dual structures and agglomeration has been used in recent studies, frequently with the use of census data [Zhu et al., 2013; Wang et al., 2018]. From a number of perspectives, these studies support the beneficial impact of urbanization on economic growth. It is important to remember, nevertheless, that most of this research use static techniques.

Researchers are moving toward dynamic research as the subject develops, highlighting the spatial spillover effects of urbanization on economic growth [Yang et al., 2017; Liu et al., 2017]. They contend that the dynamic spatial influence of urbanization on economic growth is substantial. A number of academics also concentrate on the urbanization's spatial agglomeration. Populations in countries like the US, Canada, and Japan are more agglomerated than others, and this trend is still present. China's urban agglomeration level is still comparatively low when compared to wealthy nations and the country's population agglomeration lags behind its economic agglomeration [Henderson, 2000]. When it comes to research methods and data sources, academics frequently use a range of approaches to study urbanization and spatial agglomeration (Zhou, 2006). These comprise cross-national city data, geographical econometric analysis, multi-indicator comprehensive evaluation factor analysis, and census data (Wang, 2010; Yang et al., 2015; Yan et al., 2015). As far as study findings are concerned, academics generally agree. They both agree that changes in the spatial organization of cities have been brought about by urbanization [Deng et al., 2018]. Urban agglomeration is commonly acknowledged as a crucial driving force behind the progression of urbanization to more advanced phases, which in turn substantially contributes to economic growth [Shen et al., 2022]. Moreover, the process of urbanization always results in the concentration of industry and population [Wu et al., 2008; Chen et al.,

2018], creating agglomeration effects. It is noteworthy that the results of economic expansion are more pronounced when there is a higher degree of agglomeration (Lin et al., 2017; Han et al., 2019).

Research on the complex interplay among urbanization, industrial agglomeration, and economic growth frequently examines a number of factors, including industrial sectors including manufacturing, high-tech industries, and productive service industries. Researchers generally agree that industrial agglomeration brought about by urbanization is essential for fostering economic growth (Huang et al., 2020; Wu et al., 2021). Similar to this, studies on the relationship between urbanization, population agglomeration, and economic growth—like the one on prefecture-level cities in the Yangtze River Delta by Meng et al. (2022) highlight the beneficial effects of population agglomeration in promoting excellent economic development as a result of urbanization.

After a thorough review of the pertinent literature, it was found that research on the impact of urbanization promotion on economic growth have reached a fairly advanced stage, and it is widely accepted that urbanization significantly promotes economic growth. Agglomeration factors have been included in certain research that apply urbanization theory in the recent past. Different opinions exist regarding whether Chinese cities are overly agglomerated, based on the findings of previous research. Nevertheless, the majority of these studies have primarily examined urbanization, urban agglomeration, industrial agglomeration, population agglomeration, and their effects on economic growth (Zhang et al., 2022).

Examining whether urbanization can promote economic growth through mechanisms of economic agglomeration has received little attention. By including economic agglomeration into the urbanization paradigm and accounting for the geographical correlation of regional economies, this paper expands on the corpus of previous research on the topic. By doing this, we want to improve our knowledge of how urbanization affects economic expansion. Our goal is to improve the understanding of urbanization and provide theoretical underpinnings and empirical evidence to direct future research endeavors by augmenting and expanding the current literature on urbanization and economic growth.

Methods

The study aims to investigate empirically the relationship between urbanization and economic growth in Nigeria. Between 1986 and 2022, the WDI and CBN statistical bulletin provided the annual data used in this study. Quantitative research methods were employed in the study to investigate the relationships between the variables. Based on Manuel et al. (2023) the equation that was utilized in the investigation was described as follows:

$$GrDPr = f(Urban, Educ, Job, Inf)$$

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The current study adapts the model and uses Nigerian data to evaluates the model in Nigeria context

The model specification of the model is specified below:

$$GrDPr = \text{Urban} + Edu + \text{Job} + Inf \quad (2)$$

$$\text{GrDPr} = \beta_0 + \beta_1\text{Urban} + \beta_2\text{Edu} + \beta_3\text{Job} + \beta_4\text{Inf} \quad (3)$$

$$\text{GrDPr} = \beta_0 + \beta_1\text{Urban} + \beta_2\text{Edu} + \beta_3\text{Job} + \beta_4\text{Inf} + \varkappa \quad (4)$$

$$\text{GrDPr} = \beta_0 + \beta_1\text{Urban} + \beta_2\text{Edu} + \beta_3\text{Job} + \beta_4\text{Inf} + \hat{e} \quad (5)$$

The study's framework was the neoclassical growth model created by Robert Solow. An exogenous model called the Solow Growth Model was created to evaluate the long-term effects of population shifts, capital accumulation, or increased productivity that is, technical advancements—on the level of production in an economy. The model examines how population transitions affect the economy's output levels over time. Businesses use demographics to identify potential product opportunities, growth rates, rates of technological innovation, and rates of savings by highlighting the socioeconomic characteristics of a population.

Discussions

Results

The previous sections fastidiously gathered, examined, and introduced the information that we gathered during our examination. In this significant part, we look at the embodiment of our exploration and leave on an excursion of understanding and examination.

Unit Root Test

Testing the order of cointegration of the data used in the model is required by the methodological requirements because data that is cointegrated of order 2 contradicts or deviates from the VECM procedures.

Table 1: Unit Root Test

		ADF (H_0)				DF (H_0)			
		DF_α				ERS_α			
	$z_{.t}$	$\tau_{.\mu}$	1%	5%	Prob.	τ_τ	1%	5%	Prob.
Intercept without Time Trend	$GrDPr$	1.21	3.63	-2.94	0.53	0.61	2.63	1.95	0.67
	$URBAN$	1.94	3.64	2.95	0.30	1.09	2.63	1.95	0.28
	EDU	1.51	3.63	2.94	0.51	1.57	2.63	1.95	0.12
	JOB	2.29	3.63	2.95	0.17	0.82	2.63	1.95	0.41
	INF	3.12	3.63	2.94	0.00	2.97	2.63	1.95	0.00
	$\Delta GrDPr$	4.63	4.32	3.58	0.00	2.70	3.77	3.19	0.01
	$\Delta URBAN$	5.33	3.64	2.95	0.00	5.41	2.63	1.95	0.00
	ΔEDU	10.86	3.63	2.95	0.00	11.02	2.63	1.95	0.00
	ΔJOB	5.62	3.63	2.95	0.00	5.69	2.63	1.95	0.00
	ΔINF	4.31	4.25	3.54	0.00	6.26	2.63	1.95	0.00
I n	$GrDPr$	5.64	3.64	2.95	0.00	3.78	2.63	1.95	0.00

	$URBAN$	1.93	4.24	3.54	0.61	1.76	3.77	3.19	0.00
	EDU	2.81	4.24	3.54	0.20	2.47	3.77	3.19	0.01
	JOB	2.51	4.24	3.54	0.32	2.06	3.77	3.19	0.04
	INF	3.16	4.26	3.55	0.10	2.64	3.77	3.19	0.01
	$\Delta GrDPr$	4.47	4.28	3.55	0.00	4.56	3.77	3.19	0.00
	$\Delta URBAN$	5.27	4.26	3.55	0.00	5.43	3.77	3.19	0.00
	ΔEDU	10.82	4.25	3.55	0.00	11.15	3.77	3.19	0.00
	ΔJOB	5.62	4.25	3.54	0.00	5.76	3.77	3.19	0.00
	ΔINF	8.17	4.37	3.60	0.00	7.04	3.77	3.19	0.00

Source: Authors compilation, 2024

Table 2: Selection of Lags

Lag	LogL	LR	FPE	AIC	SC	HQ
1	-400.1217	NA	50438.84	25.00716	26.12949*	25.38991*
2	-370.8500	41.32488*	42446.37*	24.75588*	27.00053	25.52137

Source: Authors compilation, 2024

Therefore, it is imperative to conduct these tests at the outset of any study, as the inclusion of variables integrated of order I (2) and higher in the regression may lead to erroneous and misleading conclusions. Table 1 present the unit root and Table 2 shows the lag selection criteria (@2).

Cointegration Test

It is essential to examine the long-run relationship between the variables, from the perspective, all the variables integrated of I(0) and I(1). The Johansen cointegration test was used in the paper. The greatest Eigenvalue and the trace statistics findings are displayed in the tables below in Table 3 and Table 4. The test indicates that there is long-run connection amid the variables. Further analysis will be carried out to further investigates the study.

Table 3: Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.895491	131.2431	69.81889	0.0000
At most 1 *	0.696206	58.97169	47.85613	0.0032
At most 2	0.365027	20.84670	29.79707	0.3673
At most 3	0.178395	6.313167	15.49471	0.6585
At most 4	0.000790	0.025305	3.841466	0.8735

Source: Authors compilation, 2024

Table 4: Rank Test

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.895491	72.27138	33.87687	0.0000

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At most 1 *	0.696206	38.12499	27.58434	0.0016
At most 2	0.365027	14.53354	21.13162	0.3229
At most 3	0.178395	6.287862	14.26460	0.5766
At most 4	0.000790	0.025305	3.841466	0.8735

Source: Authors compilation, 2024

Vector Error Correction Model (VECM)

The VECM's EC.T aids in determining the short-term association, or whether there is a short-term sustainable connection among the variables. However, the long-run adjustment shows whether or not the model can adapt to a long-run equilibrium following a shock (Eric, 2020). The cointegrated variables have been found to be associated by the use of the VECM. With a negative sign and significant value, the EC.T indicates that a long-term adjustment is feasible. The rate of adjustment towards equilibrium is shown by the coefficient of EC.T which is 0.40 (Table 5). This indicates that the speed is 40 percent per unit time (yearly). The long-term relationship between the variables in this research was determined by using the VECM to determine the significance of the error correction term with respect to the study's model.

Given that the likelihood is negligible at 0.39%, the null hypothesis—that there is no causal association between jobs and economic development, directed from jobs to economic growth—cannot be rejected at 5%. On the other hand, at 5%, the null hypothesis—that there is no causal relationship between CGDP and employment—can be rejected, with a probability of 0.02%, which is highly significant. Therefore, for the time span covered by the analysis, there is a unidirectional causal relationship in Nigeria between jobs and economic growth, with jobs driving economic expansion. indicating that more jobs can be created in Nigeria as a result of increased economic growth.

Since the likelihood is critical at 0.02%, the faulty supposition that there is no causal connection between the urban population and CGDP, coordinated from URB to CGDP, can be rejected at 5%. Furthermore, the erroneous hypothesis that there is no causal relationship between population growth and CGDP cannot be discounted at 5%, with a 0.38% chance that is essentially inconsequential. Consequently, for the time period included by the review, there is a unidirectional connection between URB and CGDP in Nigeria.

The results of this study support some of the earlier studies on urbanization and economic growth that is based on the Solow growth model. Thus, it can be said that this economic expansion is what led to Nigeria's urbanization. Furthermore, Nigeria's urbanization increased demand for goods and services, which in turn led to higher mass consumption and economic expansion. People want an urban lifestyle in order to take advantage of socioeconomic advantages, which is why the population of urbanized areas is increasing. Khambule et al. (2018) contend that by

utilizing public services like education infrastructure, which is primarily found in urbanized regions, people can move from poverty to social benefits and develop their abilities.

In contrast, socioeconomic benefits from urbanization are not always guaranteed. The issues associated with urbanization include those related to infrastructure, including housing, jobs, basic services, health, education, and environmental protection (Jones, 2017). Urbanization contributes to economic growth and chances for human development, but it also has detrimental effects on the environment, such as air pollution.

Table 5: Vector Error Correction Model (VECM)

Cointegrating Eq:	CointEq1				
CGDP(-1)	1.000000				
URB(-1)	-7.574804 (1.58203) [-4.78803]				
EDU(-1)	-0.117511 (0.03692) [-3.18285]				
JOB(-1)	-0.439790 (0.20409) [-2.15489]				
INF(-1)	-0.183427 (0.04053) [-4.52627]				
C	40.49992				
Error Correction:	D(CGDP)	D(URB)	D(EDU)	D(JOB)	D(INF)
CointEq1	-0.406289 (0.02960) [-1.56506]	0.024635 (0.02748) [0.89641]	3.334643 (1.33502) [2.49783]	-0.026818 (0.16432) [-0.16321]	2.993832 (1.26909) [2.35903]
D(CGDP(-1))	-0.428964 (0.25432) [-1.68668]	-0.029797 (0.02692) [-1.10674]	-1.823751 (1.30789) [-1.39443]	0.230566 (0.16098) [1.43226]	-2.062578 (1.24330) [-1.65895]
D(CGDP(-2))	0.098525 (0.21541) [0.45738]	0.000976 (0.02280) [0.04281]	-0.188992 (1.10778) [-0.17060]	-0.019595 (0.13635) [-0.14371]	-0.885062 (1.05308) [-0.84045]
D(URB(-1))	11.40127 (3.43151) [3.32252]	0.234045 (0.36326) [0.64429]	19.34610 (17.6469) [1.09629]	-0.063641 (2.17205) [-0.02930]	23.52571 (16.7755) [1.40239]

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D(URB(-2))	-2.808442	0.101521	-34.93831	-2.083004	-7.600454
	(4.18522)	(0.44305)	(21.5229)	(2.64913)	(20.4601)
	[-0.67104]	[0.22914]	[-1.62331]	[-0.78630]	[-0.37148]
D(EDU(-1))	0.006110	0.000625	-0.612197	0.016176	0.125411
	(0.03858)	(0.00408)	(0.19840)	(0.02442)	(0.18861)
	[0.15836]	[0.15293]	[-3.08563]	[0.66240]	[0.66494]
D(EDU(-2))	-0.009125	-0.000646	-0.311084	0.028248	0.020061
	(0.04125)	(0.00437)	(0.21211)	(0.02611)	(0.20164)
	[-0.22122]	[-0.14789]	[-1.46659]	[1.08197]	[0.09949]
D(JOB(-1))	1.266051	-0.013721	-1.508116	0.360804	4.764518
	(0.53321)	(0.05645)	(2.74207)	(0.33751)	(2.60666)
	[2.37441]	[-0.24309]	[-0.54999]	[1.06903]	[1.82782]
D(JOB(-2))	-0.254633	-0.001502	-6.806043	-0.266738	-1.597067
	(0.64604)	(0.06839)	(3.32232)	(0.40893)	(3.15827)
	[-0.39414]	[-0.02196]	[-2.04858]	[-0.65229]	[-0.50568]
D(INF(-1))	-0.011570	0.009179	0.580013	-0.025146	0.061470
	(0.05549)	(0.00587)	(0.28536)	(0.03512)	(0.27127)
	[-0.20851]	[1.56253]	[2.03256]	[-0.71593]	[0.22660]
D(INF(-2))	-0.025323	0.003278	0.283776	0.003617	0.158814
	(0.04634)	(0.00491)	(0.23832)	(0.02933)	(0.22655)
	[-0.54643]	[0.66813]	[1.19073]	[0.12331]	[0.70100]
C	-0.206288	-0.025494	4.591705	0.331439	-1.093340
	(0.54587)	(0.05779)	(2.80717)	(0.34552)	(2.66855)
	[-0.37791]	[-0.44119]	[1.63570]	[0.95925]	[-0.40971]

Source: Authors compilation, 2024

Table 6: Granger Causality Test

Null Hypothesis:	Obs	F-Statistic	Prob.
EDU does not Granger Cause CGDP	32	0.86741	0.4983
CGDP does not Granger Cause EDU		0.29489	0.8783
INF does not Granger Cause CGDP	32	0.44646	0.7738
CGDP does not Granger Cause INF		0.43653	0.7808
JOB does not Granger Cause CGDP	32	1.07865	0.3900
CGDP does not Granger Cause JOB		2.26415	0.0233
URB does not Granger Cause CGDP	32	3.99402	0.0133
CGDP does not Granger Cause URB		1.09916	0.3806
INF does not Granger Cause EDU	32	0.99971	0.4279
EDU does not Granger Cause INF		1.29468	0.3013
JOB does not Granger Cause EDU	32	0.90501	0.4774
EDU does not Granger Cause JOB		0.63749	0.6410

URB does not Granger Cause EDU	32	0.57601	0.6829
EDU does not Granger Cause URB		0.38502	0.8171
JOB does not Granger Cause INF	32	1.52264	0.2287
INF does not Granger Cause JOB		1.01212	0.4217
URB does not Granger Cause INF	32	0.51646	0.0244
INF does not Granger Cause URB		1.00034	0.4275
URB does not Granger Cause JOB	32	0.12823	0.9706
JOB does not Granger Cause URB		0.22050	0.9242

Source: Authors compilation, 2024

Given that the likelihood is very small at 0.97%, the null hypothesis—that there is no causal association between URB and job directed from population to job cannot be rejected at 5%. Furthermore, the likelihood of 0.92%, which is extremely negligible, means that the null hypothesis that there is no causal association between employment and population cannot be rejected at 5%. Therefore, there isn't a causal connection between URB and job.

It is believed that there is no causal relationship between CGDP and INF. With a probability of 0.77%, the null hypothesis that there is no causal relationship between the variables running from INF to job is accepted. On the other hand, the likelihood of rejecting the null hypothesis that there is no causal relationship between CGDP and INF is higher than 0.05%, at 0.78%.

Conclusion

In conclusion, this research sheds important light on the intricate interaction between urbanization and economic growth, with an emphasis on Nigeria in particular. This research's main conclusions can be summed up as follows, urbanization do matter. Job has a major positive impact on the economic growth in Nigeria. It has been shown that there is a unidirectional causal relationship between urbanization and economic growth in Nigeria, indicating that as urbanization rises, so does the country's potential for economic expansion. There was no evidence of a causal association between economic growth and education, indicating that higher levels of education have no impact on it. Moreover, there is no correlation between jobs and urbanization. The study demonstrated a one-way causal relationship between jobs and economic growth. Finally, a unidirectional causal relationship between inflation and urbanization was represented by the model indicating that inflation in Nigeria could result from urbanization. This could be because people are moving to cities in search of better lives offered by the government, which puts pressure on prices to rise.

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This study suggests improving urbanization policies and supporting frameworks for governance, anti-corruption and transparency. In addition, the government needs to find national initiatives that would generate employment. For example, Nigeria's tendency toward urbanization makes road infrastructure maintenance crucial, particularly in the states with higher population densities.

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