

**YOUTH UNEMPLOYMENT AND SUSTAINABLE ECONOMIC DEVELOPMENT IN NIGERIA:  
A CRITICAL APPRAISAL**

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**Abstract**

*Nigeria is a multi-ethnic nation with appreciable natural and human resources. Each of the ethnic groups has its peculiarities in terms of culture, language and belief system. These peculiarities and diversities unique as they may be, if properly appreciated and accommodated, provide a platform for mutual respect, peaceful co-existence and national stability. Observations have shown that Nigeria has witnessed series of National Instability. Often times, these translate into Social differences and conflicts. There is a general notion that religion, especially Christianity and Islam, underpins the ethnic crises in the contemporary times. The consequences of the above observed situation amount to national instability. This project has therefore investigated the place of youth unemployment in Nigeria's Economic stability amidst ethnic characters and ideologies. The work adopted literary critical approach and arrived at the conclusion that Youth Unemployment is one of the factors responsible for the Economic instability in Nigeria, however, since Youth Employment gives force to Economic Stability, therefore, objectivity should take priority in the interpretation and application of Employment so as to bring to the barest minimum ethnic conflicts that retard national stability and development.*

**Introduction**

Development involves the entire social system as this seem in the classical economist view of development, this group of thinkers believe that the growth of an economy is a function of capitalists investment and employment of labour.

Smith (1999:21) was concerned with the wealth of the nation and Richard (1987:15) who hoped on income distribution, were concerned with how to increase productivity/output, through division of labour, specialization and the use of incentive mechanism to boost production.

Economic development has to do with the establishment and promotion and the income level of all groups in the society. Also development in a way of summary means to improve, to make progress, change for the better, higher income or better living standard, increase in the quality of goods and services to the people.

The core aim of many developing countries of which Nigeria is among, is to achieve development and economic growth. Among the things considered in a country in their bid to achieve her goals are: quantitative and qualitative education. Rapid industrialization. etc

Education here can be seen as outstanding because most countries have realized the role education to hasten development and economic growth but also social modernization

Even rapid industrialization has brought migration from rural to urban areas; this migration to urban areas tends to cause pressure on social facilities like housing, water, electricity this is because the jobs in the industries are not enough: therefore, it gives rise to the heavy unemployment.

According to Osai (2004;24) unemployment is a situation where majority of the employable classes who have the desire to work and cannot be gainfully employed.

Work still. When those employed are now.' retrenched. The restiveness of the citizen is better imagined than described.

According to Obi Emeka Anthony, unemployment is a case of able bodied individuals who in most cases are still active and quite employable but are excluded and unemployed In addition, unemployment is a situation in which not enough jobs are available for everyone who want to work.

There is always some amount of unemployment present in any economy as people move from one occupation to another and are temporary unemployment affects youths in (Obosi, Idemili North Local Government Area) and its effect on the economic development in Nigeria.

This work is also set out to investigate the reaction of the government and the youth (Obosi, Idemili North Local Government Area) towards unemployment in Nigeria, and to see if the government has made any effort towards creating job opportunities to the youths.

### **OBJECTIVES OF THE STUDY**

The main objective of this study is to examine youth unemployment and sustainable economic development in Nigeria.

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The specific objective of this study is as follows:

1. To know the effects of unemployment on the youths of Obosi, Idemili North Local Government Area.
2. To find out the major causes of unemployment in Obosi, Idemili North Local Government Area.
3. To know the consequences of unemployment especially on our youths of Obosi, Idemili North Local Government Area.
4. To ascertain governments reaction towards reducing youth unemployment in Obosi, Idemili North Local Government Area.

### **SCOPE OF THE STUDY**

This study is beneficially concerned with the issues of youth unemployment and its effects on Nigeria's economic development. Thus, it focuses on our youths.

The research seeks to study how well or otherwise youths react especially on the problem encountered as a result of joblessness regarding the inability of qualified youths to secure a befitting employment for their well-being.

### **SIGNIFICANCE OF THE STUDY**

The significance of the study deals with the benefits gains and the importance that would be derived in the cause of the study, such benefits includes the following:

1. The youths will no longer experience lack of finance. A suitable work environment would be provided.
2. The entire society will benefit since the rate of nuisance among youths will be eliminated.
3. The government in the same vein will benefit if employment opportunities are provided for the youths thereby generating income to government in terms of paying taxes.

### **LIMITATION OF THE STUDY**

Some of the limitations encountered were:

Time Constraints: This limitation did affect the researcher in that, only few information required were actually obtained.

Finance: This affects the research in the sense that budgeted amount for sourcing relevant materials from the library, internet also transportation not realized as planned. Notwithstanding the limitations of the aim of this study will be achieved at the end.

### **RESEARCH QUESTIONS**

In addition to the already set objectives in carrying out this research, the following questions are to be answered in the cause of this study.

1. What are the major causes of unemployment in Nigeria (Obosi, Idemili North Local Government Area)?
2. What are the major causes of unemployment in Nigeria (Obosi, Idemili North Local Government Area)?
3. What are the consequences of unemployment in Nigeria (Obosi, Idemili North Local Government Area)?

## **REVIEW OF RELATED LITERATURE**

The aim of this chapter is to review certain relevant literature and theories that are found useful for the study. Literature research on the following sub-headings have been strictly reviewed. The concept of unemployment, causes of unemployment, types of unemployment, consequences of unemployment in Nigeria, suggested solutions to the problem of unemployment.

According to Thingan (2002:237) unemployment has been one of the most persistent and unimaginable problem facing all industrial countries of the world.

## **THE CONCEPT OF UNEMPLOYMENT**

The phenomenon of unemployment has been an issue discussion at both micro and macroeconomic levels. According to Kelechi (1993), unemployment is a situation where a person has no work although he may be actively be looking for work and willing to accept it at the existing wage rate.

## **TYPES OF UNEMPLOYMENT**

We can now develop a theoretical framework in which to analyze unemployment.

1. Frictional Unemployment: According to Dega (2003:385), frictional unemployment is the irreducible minimum employment in a dynamic society. Frictional unemployment exists because both jobs and workers are heterogeneous and a mismatch can result between the characteristics of supply and demand.
2. Structural Unemployment: Where there is structural change in the economy, unemployment can result. The word structural implies that the economic changes are massive, extensive, and deep seated.
3. Classical Unemployment: It describes the unemployment created when the wage is deliberately maintained above the level at which the labour supply and labour demand schedule interest.

## **CONSEQUENCES OF UNEMPLOYMENT**

Unemployment has obvious and document looks to economic disadvantages and has connected income discussion to a higher crime rate especially among young Nigerian youth.

Markus et al (1997:2001) insists that unemployment among youths is also to harden future economic success.

This is because the unemployment are not able to gain experience on job training and because a history of boldness signals that individuals may not have the qualities that are valued in the labour market.

McPherson (2005: 1 10) opines that the average duration of unemployment has increased. Women face loxser unemployment rate than men. The unemployment rate for older workers and especially flor young workers are above the national average.

## **SUGGESTED SOLUTIONS TO THE PROBLEMS OF UNEMPLOYMENT**

According to Appleton (1991 :95), the solution of unemployment adopted as follows:

Frictional Unemployment: this t}ve of unemployment could be eliminated through high mobility of labour, also proper information and communication available, available vacancies will go along way in increasing it.

Seasonal Unemployment: 'This type of unemployment can be resolved through technological advancement, e.g. mechanized farming using irrigation would have overcome challenges posed by wet and dry seasons.

Bi-Structural Unemployment: This type of unemployment can be resolved through making our educational sector responsive to the needs of industry.

## **UNIT ROOT TEST**

To examine the existence of stochastic non-stationarity in the series, the paper test 101' the order of integration of the individual time series through the unit root tests using the Augmented Dickey Fuller (ADP) and

Phillips Paron (PP) which are stated in their generic form as follows:

Augmented Dickey Fuller (ADP) specification.

## **DIAGNOSTIC EVALUATION TECHNIQUE**

Evaluation techniques contain the basic technique that was adopted by this research study to test the reliability of the empirical results thus, guide this research work from making spurious conclusion. The diagnostic test of the model result was carried out using three evaluation technique.

**ECONOMIC A PRIOR EVALUXVION OF RESULT**

Economic a prior expectation that evaluates the model based on the fundamental principles of economic theory.

Based on this theoretical and empirical data collected on this study, it is expected that the instruments of unemployment Fully explain the variable on real gross domestic product; that is, there will be a positive correlation between unemployment rate indices and economic growth in Nigeria.

**STATISTICAL FIRST ORDER TEST BASED ON STATISTICAL CRITERIA**

The significance of each estilnator is conducted, this will enable us to ascertain statistically the robustness and reliability of the estimated regression result, the statistical first order test were with the use of viz;

**EXPLANATORY POWER OF MODEL**

The explanatory power of the model was tested using the coefficient of determination (R<sup>2</sup>). It measures the goodness of fit of a regression line verbally, R measure the proportion of percentage of the total variation Y explained by the regression model (Gujardti 2003).

**TEST OF SIGNIFICANCE**

The individual significance of the variables was tested using the t statistics. The tests are conducted at 95% confidence level.

**TEST OF OVERALL SIGNIFICANCE OF THE MODEL**

In testing the overall significance of the regression results, we use F statistics at 5% confidence level.

The null hypothesis to be tested is Ho:  $\beta_2 \dots \beta_k$

The decision rule is as follows

Reject 1 10 of and conclude that the regression is significant at VI —

— I and  $V_2 = N - K$  degree of freedom.

Where  $F_x$  the computed F — ratio

calculated F from the table total  
 nunlber of observation total  
 number of parameters

Concluding the intercept ( $\beta_0$ )

For unit net

$$D_{xt} = \beta_{xt} - I(y_{ol})_{xt} - I$$

Where S = first difference t— I = lag of each of the

series xlw I = the lag of other explanatory variables

The additional lagged terms are included to ensure that the errors are not correlated. The null hypothesis is that variable  $X_t$  is a non-stationary

series (110:B O) and is rejected when B is significantly negative (HI:

of non-stationarity otherwise do not reject. The results of the Augmented

Dickey Fuller unit root test are summarized as follows:

Table 4.1: Augnu•nted Dickey Fuller Unit Root "Fest Results

Variable	Level	First Difference	Order of Integration
RGDP	2012114	-4894850*	1(1)
UMPR	-0.157997	-4.453263*	1(1)
TAX	-3726751		1(0)
LAF	-4.453263*	-3.817736*	1(1)
HCD	1.494555	-3996149*	1(1)
Critical Values			
1%	-3.6496	-3.6576	
5%	-2.9558	-2.9591	
10%	-2.6164	-2.0181	

\* \*\* \*\*\* indicates that it is significant at 1%, 5% and 10% respectively.

Source: Authors computation (Appendix) 2014.

The unit root results are as reported in appendix, the results indicate that government expenditure was stationary at level I (0) at 1%, 5% and level of significance respectively, while real gross domestic product, Unemployment rate, labour force and human capital development achieved a Stationary state at first. Difference I (1) at 1%, 5% and 10% level of Significance respectively, thus, we reject the null hypothesis and conclude that variable does not contain unit root.

## **PRESENTATIONS ANALYSIS OF RESULT**

In this chapter, the regression results were subjected to various economic, statistical and econometric tests.

### **DIAGNOSTIC TEST**

The diagnostic tests were carried out as follows:

Stationary (Unit Root) Test

In this study, the empirical analysis is by testing the properties

of the time series, used for analysis. The stationarity test on the variables was carried out using the Augmented Dickey Fuller (ADF) and the Augmented

Dickey Fuller (ADF) unit root test was used to test for stationarity in the individual variables.

I: Variable contains unit root and hence is non-stationary.

II: Variable does not contain unit root and hence is stationary.

Decision Rule: If the calculated ADF test statistic is greater than the MacKinnon critical values (both in absolute term), reject the null hypothesis

### **EXPLANATORY POWERS OF THE MODEL**

From the table 4.3 above, R<sup>2</sup> value of 0.939556 shows that the independent variables jointly explain approximately 93% of the variation in the dependent variable while 7% is being accounted for by the error term, this shows that the model has a good fit.

### **OVERALL SIGNIFICANCE OF THE MODEL**

The F-test was used to measure the overall significance of the variable used in the model.

Decision rule: reject H<sub>0</sub> if F-calculated > F tabulated otherwise do not reject.

From the table 4.3 above, F calculated 108.8099 and F tabulated 2.69 following the rule, since F calculated is greater than F tabulated, we reject H<sub>0</sub> and concluded that the variables are jointly statistically significant at 5% level.

### **NORMALITY TEST**

An important assumption of the classical linear regression model is that the residuals are normally distributed. The normality test that would be

used in the study is Jarque-Bera (JB) test of normality under the hypothesis:

H<sub>0</sub>: The errors are normally distributed

H<sub>1</sub>: The errors are not normally distributed.

The decision rule is that if the probability of Jarque — Bera is less than

0.05 we conclude that the error terms are not normally distributed but if the Jarque-Bera is greater than 0.05, we conclude that the errors are normally distributed. In the result of the normality test shown in the appendix, the probability of Jarque Bera is 0.399233 which is greater than 0.05 therefore we refuse to reject H<sub>0</sub> and conclude that the error term is normally distributed.

### **MULTICOLLINEARITY TEST**

Another assumption of the classical linear regression model is that there is no multicollinearity among the explanatory variables; i.e. there should be no coexistence of more than one linear relationship between the explanatory variables. Multicollinearity becomes a problem when the pair wise correlation coefficient among the regressors is in excess of 0.8 (Gujarati and Sangeetha 2007).

### **HYPOTHESIS ONE**

Youth unemployment rate has no significant impact on economic growth.

Youth unemployment rate has no significant impact on economic growth.

From table 4.3 above, following the rule, we refuse to reject  $H_0$  since youth unemployment rate  $t$  probability is greater than 0.05 and conclude that youth unemployment rate has no significant impact on economic growth in Nigeria.

### **HYPOTHESIS TWO**

From table 4.3 above, following the rule, we reject  $H_0$  since total government expenditure  $t$ -probability is less than and conclude that total government expenditure has significant impact on economic growth in Nigeria.

### **DISCUSSION OF FINDINGS**

This study examines the impact of youth unemployment on economic development in Nigeria. From the analysis. Youth unemployment has a negative impact on economic growth. This was shown by the negative

### **SUMMARY**

The main findings of this study may be summarized as follows:

1. Youth unemployment has negative relationship with economic development in Nigeria. This is to say that Nigeria cannot achieve sustainable development while majority of active population are unemployed as Okaiyaro states that gainfully employed labour-force and active population have high potentials to contribute to the growth of national output for the promotion of economic development.
2. Total government expenditure has negative impact on economic growth in Nigeria. This could be as a result of being boycotted and grossly mismanaged.
3. Human capital development has positive relationship with economic growth in Nigeria. This is because human development is a development paradigm that is more significant than the rise or fall of national incomes. This is shown by the negative coefficient of youth unemployment holding all explanatory variables constant on the average, a point decrease economic growth by 67.2511. Labour force has a positive impact on economic growth. This was shown by the positive coefficient of labour force, holding all other explanatory variables constant on the average, a point increase in labour force will increase economic growth by 2147.150. Human capital development has a positive impact on economic growth. This is shown by the positive coefficient of human capital development, holding all other explanatory variables constant on the average, a point increase in human capital development will increase economic growth by 0.074230. The finding of this study collaborates with Iyemba N. (2012) who asserts that, youth employment serves as the pillar of wealth creation, poverty reduction, and engine of growth for all the sectors of the economy.
4. Labour force has significant positive impact on economic growth in Nigeria, this is because an increased labour force will increase productivity which has the tendency to improve the economy.
5. The rate of child kidnapping increased in Nigeria is as a result of unemployment in Nigeria.
6. Lack of skilled training that is not given to the youth, which increased the rate of unemployment in Nigeria.
7. High rate of poverty is a consequence of youth unemployment in Nigeria.
8. Unemployment has increased the various criminal acts in Nigeria.

### **CONCLUSION**

The age-old advocacy for youth unemployment in economic development is not in any way misleading. The input of this study is supportive rather than discrediting, it is evident from the findings that youth unemployment is a key instrument for sustainable economic development therefore, the economic gospel from the foregoing holds thus: only by giving deserved attention to youth unemployment Nigerian can never achieve sustainable economic development. Consequences as much as these effects also, based on these factors, it is hereby concluded that youths should be equally trained in different kinds of trades in being that education is a primary factor in development, the youths are to be improved at other education. There will be still no development when level of illiteracy is high, development will seriously be affected.

### **RECOMMENDATIONS**

Based on the findings of this study, the following recommendations were made:

1. Raise and monitor public spending to the letter: this action is relevant because of the finding that public spending does not significantly influence economic development in Nigeria. This observed non-significance is believed not to imply that appropriate and well-monitored spending on specific projects geared towards youth employment will not bear positive fruits for economic

- development, but that government spending in Nigeria has often been a delusion so as today, it has often been boycotted and grossly mismanaged.
2. should evolve policies toward improving the economy and encourage the campaign for improvements in the non-oil sectors of the economy especially agricultural.
  3. Federal, state and local governments should modify the existing job creation strategies by committing more funds to the various government agencies involved in employment generation.
  4. Federal, state and local governments should embark on increased labour promoting employment generation strategy that would combine increased government spending and tax-cut to create more jobs that will help to reduce the high rate of unemployment in Nigeria.
  5. employers should adopt restrictive application of retrenchment of workers as a survival strategy during the period of negative economic check.
  6. Job opportunities should be created for the youth in order to partly eliminate robbery.
  7. Skill acquisition in programme should be introduced to the youth in order to make them competent in different skills.
  8. Nigerian youths should be trained in different types of agriculture plantation in order to reduce the high rate of poverty in Nigeria. Finally, the researcher commends that youth should develop themselves to work for their personal and societal satisfaction.

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