Analysis of the Impact of Insecurity on Youth Unemployment (1990-2020)

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ABSTRACT
Using the ordinary least square estimation technique (OLS), this research examines the impact of insecurity on youth unemployment in Nigeria between 1990 and 2020. The study focuses on the relationship between the dependent variable, unemployment (UNE), and two independent variables, the National Terrorism Index (NTI) and Crime Rate (CR). The results reveal that NTI has a positive and statistically significant effect on UNE. Specifically, a unit increase in NTI leads to a 0.000827 rise in unemployment. Additionally, Nigerian CR demonstrates a significant and positive influence on UNE, with an increase in CR resulting in a 0.005653 increase in unemployment. Given that heightened insecurity directly contributes to unemployment, the study proposes several policy recommendations. Firstly, the government should consider reducing interest rates in commercial banks to enhance the availability of loans for small business owners, enabling them to hire more employees. Furthermore, addressing corruption in both public and private sectors, combating kidnappings, and establishing additional skill acquisition centers are crucial measures to tackle the issue of insecurity and promote employment opportunities.

1. INTRODUCTION
According to the International Labor Organization (ILO), youth unemployment refers to the situation where young individuals between the ages of 15 and 24, who are qualified and willing to work, are unable to find employment. In Nigeria, the youth unemployment rate is approximately 27.3%, which is higher than the adult unemployment rate (NBS, 2020). Unemployment is an international problem that not only has economic implications but also social consequences. It leads to social unrest and is frequently linked to an upsurge in crime rates and dissatisfaction among the youth. The rise in unemployment rates has been linked to recent protests and civil unrest in various countries, including the Middle East, North Africa, and the 2011 riots in the United Kingdom (Olubukola, 2013).

The current global employment crisis and the lack of quality jobs are particularly severe in emerging countries like Nigeria, exacerbating the poverty gap. One of the major concerns is the sharp increase in Nigeria's unemployment rate, which affects school dropouts and employable individuals. Unlike many affluent nations, Nigeria lacks a social security system to support the jobless, leaving them unable to fend for themselves and pushing some towards engaging in activities that pose security risks to the country (Olubukola, 2013). Since the establishment of democratic government in Nigeria in 1999, there has been a rise in terrorism, leading to increased fear among the population (Ali, 2013).

The country has a long history of violent crime, with some tracing its roots back to the period between 1960 and 1970 when Nigeria adopted a federal system after gaining independence from Britain. Ethnic groups in Nigeria has been arguing in favor of federalism, economic reform, and political restructuring, often resorting to violent means to express their discontent. These conflicts have had a detrimental impact on Nigeria's security, unity, and overall stability (Ali, 2013; Adamu, 2005). Youth unemployment is an important socioeconomic problem in Nigeria, which has worsened in recent years. The National Bureau of Statistics estimates that over 60% of Nigeria’s population, or 80 million people, are under the age of 24. Awogbenle and Iwuamadi (2010) report that there are 64 million unemployed Nigerians and 1.6 million underemployed Nigerians. The analysis of Nigeria’s national unemployment rates between 2000 and 2009 reveals fluctuations in the unemployment rate, with a significant proportion of
The issue of unemployment has had a profound impact on the lives of youths in Nigeria, leaving them dependent on family and friends who are also struggling. Unemployment has been a pervasive issue across various countries, hindering economic development and growth. In emerging countries like Nigeria, youth unemployment and the subsequent increase in crime and insecurity have been major social concerns for a long time (Akwar et al., 2021; Adebayo, 2013; Jacob, Goshi, & Jonathan, 2019).

The purpose of this study is to investigate the connection between young unemployment and insecurity in Nigeria between 1990 and 2022. The research question focuses on understanding the extent to which insecurity impacts youth unemployment in the country.

2. Literature Review and Theoretical Framework

Concept of Insecurity

To comprehensively understand insecurity, it is necessary to first examine the concept of security. The social contract arises from the need for security, wherein individuals willingly relinquish their rights to the state, which assumes responsibility for ensuring the well-being of all citizens. Nwanegbo & Odigbo (2013) argue that since the conclusion of the Cold War, efforts have been made to redefine security by placing greater emphasis on human beings rather than static objects. Human security, which encompasses national security, human rights, and national development, remains a vital measure for defining this concept. This discussion revolves around the expansion and broadening of the notion of security, extending it from governmental and military concerns to encompass societal and individual challenges (Krahmann, 2003).

McGrew (1988) states that two fundamental pillars support national security: the preservation and protection of socioeconomic order in the face of internal and external threats, and the promotion of a preferred international order that mitigates threats to core values, interests, and domestic stability. Security encompasses various dimensions, including the defense of territory through armed forces, ensuring state sovereignty with a democratic and patriotic government, protection by the military police and the people themselves, and safeguarding the populace not only against attacks from the outside but also from internal crises such as unemployment, hunger, starvation, and diseases. Dike (2010) & Omede (2011) further elaborate on this perspective, arguing that Nigeria's security should prioritize the people's welfare and development, considering them as the primary beneficiaries of all security-related initiatives undertaken by the state. According to Nwanegbo & Odigbo (2013), enhancing the capacity of the Federal Republic of Nigeria will be necessary to advance its interests and objectives in countering internal and external aggression, controlling crime, eliminating corruption, promoting genuine development and progress, and enhancing the welfare and quality of life for every citizen.

Insecurity, the opposite of security, is characterized as the absence of security as previously mentioned. It is characterized by uncertainty, hazard, danger, lack of safety, lack of confidence, doubt, inadequate protection, and being in a perilous state. These aspects, as described by Achumba, Ighomeheiro, & Akpor-Robaro (2013), signify a situation where there is a risk of harm, loss of life, property, or means of subsistence. Insecurity implies a state of ignorance, lack of control, and the inability to defend oneself or a group against forces that may jeopardize their well-being or render them defenseless. For underprivileged urban dwellers in many nations, insecurity is a harsh reality. It may manifest as a result of personal insecurity due to police harassment, mistreatment by bureaucrats, or a breakdown in neighborhood safety. Insecurity can also stem from unstable housing tenure, leading to constant fear of eviction. In summary, insecurity denotes the absence of safeguards against unlawful actions for individuals, nations, or institutions (Magaji, Musa, & Salisu, 2022).

Unemployment

Regarding the concept of unemployment, there is a general agreement on its definition. Simply put, "unemployment" refers to the state of being without a job. The International Labor Organization (ILO, 2017) and the World Bank (1998) both define unemployment as the condition of individuals who are not currently employed but are actively seeking employment, whether they have lost their jobs or left voluntarily. Adebayo (1999) further emphasizes that unemployment occurs when individuals are actively searching for work but are unable to find suitable employment. Unemployment and joblessness arise when there is an excess supply of labor compared to the demand for it, as explained by Okafor (2011). In the official sector, the scarcity of job opportunities for young people may force them to engage in temporary or non-traditional forms of work, leading to underemployment (Magaji, Musa, & Salisu, 2022). Various types of unemployment have been identified and recognized in the literature, including seasonal, frictional, cyclical, and structural...
unemployment (Adebayo, 1999). Current employees are often the subject of studies examining unemployment (Obadan & Odusola, 2001; NBS, 2010). People who do not have a job but are actively looking for one at the time of the study are considered unemployed.

The National Bureau of Statistics (NBS) (2009) defines the labor force of a country as the collective group of individuals who are willing and able to work for pay. Youth unemployment refers to the inability of active individuals aged 15 and above, who are ready for employment but face challenges in quickly securing a job. Within the category of unemployed young people, there are various subgroups, including those with limited formal education who seek work as laborers or in cleaning positions. Individuals with primary, secondary, or tertiary education (graduates) are categorized into different labor segments based on their educational attainment.

**Theoretical Review**

**Classical Theory of Unemployment**

This work is based on the traditional concept of unemployment. It draws upon the ideas of various economists such as Pigou (1933), McDonald and Solow (1981), Sweezy (1940), & Wicksell. The conventional perspective suggests that the labor market is determined by the supply and demand for labor. The demand for labor is influenced by the declining marginal product of labor, leading to a decrease in the quantity demanded as real wages increase. On the other hand, labor supply is affected by workers’ choices regarding part-time employment and leisure activities. Rising real wages generally motivate workers to increase their working hours. In an equilibrium economy, the supply and demand for labor converge, establishing the equilibrium real wage rate and full employment.

According to Sweezy (1940), Pigou’s Theory of Unemployment posits that, excluding frictional obstructions, unemployment would not exist if wage-earners consistently demanded wages above the ‘equilibrium’ level. However, full employment does not necessarily result from the absence of unemployment. Frictional unemployment persists at the current real wage rate. Factors such as the dynamic nature of labor markets, information accessibility, pursuit of better job opportunities, and sporadic fluctuations in labor demand contribute to frictional unemployment. The duration of frictional unemployment is influenced by factors like unemployment insurance benefits and the speed of information flow.

Wicksell’s perspective suggests that a decrease in wages, if flexible enough in the downward direction, can sustain full employment. To combat unemployment effectively, Wicksell proposes providing company owners with more affordable loans, encouraging private investment in land and housing, and facilitating technological innovation through government support. Wicksell also considers the impact of technological progress on technical unemployment, stating that the introduction of new machinery may initially cause unemployment but eventually leads to new job creation and full employment. He suggests that advertisements and employment agencies can reduce the typical rate of unemployment attributable to frictional factors. Cyclical unemployment, resulting from insufficient demand, is another form discussed by Wicksell. He proposes that raising wages to enable employees to make more purchases could be beneficial. However, due to higher personnel expenses, this method may unintentionally result in job losses. Wicksell attributes cyclical unemployment primarily to incorrect capital investments, where investments are made in sectors with low returns. He suggests that public works programs are an effective strategy for combating cyclical unemployment. Furthermore, he highlights the necessity of financial help from the government for the unemployed. Wicksell’s analysis continues by referencing Malthus and identifying overpopulation, capital shortage due to war, and disorderly monetary systems as key factors influencing unemployment. He suggests that emigration could be a significant strategy to address unemployment. Wicksell argues against the effectiveness of reducing wages to boost employment, stating that higher labor productivity has driven wage increases. Lowering wages could decrease productivity and intensity, particularly in capital-intensive industries that may not shift to labor-intensive approaches immediately. However, the introduction of more robots for labor could promote the substitution effect, eventually increasing employment and labor productivity.

According to Nishhiyama & Leube (2011), unemployment arises from a discrepancy between the distribution of labor across industries and the distribution of demand among producers. This distortion of relative prices and wages disrupts the equilibrium that would exist in a free market with stable money. Expansionary monetary and fiscal policies, as well as strong trade unions, can contribute to this imbalance and create unemployment by diverting resources to unproductive uses and establishing wages above market rates.
Magaji, Musa, & Salisu (2022) conducted a study to analyze the impact of insecurity on youth unemployment in Nigeria, utilizing the OLS estimation technique. The research findings indicate a positive correlation between insecurity and youth unemployment in Nigeria. Specifically, a unit decrease in the security index corresponds to an average increase of approximately 1.16 units in youth unemployment. The study further reveals that domestic private investment and the perception of corruption have a negative influence on the level of youth unemployment. On the other hand, government capital spending significantly reduces the rate of youth unemployment. Consequently, the study suggests that the government should equip its security services adequately to address security challenges not only in urban regions but also in rural areas, thereby supporting rural enterprises. It’s crucial to remember that this analysis is only applicable to the years 1996 through 2019. In a separate study by Obona & Nweke (2018), deprivation theory and a qualitative research design were employed to look into the reasons for Nigeria’s insecurity. The study utilized surveys and the Likert scale to measure responses, employing the percentage method for data analysis and the Chi-square test to test hypotheses. The results indicate that insecurity in Nigeria arises from a combination of youth unemployment, lack of employable skills among the youth, and the overall state of the country. The study recommends that the government focus on equipping young people with useful skills to engage them in constructive activities. Ali, Qingshi, Memon, Baz, & Ali (2017) explored the impact of different terrorist attacks on the Pakistan Stock Exchange. Their study utilized a model that incorporates the effects of new and good news on changing volatility.

The findings demonstrate that news regarding terrorist attacks negatively affects stock returns. Furthermore, the severity of the attack, including factors such as the type, location, and target, influences the adverse effect on the performance of the KSE 100 Index. Interestingly, the study reveals that capital markets incorporate information about future attacks, enabling the prediction of terrorist attacks’ effects on the market. It is important to note that this study specifically focuses on the impact of insecurity on the capital market in Pakistan. Obona & Nweke (2018) conducted a study titled "Resolving Insecurity in Nigeria through Youth Employment and Skills Building: Ebonyi State Case Study." The study aimed to determine whether youth unemployment and the proportion of unskilled youth, particularly in Ebonyi State, contribute to the ongoing instability in Nigeria. The study utilized a qualitative research design, employing surveys, focus group discussions, and standardized questionnaires to gather data. A Likert scale was used to measure responses, and percentages were used for data analysis. The findings suggest that youth unemployment, lack of learning abilities, and the nature of the Nigerian state are the primary drivers of insecurity in Nigeria. Additionally, the study highlights the lack of significant government efforts to address unemployment and skill gaps among young people. It is significant to remember that the data for this study were collected from primary sources, which may introduce some errors in the collection of questionnaires and other data. Monday, Akinola, Olobeni, & Aladeraji (2015) focused on the relationship between insecurity and youth unemployment in Nigeria, with a specific emphasis on the Niger Delta region. The study primarily relied on secondary data and employed a survey design. The research highlights youth unemployment as a challenge to both corporate survival and long-term peace and security in Nigeria. The study proposes recommendations such as the availability of employment opportunities based on merit and the implementation of a social security program to compensate unemployed graduates. The study further suggests the adoption of the ALASKA model to provide economic security and address poverty in the Niger Delta region. It is important to note that this study exclusively covers the Niger Delta region of Nigeria.

Ajibola (2016) conducted a study investigating Nigeria’s economic expansion despite security concerns. The research explores the relationship between security and economic development using multiple regressions [OLS], Real Gross Domestic Product, Total Security Expenditure, Gross Fixed Capital Formation, Total Labor Force, Corruption Perception Index, and Poverty Index were among the time series data that the study collected from 1981 to 2014. The results show that 90% of the systematic variation in real GDP can be attributed to changes in the total labor force, total security spending, corruption perception index, poverty index, unemployment rate, inflation rate, and gross fixed capital creation. The study emphasizes that security and other related factors significantly impact economic development in Nigeria. Based on the findings, the study concludes that the allocation to security in Nigeria is insufficient to address the challenges posed by groups like Boko Haram. The study also suggests that reducing the level of corruption and increasing security spending are urgent issues that require attention to boost the nation's economy. Additionally, the study recommends implementing the strategies of the Economic and Financial Crimes Commission (EFCC) to reduce corruption and encourages donor organizations like the World Bank, UNDP, and UNESCO to support funding for the security sector. Given the gaps identified in previous research, there is a need for a study that covers a broader timeframe and a wider geographic scope, which this research intends to address.
3. METHODS

Based on the research objective, this study obtained time series data from secondary sources. The data used in this study covers the period from 1990 to 2020 and aims to analyze the impact of insecurity on youth unemployment in Nigeria. To investigate the factors influencing insecurity in Nigeria, ordinary least square regression (OLS) was employed. The independent or explanatory variables in this study are the National Terrorism Index and crime rate, while youth unemployment is the dependent variable. The Central Bank of Nigeria and the World Development Index provided the data for these variables. This study investigates the connection between insecurity and youth unemployment in Nigeria, as well as the nature of this relationship. The model proposed by Magaji, Musa & Salisu (2022) served as a basis and was modified for the purposes of this investigation. Hence, the relationship is specified as follows:

\[ Y_{UNP} = f(NTI, DPI, GCE, CPI, \mu_t) \] ……………………………(3.1)

The econometric form is specified as follows:

\[ Y_{UNP} = \alpha + \beta_1 NTI + \beta_2 DPI + \beta_3 GCE + \beta_4 CPI + \mu_t \] ……………… (3.2)

Where:

- \( Y_{UNP} \) = Youth Unemployment
- NTI = Insecurity (measured by National Terrorism Index)
- DPI = Domestic Private Investment
- GCE = Government Capital Expenditure
- CPI = Corruption Perception Index
- \( \mu_t \) = Error Term

Variables like insecurity, domestic private investment, government capital expenditure and corruption perception index were removed and replaced with crime rate, and National terrorism index (Ntix) to achieve a significant result and these are also variables that determine the level of unemployment. The new model is stated as

\[ Y_{Unemp} = \beta_0 + \beta_1 Ntix + \beta_2 Crat + \mu_t \] …………………………… (3.3)

Where:

- \( Y_{Unemp} \) = Youth unemployment
- Ntix = National Terrorism Index
- Crat = Crime Rate
- \( \beta_1 \) and \( \beta_2 \) = coefficients to be estimated
- \( \mu_t \) = Error term.

The data utilized in this study is derived from various secondary sources, including the Central Bank of Nigeria Statistical Bulletin, the National Bureau of Statistics (NBS), and the World Bank. The data covers the period from 1990 to 2020. The National Bureau of Statistics (NBS) and the Central Bank of Nigeria (CBN) provided secondary data for this study. E-view 9.0 software was used for the data analysis, and the Ordinary Least Squares approach was used to gauge the data’s dependability during the regression analysis. The research employs several techniques for data analysis, including descriptive statistics, trend analysis, unit root test, regression analysis, and cointegration test. The regression analysis will utilize the ordinary least squares method, chosen for its qualities as the best linear unbiased estimator (BLUE). To evaluate the extent to which the independent variable explains the variation in the dependent variable, the coefficient of determination \( R^2 \) and its modified version will be employed. Additionally, the model’s overall significance will be determined using the F-test, while the T-test will assess the significance of each independent variable. The paper includes the data that were utilized in the model’s estimation in order to analyze the effect of insecurity on youth unemployment. The primary data sources for the information were World Development Index (WDI) and Central Bank of Nigeria (CBN) publications from 1990 to 2020.

4. RESULTS AND DISCUSSIONS

Data Analysis

<table>
<thead>
<tr>
<th>Table 1: Descriptive Summary Statistics</th>
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<tbody>
<tr>
<td><strong>Unemp</strong></td>
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<tr>
<td>Mean</td>
</tr>
<tr>
<td>Median</td>
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<tr>
<td>Maximum</td>
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<tr>
<td>Minimum</td>
</tr>
<tr>
<td>Std. Dev.</td>
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<tr>
<td>Skewness</td>
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<tr>
<td>Kurtosis</td>
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<tr>
<td>Jarque-Bera</td>
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<tr>
<td>Probability</td>
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</tbody>
</table>
Figure 1 shows the trend analysis of unemployment, and the minimum value was recorded in the year 2006 while the maximum was recorded in the year 2020.

Figure 2 shows the trend Analysis of the national terrorism index (Ntix) from 1990 to 2020. The minimum value of the national terrorism index was recorded in 1994 while the maximum value was recorded in the year 2020.

DISCUSSIONS

Unit Root Test Result

According to the existing literature, it is widely acknowledged that most time series variables are non-stationary (Gujarati, 2003). Incorporating non-stationary variables in a model can lead to spurious regression and unreliable predictions. Therefore, it is crucial to determine whether the variables under consideration possess unit roots or not. To accomplish this, we employ the Augmented Dickey-Fuller test to examine the properties of the time series data used for model estimation.

**Source:** Author’s Computation using E-view 9.0, 2023
Table 2. Unit root test (ADF-TEST)

<table>
<thead>
<tr>
<th>Variables</th>
<th>ADF-Statistic</th>
<th>Critical value 5%</th>
<th>Order of integration</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemp</td>
<td>-3.038499</td>
<td>-2.967767</td>
<td>I(1)</td>
<td>At the first difference, stationary</td>
</tr>
<tr>
<td>Ntix</td>
<td>-5.138950</td>
<td>-2.986225</td>
<td>I(1)</td>
<td>at the first difference, stationary</td>
</tr>
<tr>
<td>Crat</td>
<td>-5.354148</td>
<td>-2.967767</td>
<td>I(1)</td>
<td>at the first difference, stationary</td>
</tr>
</tbody>
</table>

Source: Author’s Computation using E-views 9.0, 2023

The outcomes of the Augmented Dickey-Fuller Unit root test are summarized in Table 2, which also shows the degree of integration of the variables. Using Nigerian data covering the years 1990 to 2020, the individual unit root test was run to evaluate stationarity. According to the table, all variables show stationarity at the first difference.

Regression Analysis
To conduct the regression analysis, each variable satisfied the requirements by passing the unit root test at the level, first difference, and second difference. At a significance level of 5%, the absolute value of the ADF test statistics exceeded the critical value. With stationarity confirmed, we proceeded with the Ordinary Least Square (OLS) test to determine whether the regressed variable(s) and the given regressor(s) exhibit a long-term equilibrium relationship. The OLS analysis was performed using the E-view 11 computer program.

Cointegration Test

Summary of Regression Results

<table>
<thead>
<tr>
<th>Table 3. Summary of Regression Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
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<tr>
<td>C</td>
</tr>
<tr>
<td>D(Ntix)</td>
</tr>
<tr>
<td>D(Crat)</td>
</tr>
<tr>
<td>R-squared</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
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<tr>
<td>S.E. of regression</td>
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<tr>
<td>Sum squared resid</td>
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<tr>
<td>Log-likelihood</td>
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<tr>
<td>F-statistic</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
</tr>
</tbody>
</table>

Source: Author’s Computation using E-views 9.0, 2023

Interpretation of Results
The interpretation of the results, with regard to the coefficients of the different regressors, can be summarized as follows: The intercept value of 0.123645 suggests that, holding all other factors constant, the Unemp (unemployment) is expected to increase by 0.123645 units. The findings indicate that Nigeria's national terrorism index (Ntix) has a positive and significant impact on unemployment. Specifically, an increase in NTI is associated with a rise in UNP of 0.000827. Furthermore, the results reveal that Nigeria’s crime rate has a positive and significant effect on unemployment. For each increase in the crime rate (Crat), the Unemp is expected to increase by 0.005653. The R2 value, which represents the determination coefficient, is 84.4%. This indicates a reasonable fit, suggesting that approximately 84.4% of the variability in the dependent variable (Unemp) can be explained by the independent (explanatory) factors. The Durbin-
Watson statistic score of 1.911303 indicates the absence of first-order positive autocorrelation in the model. This implies that the estimated model possesses accurate predictive capabilities. The f-statistic, with a value of 33.532434, demonstrates that the model’s parameters are collectively significant, and the model itself is appropriately specified. These results suggest that the estimated model is effective for prediction and forecasting purposes.

5. CONCLUSION

This research examines the relationship between insecurity and youth unemployment in Nigeria from 1990 to 2020. Unemployment has emerged as a pressing issue among Nigerian youths, causing dissatisfaction, hopelessness, and dependence on family and friends who also struggle with their own challenges. The findings of this study reveal that crime and insecurity significantly contribute to the high unemployment rates in Nigeria. To address these issues and promote socio-economic stability, the government should consider implementing the following measures: Facilitating Access to Loans: The government should collaborate with the central bank to lower interest rates on loans, particularly for small business owners. By making loans more accessible, small companies can expand their operations, leading to increased employment opportunities and reduced national insecurity. Job Creation: Recognizing the direct correlation between rising insecurity and unemployment, the government should prioritize job creation initiatives. This can be achieved through the promotion of entrepreneurship, fostering an enabling environment for business growth, and implementing supportive policies to attract local and foreign investments. Infrastructure Investment: To enhance foreign direct investment and minimize crime rates, the government should allocate resources to improve the country’s infrastructure. Upgrading transportation systems, energy networks, and communication technologies will not only attract investors but also create job opportunities for the Nigerian population. By addressing these recommendations, the Nigerian government can mitigate the impact of insecurity on youth unemployment and foster a more stable and prosperous future for its citizens.

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