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Nnamdi Azikiwe
University, Awka Nigeria

Impact of Youth Unemployment on Economic Growth in Nigeria

Anyanwu,U.N.[1], Ojima, D.[2], Ajudua, E.I[3]
[1]Department of Economics, Nnamdi Azikwe University, Awka Nigeria.
[2]Department of Economics,Ignatius Ajuru University of Education, Port Harcourt. Nigria, email:davisojima@yahoo.com
[3]Department of Economics, National Open University of Nigeria,Jabi Road, Abuja Nigeria.

Abstract

This study examinines the impact of youth unemployment on economic growth in Nigeria. It also investigated how the effect of youth literacy level affected their rate of gaining employment. Data were sourced from National bureau of statistics and Central bank statistical bulletin and from literature . Usually, the larger proportion or strata of the population of these calibre of individuals that possessed the characteristics in term of availability, capacity and willingness falls within the range otherwise known as the youths.Youth uneployment is pravalent andbecoming a menace to the economy of most nations.The consequences of this phenomenon goes beyond economic challenges and pameated the socio-political fibre of any nation that has high unemploymen rate. Nigeria is not left out in this.The study methodolgy deployed time series data analysis whereby, some variables were regressed using theAuto Regressive Distributed Lag**ARDL** and Error Correction Mechanism **ECM** to assess the implication of youth

eneployment on the economic growth of Nigeria.The study recommended the encouragement of entrepreneural development,reduction in the cost of borrowing capital and constant capacity building for the youths amongst others as means of reducing youth uneployment in Nigeria.
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JEL CLASSIFICATION:O40,J60,J64,J08,J01

Introduction

Nigeria population consists of the economically active and inactive groups. The economically active population otherwise, known as the labour force refers to the population that is willing and able to work but are unable to find jobs. These categories are the unemployed. The next category refers to the population who are neither working nor looking for jobs. These are but not limited to housewives and students, etc. In Nigeria, the seemingly working and active population is mostly of the younger generation often referred, the youth.

Youths therefore, have the potential to stimulate economic growth, steer social progress and deepen national development. In recognition of the importance of youths to the society, and National building, the Nigerian government established the National Youth Service Corps (NYSC) Scheme, created youth Ministry to coordinate social activities and mobilize youths in the country for sustainable socio-economic growth. Government also encourages and supports Youth council and organizations to harness their potentials, explore the diverse culture of the country and provide essential services in health, teaching vocation and community development.

The categorization of Youth varies from one society to the other. In some clime for instance, those of age ranging from ages 40-50 are being considered as youths as against what obtains in the European Nation (Otaki, 2002). The Nigerian National Youth Policy Document (2009), sees youths are persons between the ages of 18 and 35 years.

Unemployment is one of the major problems of the developing nations including Nigeria. Consistent and uncontrolled rate of unemployment can stunt the economy of any nation thereby causing serious distortion or dislocation and a twist to the economic growth of the nation. Umaru and Zubairu (2011), noted

that unemployment has been recognized as one of the major impediments to socio-economic growth in developing nations. In 1986, an estimated 3.7 million people in Nigeria were said to be unemployed with over 2 million youths joining the labour force annually. In 1991, the unemployment rate was 3.64% and rose to 3.67% in 1992. By the end of 1999, about 3.79% of the population was unemployed. 7.06% and 8.10% in 2016 and 2019 respectively. It fell to 7.96% in 2020 and probably with current indicators expected to rise by the end of 2021 (National Bureau of Statistics). The increasing rate of unemployment in Nigeria appears to have contributed to the low rate of economic growth as reported by the World Bank reported in 2005 which stated that the Gross Domestic Product and the Purchasing Power Parity (PPP) of Nigeria stood at $170.7 billion. According to Adelodun (2006), the unemployment problem of Nigeria continues to worsen with about 3 million youths entering the labour force annually.

Unemployment has not only dealt a blow only on the economic side of the country, rather has been identified as one of the major causes of social vices, including armed robbery, destitution, prostitution, thuggery, kidnapping and many more (Adegoke 2015). Corroborating this position, Musari (2009) observed that about 4.5 million of Nigeria youths enter the labour market every year without any hope of getting employment. This precarious situation according to him has left the youths in a vicious cycle of poverty that daily erodes their self-confidence and bright future. This dessituation has left the governments , policy makers and the society at large in a horrifying situation and trying to grapple with the vicious cycle of increasing crime rate and other unimaginable and frightful youth activities occasioned by unemployment. This high rate of unemployment can also be blamed on the lack of adequate development plan.

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Youth unemployment is a menace in Nigeria and other developing nations. Apart from it affecting the economic growth, it also creates social disconnect and has given room to all forms of vices that are contributory to low productivity and industrial set back. Government at various levels formulated some schemes and stop- gap measures, created employment agencies and propelled entrepreneurial policies and programmes across the country. The Policies were meant to tackle youth unemployment but all appear not to yield the desired result hence, the rate

of unemployment is on the yearly increase. The study examines the extent of the impact of youth unemployment on the economic growth in Nigeria and are guided by the following questions

1. What is the impact of youth unemployment on economic growth in Nigeria?
2. Has youth literacy any significance in economic growth in Nigeria?
3. What is the social impact of youth unemployment in Nigeria?

The study examined the cause of youth employment and assessed the impact of youth literacy on economic growth in Nigeria. It made recommendations on how to tackle the menace of unemployment in other to promote economic growth in Nigeria,

Review of Related Literature

Conceptual Literature Review

Unemployment describes the situation when an employable individual actively seeking for employment is unable to find job or unemployed. Included in this group are those in the workforce who are working but do not have an appropriate job that suits their education and skill. Unemployment gives a measure of the healthiness of the economy. The more an economy creates employment the healthier it becomes and the more the welfare of the people is elevated. The better secured the productive machinery and social infrastructure becomes. Economic perspective tends to distinguish or classify unemployment into broad categorizations of frictional, structural, cyclical and seasonal. Each of this categorizations tries to describe a specific circumstance that separates it from the other .From the broad analysis, be it frictional or structural or any other, the consequences on the economy is the same.

The most prevailing measure of unemployment is the rate of unemployment, measured by the number of unemployed persons and divided by the number of persons in the labour force

The Organization for Economic Co-operation and Development similarly, defines youth unemployment as person above the age of fifteen but unable to

gain a paid employment or self-employment but currently available for work. The U.S. Bureau of Labor Statistics (BLS) has a more specific definition: people who don't have a job, have actively looked for work in the past and currently are available for work. The BLS also includes people who are temporarily laid off and are waiting to be called back to that job

Unemployment occurs when people are without jobs and they have actively sought for jobs within the past four weeks (Economics Help.org). Unemployment according to Fajana (2001), refers to the situation where people who are willing and capable to work are unable to find suitable paid employment.

Unemployment has become a global phenomenon, but negatively impactful in developing countries and Nigeria is no exception with its attendant social, economic, political and psychological consequences. Okafor (2010), observed that massive youth unemployment is an indication of far more complex problem for any society.

Theoritical Literature Review

Whereas unemployment is one of the very indicators of economic activity, the situation rises and falls considering the level of recssion and bounce-backs.

The underpinning theory of the study is that ofJ. B Say (1776-1832) a French economist and an industrialist. Influenced by the works of Adam Smith and David Ricardo averred that a persistent state cannot exist whereby demand is broadly less than the productive capaity anh high unemployment. When goods are produced in the economy, rewards are paid to the factors of production. Such payments are spent on the economy and futher creates demands equal to its value in the market. Thus, supply creates its own demand. The income of the employed tend to boost further production in goods and srevices. The implication is that production generates income sufficient to purchase goods, and when there are no deficiency of demand and over production, therewill be no lay off or general unemployment.

J M Keynes and J Schumpeter (1883-1950) views are that unemployment as more dynamic and evolving. They argued that inherent instabilityof the economic system,uncertainty,innovation,institutionand advancement in technology can unpredictably affect labour supply and create unemployment. Alligning with

Say's Law, which was automatic adjustment to towards full employment,posit that though frictional unemployment could exist,but not involuntary. Such dynamics and its consequence on unemployment may depend on the elasticity of factor substitution. This is a measure of the degree of substitutability between the factors of production in any production process when relative factor prices change.

The Mercantist of the 17th century held that any nations prosperitylargely hinges on the existing suppy of capital of such state .Thus, the existence of high volume of balance of trade giving rise to positive trade balance will generate economic growth.

Rostow(1960) in his theory of development posit that all countries exists somewhere on its linear spectrum and climb upwards through each stage in a development process. This he refers to Linear Stages of Growth Model. What this means is that nations must transcend the five stages in its developmental paradigm; traditional society, pre-conditions to -take off, take –off, drive to maturity and age of high mass consumption. However, according to Todaro and Smith (2011), the Harrod –Domar Growth model based on linear production function has received more frequent application to policy decisions of the developing countries.But the fundamental decision to make in the application of this model is to proportionally increase the national income through savings as opposed to consumption.

The neo-classical theorists represent a radical shift in the face of the classical theories and posit that there should be a free enterprise system where the interventionist tendency of the state is checked to allow the economy operates on its own. Competitive market system therefore allows for more efficiency, better resource utilization and equal participation in the economy (Dum and Agba 2017).

Structural Change Model popularly referred to Lewis two-sector model, proposes structural transformation. According to Todaro and Smith (op.cit),the theory focuses on the structural transformation of an endowed subsistence and heavy agrarian economy.Thus a general applicable theory of development in a surplus –labour nation.

Types of unemployment

In an attempt to discuss youth unemployment, it may be necessary to make distinction on the types of unemployment that is.

Pettinger(2019), averred the following description of unemployment: Demand deficient unemployment occurs as a result of collapse in the aggregate demand of goods and services in the economy such that workers in the production processes are laid off.This situation are being induced by economic recession.Globally today, the situation may arise because of the prevaling Covid-19 pandemic. Structural unemployment arises where workers do not have the required skills to do certain job within a geographical location. Real wage unemployment occurs in circumstances were there is salary or wage adjustment and the employer lays off workers for inability to pay.

Frictional unemployment arises between the time worker is out of employment in an attempt to switch between one job and the other.voluntary unemployment as the name implies, where worker chooses not to work.

Causes of Youth Unemployment

The Peace Child International(2015) declared that there are about 73 million unemployed youths globally. This is certainly challenging with its attendant crises.This figure represent only registered youths. In other to economically address this menace, the need to evaluate the causes is necessary.The following are some of the basic identified causes of youth unemployment.

Financial crisis as a result of recession and economic down turn, skills mismacth,lack of entrepreneurship and skills education,inability to access capital and digital divide among others.

In Nigeria,there are other factors that have hightened the rate of youth unemployment.Notable amongst these are; absence of basic infrastructure and capital formation (Ojima 2019, Emeh 2012).Government has the responsibility to provide the needed infrastructural facilities both within the rural and urban areas to not only cater for the welfare of the people, but also propel the much needed and important skilled and semi-skilled driven enterprises.Disregard for the agricultural sub sector are also contributory to youth unemployment. Agriculture apart from the oil sector has been one of the major employer of

labour. It is also a huge supplier of industrial raw materials. Unfortunately, the sector has witnessed low patronage and has not filled the employment gap as it ought to.Insecurity has another dimension to the issue of youth unemployment. The alarming rate of militancy and kidnapping in most part of the country added to job loss.

Empirical Review

Adeleke (2020) examined youth unemployment and economic growth in Nigeria from 1991 to 2018. The study adopted the Autoregressive-Distributed Lag (ARDL) method on youth unemployment rate, education expenditure, youth enrolment rate, interest rate and economic growth. The result showed that youth unemployment rate and interest rate has a negative and significant impact on economic growth whereas, education expenditure and youth enrolment rate has a positive and significant impact on economic growth in Nigeria.

Enejoh and Ahmad (2019), analyzed the impact of unemployment on economic growth in Nigeria from 1970 to 2016. The study used ARDL and Error Correction Mechanism (ECM) to test the short run and long run impacts of youth unemployment and interest rate on economic growth. The result shows that there is a negative and significant impact of youth unemployment and interest rate on economic growth in Nigeria both in the short run and long run. The study also revealed that youth enrollment rate and education expenditure has a positive and significant impact on economic growth.

Nweze (2019), investigated the effect of youth unemployment on economic growth in Nigeria. The study adopted the time series of 1989-2017 and employed Ordinary Least Square, OLS method. The findings show that youth unemployment negatively influences the growth of the economy. This however, under developed the economy to be underdeveloped. The study recommended a robust action from the government and the private sector to create massive job opportunities for the country,

Mosikari (2018), examined the effect of youth unemployment rate on gross domestic product in South Africa. The study employed annual time series data from 1988 to 2015. Gross Domestic Product (GDP), General government expenditure, total investment, school enrolment rate, interest rate and youth

unemployment rate were employed as dependent variables whereas, Gross Domestic Product was proxy for Independent Variable. The study employed ARDL to analyze the data. The finding revealed that general government expenditure, total investment, and school enrolment rate has a positive correlation and significantly impacted on the economic growth. On the contrary, youth unemployment rate and interest rate show a negative impact on economic growth of South Africa.

In Canada, the study undertaken by Certified General Accountants Association of Canada (2017), correlates the long term effect of youth unemployment on economic growth in Canada. Two-Stage Least Square (TSLS) technique ranging from 1988-2015 was adopted. Youth unemployment rate, government expenditure, youth enrolment rate, labour force, interest rate were regressed on the gross domestic product. The analysis revealed government expenditure, youth enrolment rate and labour force as positively impactful on the economic growth while, youth unemployment rate and interest rate has a negative relationship with economic growth of the studied country. The study therefore, recommended that government should make concerted effort to reduce the level of corruption in government establishments. .

Awogbenle (2010), examined the impact of youth unemployment on the economic growth in Ghana. Time series data from 1985 to 2013 were regressed using the OLS where the gross domestic product was employed as independent variable on interest rate and youth unemployment rate as dependent variables. The result shows that youth unemployment rate and interest rate significantly but has negative effect on economic growth of Ghana.

Adullahi, Sakariyahu, Oil and Olatunji (2015), using the autoregressive-distributed lag (ARDL) method, carried out study on unemployment menace and the fallacy of microcredit policy in Nigeria were also co-integrated to investigate the menace of youth unemployment. The study employed, youth unemployment (UNEMP), Microcredit (MCR), inflation rate (INF) interest rate (INT) as dependent variables with proxy of GDP for economic growth. The result shows negativeand significant on the variables thus significantly impacting on economic growth of Nigeria.

Methodology

The theoretical framework is centered on the Keyensian theory of employment. This theory of employment which is regarded as economic revolution such that he invented new tools and techniques of economic analysis such as consumption function, multiplier, marginal efficiency of capital, liquidity preference, effective demand, etc. In the short run, it is assumed by Keynes that capital equipment, population, technical knowledge, and labour efficiency remain constant. He thus posited that volume of employment depends on the level of national income and output. Employing time series data, the model for this study will be based on the insight gain from Musa (2013) and the study made use of the Ordinary Least Square (OLS) regression analysis technique to test for the importance/impact of each the variables employed in the study. The technique describes the nature of the relationship between variables by expressing the relationship in a mathematical form. The study would be a multiple regression with an estimated equation which expresses the functional relationship between the dependent and independent variables. Pre-estimation tests which include Augmented Dickey Fuller unit root test and Cointegration test.

Based on theoretical underpinnings, the structural form of the model is specified thus

GDP = f(YUR, YLR, YER, YGR, INR) (1)

Econometrically, the function above becomes

$GDP = \alpha_0 + \alpha_1 YUR + \alpha_2 YLR + \alpha_3 YER + \alpha_4 YGR + \alpha_5 INR + INF + \mu$(2)

To avoid the problem of heteroskedasticity, variables would be transformed into it logarithm form so as to compress the scales in which the variables are measured (Gujarati, 1995).

Thus, the symbolic form of the model becomes

$LogGDP = \alpha_0 + \alpha_1 YUR + \alpha_2 YLR + \alpha_3 YER + \alpha_4 YGR + \alpha_5 INR + \mu$----------(3)

Where

GDP = Economic growth proxied by Gross Domestic Product (GDP) growth rate

YUR = Youth unemployment rate

YLR = Youth literacy rate

YER = Youth enrollment rate proxy by tertiary enrollment rate

YGR = Youth graduation rate proxy by tertiary graduation rate

INR = Interest rate

INF = Inflation rate

μ = Error Term
α_0 = Intercept

$\alpha_1$to α_5= Parameters

Since the variables were integrated of either order zero I(0) or one I(1), the Autoregressive Distributive Lag (ARDL) Model was employed in the study. The choice of ARDL model stems from the result and behavior of the variables after the diagnostic tests carried out (Pesaran, Shin and Smith, 2001).
Apriori expectation is given as, $\alpha_1 < 0$, $\alpha_2 > 0$, $\alpha_3 > 0$, $\alpha_4 > 0$, $\alpha_5 < 0$

LogGDP = α_0+ α_1YUR + α_2YLR + α_3YER + α_4YGR + α_5INR

$$LogGDP_t = \theta_0 + \sum_{q=1}^{p} \alpha_1 LogGDP_{t-1} + \sum_{q=0}^{j_1} \alpha_2 YUR_{t-1} + \sum_{q=0}^{j_2} \alpha_3 YLR_{t-1} + \sum_{q=0}^{j_3} \alpha_4 YER_{t-1} + \sum_{q=0}^{j_4} \alpha_5 YGR_{t-1} + \sum_{q=0}^{j_5} \alpha_6 INR_{t-1} + \varepsilon_{1t} ----(4)$$

The short-run dynamic parameters of the relationship between the variables is stated thus;

$$\Delta LogGDP_t = \infty_0 + \sum_{q=1}^{p} \beta_1 \Delta LogGDP_{t-1} + \sum_{q=1}^{j_1} \beta_2 \Delta YUR_{t-j} + \sum_{q=1}^{j_2} \beta_3 \Delta YLR_{t-j} + \sum_{q=1}^{j_3} \beta_4 \Delta YER_{t-j} + \sum_{q=1}^{j_4} \beta_5 \Delta YGR_{t-j} + \sum_{q=1}^{j_5} \beta_6 \Delta INR_{t-j} + \delta ecm_{i-1} + \varepsilon_t ------- \quad (5)$$

In equation 4 above, the long run multipliers of the variables are α_1 to α_6 while β_1 to β_6 in equation 5 are the short run multipliers of the variables. The intercept for the long run model is θ_0 while that of the short run model is ∞_0. $j_1 to\ j_4$ are the optimal lags length for each of the variables.

To check for long run co integrating relationship amongst variables whether to reject or accept the null hypothesis of no co integration, the ARDL bounds test. The null hypothesis of no long run co integration is stated as H_0: $\alpha_1 = \alpha_2 = \alpha_3 = \alpha_4 = \alpha_5 = \alpha_6 = 0$ with the alternative is stated as H_0: $\alpha_1 \neq \alpha_2 \neq \alpha_3 \neq \alpha_4 \neq \alpha_5 \neq 0\ \alpha_6 \neq 0$. The result is confirmed using the F- Statistic and the Upper and Lower Bound class such that if F-Statistic is greater than the Upper bound, we reject the null hypothesis and accept that there exists a long run relationship between variables. Conversely, if F-Statistic is less than the Upper bound, we accept the null hypothesis and conclude that there is no long run relationship between variables employed in the model.

Discussion and Analysis of Result

This section presents the results of the estimation process and the starting point is the unit test results.

Unit Root Test

Variables	Level = $I(0)$		1st Difference = $I(1)$	
	No Trend	With Trend & Intercept	No Trend	With Trend & Intercept
LogGDP	-1.396392	-1.738104	-5.975692	-6.178737
YUR	1.072099	-1.578208	-4.813994	-5.277856
YLR	0.486157	-2.693731	-4.461433	-4.407491
YER	1.448659	-2.568771	-6.080146	-6.643395
YGR	0.816650	-1.338370	-4.787799	-5.391731
INR	-1.986999	-3.589805	-6.377629	-6.323957
@1%	-2.641672	-4.284580	-2.647120	-4.309824
@5%	-1.952066	-3.562882	-1.952910	-3.574244
@10%	-1.610400	-3.215267	-1.610011	-3.221728

Source: Author's computation from output

From the table, the variables employed in the study were either stationary at level or at first differencing. INT was stationary at level, while LogGDP, YUR, YLR, YER and YGR were stationary at first differencing. Noticeably, the mixture of both I(0) and I(1) variables would not be possible under the Johansen procedure. This gives a good justification for using the bounds test approach, or ARDL model, which was proposed by Pesaran, Shin and Smith (2001).

Lag Selection Procedures

In an attempt to carry out the ARDL estimation, the choice of lag length is paramount. We therefore utilized various lag length selection criteria: Sequential modified LR test statistic with each test at 5%, the Final prediction error (FPE), Akaike information criterion (AIC), Schwarz information criterion (SC) and the Hannan-Quinn information criterion (HQ). We adopted the HQ criterion on the

ground that its optimal lag length is in- between the AIC and SC based on frequent practical experience. It should be noted that a higher lag length results in a loss of observation in the series.

Lag Selection Procedures

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-33.52360	NA*	1.459946	3.201558	3.530277*	3.300107
1	-30.09211	2.111686	1.411281*	3.150661*	3.537766	3.262132*
2	-29.65650	0.437512	1.488057	3.201782	3.637277	3.327299
3	-29.32694	0.405736	1.586023	3.253278	3.737161	3.492618
4	-29.20012	0.145071	1.723156	3.330522	3.852803	3.473817
5	-29.19901	0.072042	1.887708	3.402220	3.972880	3.569439

Source: Authors' computation from output

Note: * indicates lag order selected by the criterion

The above result shows that the lag length which minimizes HQ is lag one and therefore, our optimal lag length is lag one. We therefore proceed to test if the variables in the model move together in the long run

Co integration Test

ARDL Bound Test Results

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	11.45134	10%	2.75	3.79
K	5	5%	3.12	4.25
		2.5%	3.49	4.67
		1%	3.93	5.23

Source: Authors' computation from output

From table above, the value of the F-statistic which shows the joint significance of the level variables is 11.45134 and is significantly greater than the upper bond (I(1)) at the 1% and 5% level of significance. Therefore, the null hypothesis of no-cointegration among the variables is rejected and we conclude that there exists a long-run relationship between variables in the model, justifying the need to estimate the long-run coefficient

Estimated Long Run Coefficients

Long Run Coefficients

Dependent Variable: GDP				
Method: ARDL				
Levels Equation				
Case 5: Unrestricted Constant and Unrestricted Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
YUR	-2.331085	1.387738	-2.978459	0.0183
YLR	0.214197	0.698306	4.080133	0.0002
YER	0.139600	0.317569	3.439591	0.0021
YGR	2.587612	1.247860	3.412503	0.0029
INR	-1.944747	0.567394	-3.665064	0.0012
EC = GDP - (-2.3311*YUR + 0.2142*YLR + 0.1396*YER + 2.5876*YGR - 1.9447*INR)				

Source: Authors' computation from output

The table above shows the estimated long-run coefficients of health on economic growth in Nigeria. The long run result above showed that all variables were right signed and statistically significant. Interest rate however appeared with the expected sign but was not significant. This implies that a one percent increase in YUR and INR will bring about 2.33 units and 1.94 units decrease in GDP. The implication here simply means that a control of unemployment and inflation rate will go a long way in improving the GDP level in Nigeria. Also, a one percent increase in YLR, YER and YGR will bring about 0.21 unit, 0.14 unit and 2.59 units increase in GDP. The implication here simply means that an improvement is required on these variables so as to attract desired increase in economic growth (GDP) in the economy.

Error Correction Regression

In an attempt to reconcile the long-run behaviour of cointegrated variables with their short-run responses, the error correction modeling is employed. The ECM shows the dynamic error analysis of the cointegrated variables. It specifies and estimate the differenced variables alongside one-period lag of the residuals from the cointegrating equation so as to determine if a short-run disequilibrium can be corrected in the long-run. Thus, the error correction term which shows the speed of adjustment from one period to another is expected to have a negative sign and also significant at the 5% to show a strong convergence process to the long-run equilibrium.

Summary of Error Correction Regression

ARDL Error Correction Regression				
Dependent Variable: D(GDP)				
Selected Model: ARDL(1, 1, 1, 1, 1, 1)				
Case 5: Unrestricted Constant and Unrestricted Trend				
Sample: 1989 2020				
Included observations: 30				
ECM Regression				
Case 5: Unrestricted Constant and Unrestricted Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	22.11791	4.710883	4.695066	0.0002
@TREND	0.140923	0.049480	2.827068	0.0197
D(YUR)	-2.543749	1.681196	-3.691012	0.0059
D(YLR)	1.236718	0.106590	3.134507	0.0071
D(YER)	0.409271	0.111315	2.962384	0.0169
D(YGR)	1.432476	0.270808	3.384991	0.0050
D(INR)	-1.273080	0.232647	-3.173798	0.0067
CointEq(-1)*	-1.180986	0.144885	-4.700173	0.0002
R-squared	0.780943			
Adjusted R-squared	0.711697			
F-statistic Prob(F-statistic) Durbin-Watson stat	13.57515 0.000125 1.817940			

Source: Authors' computation from output

The result in table above is the short-run dynamic ARDL model. The result revealed that the co-integrating equation is negative and significant. The co-integrating equation of -1.180986 is the speed of adjustment from the short-run equilibrium to the long-run equilibrium. This means that about 1.2% of disequilibrium in economic growth is corrected in each period (annually), meaning that it takes an average of 1year and 2months for equilibrium to be fully restored after any short run distortion of equilibrium.From the study regression result, the coefficient of determination (R^2) is given as 0.780943, which shows that the explanatory power of the variables is very high and strong. This implies that 78% of the variations in economic growth in Nigeria are being accounted for or explained by the variations in youth unemployment rate, youth literacy rate, youth enrollment rate, youth graduation rate, and interest rate in Nigeria. While other possible determinants of economic growth not captured in the model explain about 22% of the variation in economic growth in Nigeria. The adjusted R^2 supports the claim of the R^2 with a value of 0.711697 indicating that 71% of the total variation in the dependent variable (economic growth) is explained by the independent variables (the regressors). Thus, this supports the statement that the explanatory power of the variables is very high and strong. A look at the variables employed showed that like in the long run, all variables appeared with expected signs and were statistically significant. The F-statistics shows the robustness of the model which was significant at 5 per cent level of significant while the Durbin Watson statistics further shows no autocorrelation or serial correlation in the model.

Conclusion and Recommendations

This study analysed the effect of youth unemployment on Nigeria's economic growth using time series data covering the period 1989 to 2020while employing the Autoregressive Distributed Lag (ARDL) and ECM. Result from the long-run and short-run estimated model, indicated a significant relationship between the dependent and independent variables employed in the model specified

Based on findings, the study concludes that youth unemployment has a negative and significant impact on economic growth in the short run and long run in Nigeria and as such, the following recommendations are made;

- In order to encourage entrepreneurial activities which is believed to curb a certain level of youth unemployment problem in the country, challenges with power distribution should be addressed.

- There is a need to reduce the cost of capital and invest in entrepreneurship training in order that more youths can venture into businesses in key sectors with less stress

- Programmes geared towards training youths in Nigeria in the act of entrepreneurship should be of paramount and encouraged

- There should be a deliberate effort by government to create jobs and business opportunities for the youth in Nigeria. Adequate and effective policy options should be put in place that promote youth enrollment and youth literacy as these factors have shown to impact on economic growth in Nigeria.

- There is a need to involve labour effectively to help increase the country's GDP, this can be attained by engaging more youths who are idle

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