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## YOUTH UNEMPLOYMENT, CRIME RATE AND SECURITY EXPENDITURE IN NIGERIA

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### Abstract

*This study examines youth unemployment, crime rate and security expenditures in Nigeria, utilizing time series data sourced from International Labour Organization, Central Bank of Nigeria and World Development Index 2017. The study has two objectives (i) To determine the impact of security expenditures on crime rate in Nigeria and (ii) To determine the impact of youth unemployment on crime rate in Nigeria. The study adopts the Ordinary Least Square (OLS) regression technique and established that security expenditures has negative and insignificant impact on crime rate in Nigeria. The result also revealed that unemployment rate has positive and significant effect on crime rate in Nigeria. It is recommended that to tackle crime in the grassroots, government should put more efforts to providing jobs for the growing youths in the country.*

**Keywords:** Crime Rate, Security, Unemployment Rate, Ordinary Least Square,

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### Introduction

Youth's unemployment is becoming an increasing troublesome issue in many parts of the world. Although not new, what is new is the staggering proportions it has reached (International Labour Organisation, 2012). Youth unemployment has grown in prominence on national and global development agendas in recent times, given its socio-economic cum political implications. Though the youth unemployment challenges has its own dimensions but it scourges countries worldwide regardless of their stage of socio-economic development (Okojie, 2012).

In Nigeria, youth unemployment has become one of the most serious socio-economic problems confronting the country. Millions of young Nigerian men and women graduate from secondary schools, universities and other institutions of higher learning every year with little prospects of getting jobs. Worst still are those who are not educated. Unemployment among the youth has become a source of sustained social and political instability, increased drug abuse and violence against women (Ajufo, 2013). Many of the youth are now being used

as thugs to hunt down political opponents (Ohajiana, 2012). Religious harmony has also been seriously affected, with religious and ethnic conflicts continuing to puncture holes at the unity of the country and its political stability (Ajufo, 2013).

The magnitude of the alarming rate of youth unemployment can be appreciated if accurate statistics could be obtained from the Federal Bureau of Statistics (NBS), Ministry of Youth and Sport, National Directorate of Employment (NDE) etc. on the number of unemployed youths roaming the streets of Nigerian cities. However, Awogbenle and Iwuamadi (2012) observed from the excerpts of statistics obtained from the National Bureau of Statistics that Nigeria has a youth population of Eighty (80) million.

Unemployment has become major problem bedeviling the lives of Nigerian youth causing frustration, dejection and dependency on family members and friends, who also represent 60 percent of the total population of the country. The high rate of unemployment among youth in Nigeria has contributed to the high rate of poverty and insecurity in the country. In recent times, there have been

notable adverse social, economic and political developments in Nigeria, a consequence of youth unemployment and underemployment, particularly exemplified by increasing militancy, violent crimes, kidnapping, restiveness and political instability (Onwachukwu, 2015). The Nigerian situation is further compounded by the recent global financial crisis that has crippled businesses and the prospect of securing jobs for young people (Sadiku, Ibrahim & Sadiku, 2015). Njoke and Olanipekun (2011), contended that unemployment has been identified as one of the major causes of social vices, including armed robbery, destitution, prostitution, political thuggery, kidnapping and many more. Even religious fundamentalism and fanaticism which often lead to disastrous religious riots in many parts of the world have arguably been linked to lack of gainful employment and poverty (Onwachukwu, 2015).

Crime rates usually exhibit substantial variation across time. A 2012 survey of Nigerians on crime and victimization by the Centre for Law Enforcement Education (CLEEN) foundation of Nigeria found that on average, 5% of respondents had personally been victims of armed violence. In 2011, Human Rights Watch estimated that over 16,700 people had been killed in inter-communal, political and sectarian violence in Nigeria since the country transitioned to civilian rule in 1999. Across the country, the most common forms of crime and victimization are burglary, robbery, physical assault and domestic violence. Disproportionate use of force by government authorities in response to outbreaks of violence has also been reported across Nigeria.

The large variation in crime rates over time and across areas has stimulated a large literature in economics, sociology, and criminology, attempting to explain the determinants of crime. In economics, much of the literature has been influenced by the pioneering works of Becker (1990) and Nwankwo (2014), suggesting that the choice of the individual of whether or not to engage in crime may be viewed as a tradeoff between the expected costs and benefits of crime. While the theory does not rule out that, criminals differ systematically in various aspects from those who abide laws, it predicts that individuals do respond to incentives. The works of Becker and Nwankwo have stimulated a voluminous empirical literature attempting to establish a link between crime and various measurable opportunities that can explain criminal motivation. A particularly well researched area is the unemployment–crime relationship. The idea is that a depressed labour market, for example, makes crime relatively more attractive than work.

Rapid rise in the country's unemployment rate, insecurity, high population growth rate, and bad institutional quality has become a major source of concern. Unlike what is obtained in most developed countries, in Nigeria, there is no social security system in place to cater for the unemployed. Thus, as the unemployed do not receive unemployment benefits from the government, most, if not all, are unable to cater for themselves. Some have thus resorted to engaging in activities like drug trafficking, kidnapping, robbery, bombing, communal crises, black-marketing, prostitution, to fend for a living. These social vices may constitute serious insecurity to a state and the country in general.

Unemployment is one of the most serious problems facing Nigeria like many other countries of the world. In view of this, the country is going through security challenges which call for serious concern. The rising level of unemployment in the country can be attributed to the increase in security challenges in the country (Okafor & Emeka, 2011). Many school leavers and employable adults cannot secure jobs and the government is unable to act fast enough in finding a lasting solution to this problem. Although economic theory anticipates the existence of a positive relationship between unemployment and crime, empirical studies have found mixed results. Chiricos (1987), reviewed 68 studies about the relationship between crime and unemployment rate, and found that only less than half of these studies have found positive significant effects of unemployment on crime rates. That is, most of these studies have shown a negative or no relationship between crime and unemployment therefore, the net effect of unemployment, as an indicator of bad economic conditions, on crime is ambiguous. Despite continuous efforts by government to curb youth unemployment by successive government, crime rate is on the increase. It is against this background that this paper seeks to investigate how youth unemployment increase crime rates in Nigeria

## Literature Review

### Conceptual Review

#### Youth Unemployment

There seems to be a consensus on the definition of unemployment. The international Labour Organization (1997) defines the unemployed as numbers of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work (World Bank, 1998). Unemployment is a situation in which those who are able and willing to work at the prevailing wage rate do not find job. According to the International Labour Organization (ILO), only those belonging to the age group of 15 to 65 years should be included in the labour force of a

country. Briggs (1973) defined unemployment as the difference between the amount of labour at current wage rate and working conditions and the amount of labour not hired at these levels. However, Gbosi (1997) defined unemployment as a situation in which people who are willing to work at the prevailing wage rate are unable to find jobs.

Youth occupy a prominent place in any society. Their energies, inventiveness, character and orientation define the pattern of development of a nation. Apart from being the leaders of tomorrow, youth out-numbered the middle-aged and the aged (Onyekpe, 2007). The youth are a particular segment of the national population that is sensitive, energetic, and active and the most productive phase of life as citizens. The youth are also most volatile and yet the most vulnerable segment of the population in terms of social-economic, emotion, and other aspects (Njoku et'al, 2011).

### **Unemployment in Nigeria**

There are many types of unemployment in Nigeria: structural unemployment, cyclical unemployment, frictional unemployment and classical unemployment (Sadika etal, 2015).

Structural unemployment occurs due to globalization and technological advancement which replace the workers with the machinery that causes the layoffs in the economy. It is also caused by mismatch of skills of workers from the underlying jobs.

Cyclical unemployment is also known as Keynesian unemployment; it occurs when the aggregate demand of the economy is not sufficient to give the jobs to everyone who wants to work, because aggregate supply of goods and services exceed from the aggregate demand that can discourage the production and consequently it reduces the workers (Sadika etal, 2015).

Frictional unemployment occurs when the skills of the workers are mismatched with the underlying jobs, it is like a structural unemployment but it is short run in nature while structural unemployment has long lasting effect.

Classical unemployment arises when government set the wage rates above the equilibrium prices that cause labour to rush for the jobs in the labour market which exceeds from the existing vacancies.

### **Crime**

The concept of crime has been viewed differently by various scholars. Altinda (2012) defined crime as "an immoral and harmful act that is regarded as criminal by public opinion, because it is an injury to so much

of the moral sense as is possessed by a community-a measure which is indispensable for the adaptation of the individual society". However, crime has been viewed by Aweke (2008) as a conventional wrong. According to him, criminal behaviour is: behaviour in violation of criminal law. No matter what the degree of immorality, reprehensibly and indecency of an act, it is not a crime unless it is prohibited by criminal law. The criminal law in turn, is defined conventionally as a body of specific rules regarding human conduct which have been promulgated by political authority, which apply uniformly to all members of the class to which the rules refer, and which are enforced by punishment administered by the state. Characteristics which distinguish the body of rules regarding human conduct from other rules, are therefore, political, specificity, uniformity and penal sanction.

Crime consists of property crime, violent crime, financial crime, cybercrime and so on. High crime rate in a country will have a negative effect on the quality of life of the residents of that country. It will also affect negatively the number of visitors, tourists and investors coming in to that country. Today crime is a jeopardy every country of the world is facing, and the notable reason for committing crime is unemployment and poverty. High levels of unemployment and poverty reflect high rate of income inequality.

### **Theoretical Review**

#### **Classical Theory of Unemployment**

Pigou (1933), McDonald and Solow (1981) examined the classical theory of unemployment and made a case that the labour market comprises of the demand for and supply of labour. Demand for labour is a derived demand, gotten from the falling off of the marginal product of labour. The demand curve is an inverse relationship of the real wage in the sense that if real wages increase, the quantity demanded for labour will fall and vice versa. The supply of labour is gotten from employee's decision whether to spend part of their time working or not working. Supply of labour has a direct relationship with the real wage, because if the real wage increases, employees supply more labour hours. The classicalists opined that occasionally wages would decrease and there would be no unemployment except for frictional unemployment which is caused by time delay between leaving one job and starting another. This school of thought proposes that urban unemployment problem can be traced to the fault of employees and the numerous trade unions power. They believed strongly in market forces.

#### **Keynesian Theory of Unemployment**

The ideas of the British economist, John Maynard Keynes in 1930s revolutionized thinking in several

areas of macroeconomics including unemployment, money supply, and inflation which is seen in his publication of 1936 as the general theory of unemployment interest and money". Cyclical or Keynesian unemployment also known as demand deficient unemployment occurs when there is no aggregate demand in the economy. The Keynesian economist holds that increased unemployment is as a result of fall in the aggregate demand in an economy.

**Empirical Review**

Ejikeme (2014) investigated the relationship among unemployment, poverty and insecurity of lives and properties in Nigeria for the period 1980-2012. The study revealed that unemployment and poverty have positive relationship with security challenges in the country. Ohajianya (2012) analyzed household unemployment rate in Imo State, Nigeria and the study found that unemployment has direct link to poverty and insecurity in the state.

In the seminal paper on the relationship between unemployment and crime, Cantor and Land (1985) state that once the model is properly specified, the impact of contemporaneous unemployment (opportunity) on crime is negative. Such a statement that is in contrast to years of research in criminology most often generates a significant amount of subsequent research, and there is no exception here. For more than twenty-five years now, many researchers have argued over the unit of analysis, statistical methods, and the appropriate measurement of economic performance.

Chiricos (1987) investigated Rates of Crime and Unemployment and found amongst others that there is positive relationship between them. Cantor and Land (1985) model, with the most common criticism being related to statistical methods. Idemobi and

Ejike (2012) studied on the implications of kidnapping on business development in the South East of Nigeria. This study was conducted using quantitative approach and it found that insecurity resulting from kidnapping has forced many businesses in the affected regions to relocate or shut down completely. The upsurge of violent crimes especially kidnapping and armed robbery are principally caused by the prevailing youth unemployment situation across the Nigeria. Hence, security remains the bedrock of a nation's economic growth and development.

Idris (2013) examined the increasing incidence of the twin evils of corruption and insecurity in Nigeria. The paper identified the causes of corruption and insecurity in Nigeria for the period 2001-2010 and examined the relationship between the two variables. The research design is content analyses of secondary data from Transparency International for corruption and the

**Methodology**

The study adopted OLS Regression Analysis to analyse the data collected for the purpose of the study. Data used in the study were sourced from various editions of the National Bureau of Statistics of 2014, 2015, 2016 and 2017 and World Development Indicators of 2017 relating to the variables of the study. Data collected for the study were analyzed using a simple Linear Regression Analysis of the Ordinary Least Squares Method.

**Model Specification**

For the purpose of generating empirical results for the paper, an econometric modeling is formulated with assumption that the relationship is a linear form. It captures that crime rate is a function of security expenditures and unemployment as thus:

$$CRM = F( SEXP, UNEMP)..... (1)$$

Where:

- Crime is the sum total of offences committed
- Unemp is the unemployment growth rate
- SEXP is the total spending on security

To econometrically formulate a model, we include error term thus:

$$CRM = b_0 + b_1SEXP_t + b_2UNEMP_t + \mu_t ..... (2)$$

Where;

- b<sub>0</sub> = autonomous crime rate which is not influenced by variables in the model
- μ = the error term which captures some variables that could influence the dependent variable but are not included in the model.

t = subscript indicating time, which could be t, t -1, t-2 depending on whether the present or lag values of variables are used.

The study expects to find that: b<sub>1</sub> - b<sub>2</sub> > 0

**Data Analysis**

**Stationarity Tests**

In time series analysis, stationarity of the series is examined by unit root test. The reason is to avoid producing spurious regression results that would make estimates biased and inconsistent, the time series data for all the variables in the model (CRM, SEXP and UNEMP) were tested to ensure their stationarity. There are several standard tests that are normally employed for unit root testing. The study makes use of Augmented Dickey-Fuller (ADF) unit test to establish the stationarity of the data and order of integration. To determine if the time series is

stationary, the ADF test statistic value must be greater than Mackinnon critical value at 5% level of significance, with the comparison done at absolute term.

The results of the stationarity tests at level (not presented here) show that all the variables in the study were not stationary. Having found that the variables are not stationary at level, the next step is to difference variables once in order to perform stationary test on differenced variables. The results of the stationarity tests on first differenced variables with none trend and intercept are presented in Table 1.

**Table 1: Stationarity Tests of Variables on first Difference ADF Test**

Variable	ADF Stat	Critical levels (5%)	Order of integration	Stationarity Status
CRM	-9.062830 (0.0000)	-3.098896	1(1)	Stationary
SEXP	-5.677023 (0.0003)	-3.052669	1(1)	Stationary
UNEMP	-7.229911 (0.0000)	-3.052169	1(1)	Stationary

Source: Researcher’s computation (2019) using E-views 8.0

The results reported in Table 1 show that after differencing the variables once without trend and intercept, all were confirmed to be stationary. The ADF applied to first difference without trend and

intercept of the data series reject the null hypothesis of non-stationary for all the variables used in this study. It is, therefore, worth concluding that all the variables are integrated of order one.

**Model Estimation**

**Table 2: OLS Regression Results**

Variables	Coefficients	Std Error	T – Statistics	Prob. Values
C	8.261803	0.970634	8.511757	0.0000
SEXP	-0.074006	0.146714	-0.504424	0.6208
UNEMP	0.731110	0.238074	3.070939	0.0073
<b>R – Squared:</b> 0.371456			<b>Adjusted R – Squared:</b> 0.292888	
<b>F – Statistics:</b> 4.727825			<b>Prob(F – Statistics):</b> 0.024361	
<b>D – W Stat:</b> 1.235231				

Source: E- View output computed by Researcher 2019

**Discussion of Findings**

From the estimated model above, we observed that the stated aprior expected were not fully satisfied. That is the coefficient of the explanatory variable (SEXP) is observed to be negative while that of (UNEMP) is positive indicating that a unit change in their respective values, on the average, decrease or increase crime rate by 0.074006 units and 0.731110 units respectively. This shows that there is negative relationship between security expenditures and crime rate in Nigeria. On the other hand, there is positive relationship unemployment rate and crime rate in Nigeria. The implication of this result is that, a unit change in unemployment, crime rate change by 0.73 units. This result is in agreement with that of Ohajiana (2014) who found out that, there is a direct link between unemployment and crime in Imo State, Nigeria.

Also, from the estimated results, it shows from values of R<sup>2</sup> and Adj R<sup>2</sup> of 0.37 and 0.29 respectively those variables captures in the model can hardly address the problem of crime in Nigeria.

Even though F-Statistics shows of 4.73 and Prob (F-St) 0.024 show that the variables in the model can significantly and simultaneously impact of crime rate in Nigeria. The value of Durbin-Watson statistics of 1.235231 reveals that there may be the absence of autocorrelation in the model, therefore the forecasting power of the estimated model is more reliable.

On specific performance of each of the variable, the slope of the explanatory variable (SEXP) is found to be statistically insignificant (0.6208). This is based on the decision rule which states that when the probability valve (p) associated with a parameter is less than 0.005 (that is p <0.005), the parameter is said to be statistically significant otherwise insignificant. On the other hand, the probability associated with unemployment (UNEMP) is statistically significant (0.0073).

**Conclusion and Policy Recommendations**

This study has empirically examined the Youth unemployment, security expenditure and crime rate

in Nigeria. The main theoretical underpinning of the study is the Keynesian theory of unemployment which holds that increased unemployment is as a result of fall in aggregate demand in an economy. The study employed linear regression model and the empirical result indicate that there is, indeed a linear relationship among youth unemployment, security expenditures and crime rate in Nigeria. These explanatory variables (SEXP and UNEMP) signed negatively and positively which does not confirmed as theoretically expected. On individual basis, unemployment signed as expected which is evident that there is a strong impact unemployment e impact unemployment exerts on crime. Based on the estimated model, we conclude that youth

unemployment has direct link with crime in our society.

Based on the findings of the study, this study recommends amongst others the following:

- i. Nigerian government should increase its budgetary allocation for security and put proper search light on the heads of security formations.
- ii. To tackle crime from the grassroots, government should put more efforts to providing jobs for the growing youths in country.
- iii. Nigerian government should more avenue in addition to N-power to absorb more youths who are not able to secure pay job.

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