Research Article

Impact of Insecurity on Youth Unemployment in Nigeria: Ordinary Lead Square Estimation Technique (OLS)

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Abstract: This study examines the impact of insecurity on youth unemployment in Nigeria. The dependent variable of interest is youth unemployment rate while the explanatory variables are insecurity, domestic private investment, government capital expenditure and corruption Perception index. Using data covering the period 1996 to 2019 and employing OLS estimation technique, the results show that insecurity has a positive impact on youth unemployment in Nigeria. A unit decrease in the security index is likely to cause an average increase of about 1.16 units in youth unemployment, while keeping other explanatory variables constant. Domestic Private Investment and Corruption Perception index have negative impact on youth unemployment in Nigeria. However, Government capital expenditure has a significant positive effect on youth unemployment in Nigeria. The study recommends that government should fully equip its security agencies to prevent security problems not only in urban centers but also in rural areas to help create a sense of belonging and help other businesses in the countryside such as agriculture. to thrive. Governments need to invest in economic infrastructure to promote economic activities and job creation. Government and relevant agencies responsible for combating corruption should live up to expectations to achieve zero tolerance for corruption.

Keywords: Insecurity, Youth Unemployment, OLS, Domestic Private Investment, Government Capital Expenditure and Corruption

INTRODUCTION

Security issues in Nigeria is a long-standing problem. However, insecurity in the country has increased drastically, making it a major problem in recent times. The continued increase and frequency of violent and lawless acts, including issues such as kidnapping, gun insurrection, worship, assassination, ritual murder, rubber violence, Murder, cattle rustling, the military, among other issues, are of serious concern (Joshua & Damilola, 2021). In fact, Ngwama (2012) argues that most people sleep with one eye open, as those who escape theft, kidnapping and other security threats always stay up all night with gunfire. People withdrawing money from bank is not safe because thugs follow them and steal these funds from them even in broad daylight (Manbe et al., 2014).

Most nature of insecurities in Nigeria are due to economic and have existed for a long time. To address economically motivated violence and insecurity in the country and create youth employment, different governments have launched different initiatives. At the national level, governments have launched programs such as poverty eradication, social and community development programs as well as the establishment of national employment agencies and the most recent N-power program (Magaji & Adamu, 2010). At the state and local government levels has focused more on forming vigilance groups, gathering youth, and neighborhood groups, all of which are aimed at addressing insecurity in the state. With all the efforts available, records still show that the more some of these programs grow, the worse the situation becomes. Without a doubt, these security challenges seriously threaten youth employment in Nigeria.

Shaba et al. (2018) observe that unemployment has become chronic and intractable and has become the brains of the situation youth unrest in the country. Most young people get various certifications including diplomas idle and deadlocked, unlike the days when obtaining those certifications was seen as a personal safe ticket to getting a job. do useful work in the public or private sectors of the economy, many of whom have not yet attended school become depressed and find themselves without qualifications or skills. In order to survive, these young people engage in crime (Aluko & Magaji, 2020).

Therefore, goal of this research is to study the relationship between youth unemployment and insecurity in Nigeria. The question of interest constituting the problem of this research is that to what extent insecurity is contributing to youth unemployment in Nigeria. It is the objective of this article to provide this answer.

LITERATURE REVIEW

Ozoigho (2019) identify insecurity as a product of illiteracy, unemployment, poor leadership

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border porosity and unrestricted use of arms. Therefore, insecure means no security. This is the lack of security of an individual, organization, state or against offensive activity.

Insecurity is the opposite extreme of security as seen from social, economic and psychological perspectives. This leads Aminu, Hamza & Ali (2015) to interpret insecurity as a state of affairs that exists due to the lack of effective means to protect people, information and assets from adversaries, influence, and action. It is concerned with a situation in which individuals in a given society are not free to resume their normal daily activities due to intimidation or fear of adverse disruption to life and property. Eneji & Agri (2022) considers insecurity as a situation that is not designed to protect people, information and property from the influences, actions and hostility of others. It is a situation where members of society are denied the freedom to go about their normal work or daily activities for fear of endangering their life and property. It is occasioned by terrorism, ritual killings, corruption, cultism, kidnapping and injustice, poverty and bad governance.

According to United Nation Educational Scientific and Cultural Organization (2015), youth is an age group that is between 15 and 24 (Lyndsay & Erika, 2013). In Nigeria, the age of majority is enshrined in the constitution when an individual reaches the age of 18 and has the right to vote and is therefore no longer a child (chapter iii section (4)(a)).

The International Labor Organization (ILO) 2017 defines unemployment as the number of the economically active people who are unemployed but available and looking for work, including those who lost their jobs and those who voluntarily quit. Thus, youth unemployment can be described as the aggregation of young people from diverse backgrounds who are willing and able to work, but cannot find work. ILO (2022) ILOSTAT Database defined youth unemployed as those within the range of 15 – 24 of age which is about 18% in Nigeria which is higher than adult unemployment.

There is a very close relationship between youth unemployment and job loss. According to Adaja & Ayodele (2013), high rates of insecurity, exemplified by kidnappings, prostitution, and armed robberies, is associated with unemployment. Unemployment can cause and threaten the security of a country. The various security challenges that Nigeria faces are in many cases are attributed to unemployment (Ekarem & Emanghe, 2014). Unemployment has pushed many Nigerians into various activities that pose a threat to the security of the country. Similarly, Osakwe (2013) argues that youth unemployment is the cause of all social evils such as violence, crime, cult and crime. These views speak up empirical researches.

Empirical Literature

Several studies were done in the past to study the link insecurity and economic growth or capital markets and by extension the effect of unemployment on the economy. These are overviewed as follows;

Ekanem & Emanghe (2014) examine the interplay between entrepreneurship education and urgent social interventions to reduce unemployment in Nigeria. The results of the study show that the unemployment rate is high and the level of business education among young people in Nigeria is low. This promotes insecurity. Therefore, the study recommends the increase investment in public goods to create employment opportunities for young people.

Isokpan & Durojaye (2016) examine the effects of the Boko Haram insurgency (BHI) on children's health. The researcher used Nigerian population data and ACLED data. The study found that increased terrorism deaths reduced birth weight and increased the likelihood of low birth weight babies for those exposed within six months of pregnancy. The findings suggest that both male and female infants born in utero are more likely to have low birth weight babies due to exposure to terrorist deaths.

Ajibola, (2016) examines economic growth amid insecurity: The Nigerian experience. The study focuses on economic growth amid insecurity in Nigeria. Therefore, the study recommends that the government should implement the EFCC policy as a matter of priority to reduce the level of corruption in the country.

Uwa et al. (2016) consider age Bracket 15 – 35 years and conclude that youth unemployment is 38%. Based on this, they examine unemployment side by side with issues of national security. The paper asserts that security can be achieved if youths are properly trained to possess skills required in by real market demands.

Obona & Nweke (2018) employs deprivation theory and a qualitative research design through survey to obtain data. Using Likert scale, they measure the magnitude of responses. This is analyzed through percentage method and hypothesis tested using Chi-square. The findings reveal that youth unemployment blended with lack of employable skills as well as the situation of Nigerian state are the causes of insecurity in Nigeria. The paper recommends that government should engage the youth in some viable activities by training them productive skills.

Ali et al. (2017) check how different terrorist attacks affect stocks in stocks in Pakistan Stock Exchange. They have applied a model that allows a new news and good news about changing volatility effects. Their conclusions show that news about terrorist attacks has adversely affects the return of stocks. Although the volatility of the KSE 100 index has increased by these

events, Pakistani Stock Exchange has negatively affected negatively by terrorist attacks. The effectiveness of the attack depends on the attack type, location, and target type. The more severe the attack, the greater the number of people killed, the greater the adverse effect on the performance of the KSE 100 Index. Very interestingly, capital markets include news about future attacks. In general, different strategies of terrorists have different effects on capital markets, from which terrorist attacks can be predicted.

Obona & Nweke (2018) conduct a study on Resolving Insecurity in Nigeria through Youth Employment and Skills Building: Ebonyi State Case Study. The aim of the study was to find out whether unemployment and the level of unskilled youth in the country, especially in Ebonyi State, are responsible for the continued insecurity of the country or not. Research is a qualitative research design that uses survey method to achieve research objectives. Data for the study were collected through structured questionnaire items and focus group discussions. 400 respondents were intentionally selected from the study area. A five-point Likert-style scale was used to collect data and measure response. Collected data were analyzed using percentages. Three formulation hypotheses were tested using Chi- square. The results show that youth unemployment and the lack of learning skills and character of the Nigerian state are the main causes of insecurity in Nigeria. It also shows that the government has not made serious efforts to tackle unemployment and acquire skills, especially among young people.

However, gap is created in the literature as the previous studies used outdated data. In addition, more variables are needed to indexed youth unemployment.

METHODOLOGY

This study adopted the ex-post facto research design which relies on past data for analysis. This study is aimed at determining the impact of the independent variable (insecurity, domestic private investment, government capital expenditure and corruption perception index) on the dependent variable (youth unemployment). The justification of this approach is anchored on the nature of this study which is basically analytical using secondary data and analysed using Ordinary Least Square Estimator (OLS) and other pre- and post-estimators in a bid to draw valid conclusion on the relationship between the explanatory and explained variable.

The model introduced insecurity, domestic private investment, government capital expenditure and corruption to replace credit by microfinance banks, monetary policy rate and inflation rate. The model is specified as follows:

$YUNM = f(IN, DP, GC, CP, \mu)$ ………………… 3.2

The econometric form is specified as follow:

$YUM = \alpha + \beta GP + \delta DP + \acute{y}GC + \beta CP + \mu$ ...……… 3.3

Where:

YUM: youth unemployment

IN: insecurity (measured by Global Terrorism Index)

DP: domestic private investment

GC: government capital expenditure

CP: Corruption Perception Index

μ: Error terms with all the associated assumptions

α: intercept parameter

$\beta, \delta, \acute{y}$ and β: slope parameters

Secondary data were used to obtain from CBN Statistical Bulletin.

Data Presentation

To empirically examine the impact of insecurity on economic growth in Nigeria, the research study employed annual time series data covering the period 1996 to 2019. Table 4.1 depicts extracts of the annual time series data of market youth unemployment (YUM), insecurity (IN), domestic private investment (DP), government capital expenditure (GC) and Corruption Perception Index (CP) in Nigeria between the periods of 1996-2019 (CBN, 2020 and World Bank, 2020). The available data forms the basis for our test and analysis.

Data Analysis

Table 1. Philip Perron Unit Root Test

Variable	Level	t-Critical Value 5%	First Difference	t-Critical Value 5%	Order of Integration
YUM	0.43	-3.62	-3.73	-3.63	I (1)
IN	-0.98	-3.71	-4.19	-3.73	I (1)
DP	-2.31	-3.62	-6.60	-3.63	I (1)
GC	--2.78	-3.62	-6.13	-3.63	I (1)
CP	-3.39	-3.25**			I (0)

Some authors computation, computed from Mckinnon (1996). The intercept and trend model were used in the above unit root test, **10%.

The PP unit root test result from table 1 established that the data series of corruption perception index (CP) was stationary at level i.e integrated of order zero, I(0). While the data series of youth unemployment (YUM), insecurity (IN), domestic private investment

(DP) and government capital expenditure (GC) became stationary after their first differencing i.e. integrated of order one, I(1). After establishing the stationary level of the variables, we proceed to estimate the parameters of the specified model to determine their impact on the dependent variable.

RESULT AND DISCUSSION

Table 2. Equation Dependent Variable: YUM

Variable	Co-efficient	Standard Error	t-Statistic	Probability
C	-66.22	74.65	-0.89	0.39
IN	1.16	0.81	1.43	0.18
DP	-5.63	7.03	-0.80	-0.44
GC	13.05	4.12	3.17	0.01
CP	-5.92	2.95	-2.01	0.07
R^2	0.52			
Adj. R^2	0.37			
F-stat	3.54			
Prob. F-stat.	0.04			
D-W stat.	1.48			

Source: Authors computation from E-view version 9.0

$YUM = -66.22 + 1.16*in - 5.63*DP + 13.05*GC - 5.92*CP$

T (-0.89) (1.43) (-0.80)
(3.17) (-2.01)

Table 2 above presents the result of the OLS estimate of the specified econometric model. The result showed that insecurity (IN) was statistically insignificant, as the estimated t-statistic is less than t-critical value at 5% significant level (1.43<2.04). Thus, the null hypothesis that insecurity has no significant impact on youth unemployment (YUM) is accepted. Thus, one index increase in IN has the potential on the average to bring about 1.16 unit increase in youth unemployment while holding other explanatory variables constant.

The result further revealed that domestic private investment (DP) was statistically insignificant, as the estimated t-statistic is less than t-critical value at 5% significant level in absolute term (-0.80/ < 2.04). Thus, the null hypothesis that domestic private investment has no significant impact on youth unemployment (YUM) is accepted. Therefore, one-unit increase in domestic private investment (DP) has the potential on the average to bring about 5.63-unit decrease in youth unemployment, while holding other explanatory variable constant.

The result also depicted that government capital expenditure (GC) was statistically significant, as the estimated t-statistic is greater than t-critical value at 5% significant level (3.17> 2.04). Thus, the null hypothesis that government capital expenditure has no significant impact on youth unemployment (YUM) is rejected and the alternative is accepted based on availability of evidence. Thus, one unit increase in government capital expenditure (GC) will on the average bring about 13.05 unit increase in youth unemployment, while holding other, explanatory variables constant.

The result showed that corruption perception index (CP) is statistically significant as the estimated t-statistic is greater than t-critical value at 10% significant level i.e, 2.01> 1.64. Therefore, the null hypothesis that corruption perception index has no significant impact on youth unemployment (YUM) is rejected and the alternative hypothesis accepted. A percentage increase in CP will on the average bring about 5.92 decrease in youth unemployment. While holding other, variables constant. This implies that contributes significantly to the variation of economic activities in Nigeria. This result runs contrary to the A priori expectation. The reason for this situation is that the corrupt activities actually aid economic activities especially the SMEs and the informal sector, such that financial misappropriation by civil servants and the likes are channeled back into the economy through various expenditures.

Unemployment rate (UNM) was found to have insignificant and negative relationship with gross domestic product (GD). One percent change in UNM has the potential on the average to bring about 0.01 billion Naira decrease in GD, while holding other variables constant. UNMP is statistically insignificant as the estimated t-statistic is less than t-critical value 5% Significant level in absolute term (-1.66/< 2.04). Thus, the null hypothesis that interest rate has no significant impact on capital market is accepted. This implies that unemployment rate does not contribute significantly to the variation in economic activities in Nigeria.

The R^2 value (0.52) shows that the model has a high goodness of fit, such that 52% of the total variation in the dependent variable (YUM) is captured by the estimated model. The Adj. R^2 value (0.37) shows that the estimated model has a poor goodness of fit, such

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that 37% of the total variation in the regress and (YUM) is explained by the estimated model when the degree of freedom of the model was brought in focus. The f-calculated value (3.54) exceeds the f-critical value (2.69) at 5% significant level indicating that the estimated parameters of the regressors (IN, DPI, GC and CP) were jointly statistically significant. The Prob. (f-stat.) value (0.04), affirms the above statement. This validates the worthiness of the R^2 and $Adj.R^2$, implying that the estimated model is fit for prediction and forecasting. The estimated model Durbin-Watson statistics is 1.48 (approximately 2.00) indicating the absence of autocorrelation, implying that the residual estimates of the estimated econometric model are uncorrelated.

SUMMARY OF FINDINGS

Based on the result, a unit decrease in the safety index is likely to cause an average increase of about 1.16 units in youth unemployment, while keeping other explanatory variables constant. This implies that insecurity does not have a significant impact on the increase and decrease in youth unemployment in Nigeria. A possible explanation for this development is that security problems are common in rural areas rather than in urban centers, where most economic activity takes place and where most systems are located. Security systems are deployed to prevent insecurity.

The result shows that one-unit increase in domestic private investment (DP) has the potential on the average to bring about 5.63-unit decrease in youth unemployment, while holding other explanatory variables constant. The logical explanation for this is that domestic investment is virtually non-existent. The industrial sector is mostly depressed due to a number of factors such as the poor implementation of the Government's policies on agriculture and industrialization, weak infrastructure development, bureaucratic bottlenecks and inadequate credit policy.

The result reveals that one-unit increase in government capital expenditure (GC) will on the average bring about 13.05-unit increase in youth unemployment, while holding other explanatory variables constant. This result is contrary to theories of government capital expenditure and a priori expectation that argued that government capital expenditure has a negative relationship with rate of unemployment, that is government capital expenditure boost economic activities and create jobs thereby reducing the rate of unemployment. The possible explanation for this development is that votes for capital expenditures were directed at projects that do not promote economic activities or are embezzled.

CONCLUSION AND RECOMMENDATION

This study examines impact of the insecurity on youth unemployment in Nigeria from 1996 to 2019. It focusses mainly on insecurity and unemployment. It explores the effect of insecurity on youth unemployment in Nigeria with available data on insecurity and youth unemployment which serve as basis for analysis. Using the OLS estimator, the study is able to address the objective of the study such that one index increase in insecurity has the potential on the average to bring about 1.16-unit increase in youth unemployment, while holding other, explanatory variables constant. Also, one unit increase in domestic private investment (DP) has the potential on the average to bring about 5.63 unit decrease in youth unemployment, while holding other, explanatory variables constant. In addition, one unit increase in government capital expenditure (GC) will on the average bring about 13.05 unit increase in youth unemployment, while holding other, explanatory variables constant.

We recommend that government should take both microeconomic and macroeconomic measures to address insecurity. Namely; fight against corruption, kidnapping, terrorism, banditry, illiteracy and the need for skill acquisition by youths.

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