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REVIEWER'S REPORT

Manuscript No.: **IJAR-57811**

Title: *Macroeconomic Instability and Living Standards in Nigeria: The Impact of Inflation and Unemployment (1990–2024).*

Recommendation:

Accept after minor revision.....

Rating	Excel.	Good	Fair	Poor
Originality		✓		
Techn. Quality		✓		
Clarity		✓		
Significance	✓			

Reviewer's Name- **FAHEEM ABDUL MUNEEB**

Detailed Reviewer's Report

Overall Evaluation

The manuscript titled “*Macroeconomic Instability and Living Standards in Nigeria: The Impact of Inflation and Unemployment (1990–2024)*” investigates the relationship between macroeconomic instability and living standards in Nigeria using annual time-series data within an ARDL bounds testing framework. The study specifically examines the effects of inflation and unemployment on GDP per capita while incorporating exchange rate and interest rate dynamics as control variables.

The topic is relevant and timely, particularly in the context of Nigeria's recent economic difficulties characterized by high inflation, exchange rate volatility, labour market fragilities, and declining real purchasing power. The manuscript addresses an important policy issue within development economics and macroeconomic management, especially given the growing concern regarding the disconnect between economic growth and welfare outcomes in many developing economies.

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The paper demonstrates familiarity with major macroeconomic theories and integrates perspectives from the Capability Approach, Structuralist Theory, and the Expectations-Augmented Phillips Curve to frame the analysis. The attempt to combine theoretical discussion with empirical estimation using the ARDL framework is commendable and reflects awareness of contemporary econometric approaches suitable for mixed-order time-series variables.

The manuscript also benefits from a relatively clear organizational structure. The introduction establishes the policy relevance of the issue, the literature review situates the study within existing scholarship, and the empirical section follows a conventional econometric sequence involving unit root tests, bounds testing, long-run estimation, short-run dynamics, and diagnostic checks. The inclusion of stability tests and diagnostic tests further strengthens the technical presentation of the study.

At the same time, the manuscript exhibits several conceptual, methodological, and interpretative weaknesses that should be addressed before publication. Some theoretical discussions remain overly broad, certain empirical interpretations appear overstated relative to the statistical findings, and there are inconsistencies in referencing, language presentation, and model justification. In several instances, the discussion tends to restate statistical outputs without sufficiently interrogating their broader economic meaning.

Nonetheless, the study addresses an important issue and demonstrates reasonable analytical effort. With careful revision and refinement, the manuscript could make a useful contribution to debates surrounding macroeconomic instability and welfare outcomes in Nigeria.

Strengths of the Paper

One of the key strengths of the manuscript is the relevance of the research problem. Inflation and unemployment remain among the most pressing macroeconomic challenges facing Nigeria, and examining their implications for living standards is both academically and policy relevant. The paper appropriately situates the discussion within recent economic developments, including exchange rate reforms and fuel subsidy removal.

The study also demonstrates good engagement with existing literature. The author references both Nigerian and international studies examining inflation, unemployment, welfare, poverty, and

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macroeconomic instability. This helps situate the research within broader scholarly debates and shows familiarity with previous empirical findings.

Another positive aspect is the application of the ARDL bounds testing framework. Given the mixture of $I(0)$ and $I(1)$ variables identified in the unit root tests, the use of the ARDL methodology is methodologically appropriate. The inclusion of diagnostic tests, error correction mechanisms, and stability tests adds technical rigor to the empirical analysis.

The manuscript further benefits from a reasonably clear empirical presentation. The tables are generally understandable, and the discussion of long-run and short-run relationships follows a logical sequence. The interpretation of the error correction term and the explanation regarding the exclusion of insignificant short-run variables from the parsimonious ECM specification show awareness of ARDL modelling procedures.

The policy implication section is also useful in connecting the econometric findings to broader economic management concerns in Nigeria. The emphasis on inflation control, labour market reforms, financial deepening, and structural transformation aligns with contemporary development policy debates.

Areas for Improvement

Although the manuscript addresses an important issue, the conceptualization of "living standards" requires deeper discussion. The study relies exclusively on real GDP per capita as a proxy for living standards, yet the theoretical section simultaneously invokes Amartya Sen's Capability Approach, which emphasizes multidimensional welfare beyond income measures. This creates some conceptual inconsistency. The manuscript would benefit from a more critical justification for relying solely on GDP per capita despite acknowledging broader welfare dimensions.

The literature review could also be improved analytically. Much of the review remains descriptive and sequential, summarizing previous studies one after another without sufficiently synthesizing their findings, identifying contradictions, or clearly positioning the current study's unique contribution. Greater thematic integration would strengthen the scholarly framing of the paper.

There are also some concerns regarding the interpretation of empirical findings. The long-run coefficients of inflation, unemployment, interest rate, and exchange rate are all statistically insignificant, yet portions

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of the discussion and policy implication sections occasionally present these variables as though their effects are empirically established. The discussion should more carefully distinguish between theoretical expectations and statistically verified findings.

Similarly, the interpretation of the positive lagged unemployment coefficient requires greater caution. The manuscript interprets this as evidence of delayed labour market adjustment or productivity gains, but alternative explanations are equally plausible. Given the counterintuitive nature of the result, a more critical discussion is needed rather than assuming a positive welfare implication.

The methodological section would benefit from additional clarity regarding data treatment and model specification. For example, the study does not clearly explain whether variables were transformed into logarithmic form, whether structural breaks were considered, or how lag lengths were specifically selected beyond reference to the Akaike Information Criterion. Since the study period spans major economic transitions in Nigeria, including democratic transition, oil shocks, recessionary periods, and exchange rate reforms, structural break considerations appear particularly important.

The justification for adopting the causal-comparative research design also appears somewhat misplaced in the context of time-series econometric analysis. The explanation resembles educational research terminology more than macroeconomic econometric methodology. A more direct econometric justification focused on time-series analysis would improve methodological coherence.

There are additionally several language and editorial issues throughout the manuscript. Some sentences contain grammatical inconsistencies, spacing errors, typographical issues, and awkward phrasing. For example, phrases such as “macro economic instability evident in high inflation and unemployment are bane of standard of living” require careful editing for clarity and grammatical accuracy.

The reference list also contains inconsistencies and possible citation mismatches. Some cited studies do not appear fully aligned with the arguments they are supporting, while a few references seem incomplete or improperly formatted. For example, certain references appear truncated or misplaced within the bibliography. Careful proofreading and reference verification are necessary before publication.

The policy recommendations, although relevant, could also be more directly connected to the actual empirical results. Since many coefficients are statistically insignificant in the long run, the

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recommendations should acknowledge these empirical limitations more explicitly rather than presenting broad policy prescriptions with strong certainty.

Finally, the conclusion would benefit from a more balanced reflection on the limitations of the study. Issues such as measurement constraints, reliance on aggregate national data, omitted variables, and the limitations of GDP per capita as a welfare indicator deserve brief acknowledgment. This would improve the academic maturity and credibility of the paper.

Final Recommendation

Accept with Minor Revisions

The manuscript addresses a highly relevant issue in the Nigerian macroeconomic and development context and demonstrates a reasonable level of theoretical and empirical engagement. The application of the ARDL framework, the inclusion of diagnostic tests, and the focus on long-term macroeconomic instability and welfare outcomes provide useful analytical value.

However, the manuscript requires revision in several areas, particularly regarding conceptual clarity, interpretation of empirical findings, methodological justification, language editing, and reference consistency. These concerns are manageable and do not fundamentally undermine the study's contribution.

With moderate revisions aimed at improving analytical precision, coherence, and presentation quality, the paper would be suitable for publication.