

The Economic Implications of Youth Unemployment in Katsina State of Nigeria

Sabi'u Ya'u Abdullahi

Department of General Studies, College Liberal Studies, Hassan Usman Katsina Polytechnic, PMB 2052, Katsina, Katsina State, Nigeria

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ABSTRACT: The trend of unemployment in Nigeria in recent years is becoming unprecedentedly alarming and disturbing, despite consistent policy implementation to control the problem. The problem in Katsina State of North Western part of the country increases astronomically due to rapid population growth, alarming poverty and banditry. This paper investigated the economic implications of youth unemployment in Katsina State. A sample of three hundred youth was taken proportionately in three senatorial zones of the state, namely Katsina Central, Daura and Funtua Zone. The descriptive survey method, mean ranking and X-Square test were used in the analysis of the primary data collected. The results revealed that, unemployment has severe implications on Poverty. Youth unemployment lowers wages and skills, reduces productivity, declines GDP, lowers tax revenues, and increases financial hardships as well as indebtedness. Moreover, unemployed youth suffer homelessness, lack qualitative education, and maximum welfare. The paper recommends urgent parental and communal efforts to supplement fiscal and monetary policies of the government to create employment for the youth.

Keywords: Economic, Implication, Youth, Unemployment, Katsina

I. INTRODUCTION

Keynes (1936), identified unemployment as one of the macroeconomics challenges that weakens development process of nations. Though, its effects vary in rate, nature and magnitude in different nationalities, no government deals with the issue lightly. He added that, unemployment is one of top economic problems that retard economic growth and development. For instance, the problem is a long standing issue in Europe, and it occupies policy documents in Africa. African countries are universally known for their unprecedented population explosion, poor industrialization, alarming poverty, inequality and low investment.

These problems in Africa aggravate unemployment to unbearable limit.

In Africa, school graduates hardly create jobs for themselves; talk less of creating employment for others. This problem is more common in less developed Nations. School graduates often leave the abundant natural resources and opportunities in their countries, for white-collar jobs in Europe and America. The spirit of entrepreneurship in the continent is very low. In the end, the untapped resources in most countries of Africa are exported unprocessed, while the very vast investment opportunities are in the continent are left unutilised.

In Nigeria for instance, the situation is more devastating due to rapid population growth and decade long records of corruption and resource mismanagement, compared to other medium and smaller countries in Africa. It is no longer news to see unemployed graduates roaming streets in search of employment. The problem grows astronomically with time. The National Bureau of Statistics of Nigeria (NBS) reports that, for the first time in the history of Nigeria, unemployment rate increases from 19% in the year 2019 to 30% in the year 2020. This is the highest ever in Nigeria. Approximately, over 60 Million Nigerian Youths are unemployed. Experts attributed the hike in the number of unemployed in Nigeria to population growth in the country. In 2019, Nigeria's population has exceeded 200 Million, but the growing unemployment undermines the impact of the population on the overall growth and development of the economy. (NPC, 2019).

Despite the abundant human potentials, Nigeria's domestic consumption depends largely on importation. It seems the teeming population does not count much on the production of food and manufactured goods. Private investment has growing slowly due to inadequate capital, low income and savings as well as alarming poverty. Industrialization process has never been stable, due inconsistent government policies, poor policy

implementation and corruption. For this reason among others, significant proportion of college graduates is not sufficiently equipped to venture into production and trade. Unfortunately, the public sector demand for labour does not match the supply. This has been the reason why unemployment in Nigeria remains a great challenge to every government.

Unemployment in Nigeria has been rising astronomically in recent years. In the face of recent economic crisis and disturbances, unemployed young people were hardest hit and likely to become the most vulnerable section of the population. It appeared that, elites and middle class families in Nigeria helped woefully in the disorientation of youth, especially within these social class. Huge sum of money goes into the schooling without emphasis to skill acquisition and entrepreneurships. Furthermore, group and communal efforts towards jobs provision and youth orientation has never impacted positively on the unemployment trend in the country.

This paper investigated the economic implications of unemployment in Katsina State using primary data from three hundred respondents in twelve local governments, four from each senatorial zone of the state. Descriptive survey method and t-test have been applied to determine the magnitude of the implications of youth unemployment in the state.

Objectives of the Study

Since the economic implications of unemployment vary from one society to another, this paper is intended to pursue the following specific objectives:

1. To investigate the specific causes of youths unemployment in Katsina State, Nigeria
2. To investigate the implications of youths unemployment in the state, Nigeria
3. To identify workable solutions to youth unemployment in Katsina State, Nigeria

Research Questions

1. What are the main causes of youth unemployment in Katsina State, Nigeria?
2. What are the economic implications of youths unemployment in the Katsina State, Nigeria?
3. What are the appropriate solutions to youth unemployment in Katsina State, Nigeria?

Research Hypotheses

H₀₁: There are no causes of Youth Unemployment in Katsina State of Nigeria

H₀₂: Youth Unemployment has no economic implication in Katsina State, Nigeria

H₀₃: There are no workable solutions to Youth Unemployment in Katsina State,

II. THEORETICAL FRAMEWORK

The Classical Theory of Unemployment assumes that the labour market forces respond to changes in real wages. Thus, unemployment is the consequences of real wages, government wage regulation and especially powerful trade unions are identified as significant causal factors. Thus, unemployment in the classical system hangs or not creating markets. The policy implication flowing from classical analysis of unemployment is that in order to reduce unemployment it needs to reduce government regulation and reduce trade union power and make the labour.

On the other hand, Keynes focuses on fiscal policy regulation like tax cut by creating the relationship between the government expenditure and unemployment. Keynes argued that to expand national income and then expand employment by reducing taxes, "The tax was intended to stimulate expenditure on consumption and investment and thus lead to higher income and employment (Mankiw, 2002).

The new Keynesians also argued that most, sometimes do not clear even when individually and looking out for their own interest. Because of both information problem and costs of changing prices lead to some price rigidities and as result, create a possibility of fluctuations of employment (Darbash, 1981). This view, does not match with the idea of the new classical school. Their argument was based on the assumption of market clearing. According to the theory, prices and wages adjust in order to equate supply and demand in other words, market clear. The implication of this assumption is: that there is no possibility for involuntary unemployment. Any unemployed person who really wants job will offer from some employer. Flexible adjustment of wages and price leaves all individuals on work at the going wage and firms can produce and sell as much as they want to the going price.

Types of Unemployment

Smith (1987) has identified four types of unemployment.

Structural Unemployment: It is also known as Marxian unemployment or long-term unemployment. It is due to slower growth of capital stock in the country. The entire labour force cannot be absorbed in productive employment, because there are not enough instruments of production to employ them.

Seasonal Unemployment: Seasonal unemployment arises because of the seasonal character of a particular productive activity so that people become unemployed during the slack season. Occupations relating to agriculture, sugar mills, rice mills, ice factories and tourism are seasonal.

Frictional Unemployment: It arises when the labour force is temporarily out of work because of perfect mobility on the part of the labour. Frictional unemployment exists when there is unsatisfied demand for labour, but the unemployed workers are either not fit for the jobs in question or not in the right place to meet this demand.

Cyclical Unemployment: It is also known as Keynesian unemployment. It is due to deficiency of aggregate effective demand. This type of unemployment is due to the fact that the total effective demand of the community is not sufficient to absorb the entire productive of goods that can be produced with the available stock of capital.

Disguised Unemployment: Disguised unemployment is the most widespread type of unemployment in under-developed countries. In under-developed countries, the stock of capital does not grow fast. The capital stock has not been growing at a rate fast enough to keep pace with the growth of population, the country's capacity to offer productive employment to the new entrants to the labour market has been severely limited.

Economic implications of Unemployment

Muhammad et al (2011) examined the implication of unemployment on gross domestic product in Nigeria over the period of nine years (2000-2008) using a regression analysis. The findings of their work indicate that unemployment has an enormous effect on GDP and inverse relationship exists between unemployment and gross domestic product. Increasingly relevant youth unemployment affects not only nationwide government circles but also urged the EU policymakers to create urgent action plan, such as Youth Guarantee Scheme, among other measures (European Commission, 2013).

Unemployment influences the country's economic situation directly, such as leading to recession and declining growth, unemployment directly affects lives personally, economically and socially (Oireachtas Library and Research Service, 2013).

As for the economic impacts of unemployment, it reduced the productivity, declined GDP, heavy costs and payments, and lowered tax revenues among others. For social considerations; high demands on public services

will be triggered because of distress and depressive state of health, mental deprivation, and for being dragged into seclusion. (Oireachtas Library and Research Service, 2013). These effects hamper the stability and performances of the economy, through influences on labour market, through the forces of supply and demand (Essays UK, 2013).

Ejikeme (2014) assessed the link unemployment and poverty has on security in Nigeria. His study underscores that unemployment and poverty are universal phenomena, and not necessarily a peculiar characteristic of any particular segment of the society. The research revealed that unemployment and poverty have direct links to security challenges in Nigeria.

The personal and social costs of unemployment include severe financial hardship and poverty, debt, homelessness and housing stress, family tensions and breakdown, boredom, alienation, shame and stigma, increased social isolation, crime, erosion of confidence and self-esteem, the atrophying of work skills and ill-health. Most of these increase with the duration of unemployment (Dixon, 1992). Unemployed people report that being unemployed is one of the worst things that can happen to them (White, 1991). In addition, unemployment falls disproportionately on already disadvantaged groups in society, for example, lower income earners.

Unemployment is the major reason for poverty in Australia today. King (1998) finds that unemployed people in Australia had the highest rate of poverty with almost 70 per cent of unemployed people having incomes below the Henderson after Housing Poverty Line in 1996.

The Victorian Social Justice Consultative Council (1992) has documented the rapidity with which unemployed people experience hardship and a decline in their standard of housing, diet, clothing and health care.

Australian and overseas studies have unequivocally demonstrated a strong relationship between unemployment and health (National Health Strategy 1992 and Smith 1987). This occurs for some specific causes of death (such as diabetes, pneumonia, influenza and bronchitis) as well as for a number of specific chronic illnesses (National Health Strategy 1992). Unemployment has been shown to cause certain forms of mental illness, such as depression (Smith, 1987).

In 1997 702,800 children or 17.9 per cent of children fewer than 15 years of age were in families with no parent in paid employment (ABS, 1997). This is not only immediately distressing for the children's lives but is also likely to have long

term consequences for their educational, employment and social futures. People with low education and skills are more likely to be unemployed or to have low wages (The World Bank, 1993), and work by Williams et al(1993) indicates that school completion is lower for young people with parents who have low education and an unskilled occupational background (and thus who are more likely to be unemployed).

The Australian Institute of Family Studies found that adolescents with lower levels of well-being (such as health and sociability) have fathers or both parents with no paid work (Weston, 1993). Family stress arising from poverty and unemployment has been found to be associated with children’s behavioural problems and with their adjustment over time (Shaw et al., 1994). Unemployment is also contributing to substantial alienation of a large number of teenagers and young adults.

III. METHODOLOGY

The descriptive survey method was adopted to find out the economic implications of youth unemployment in Katsina State. The population for the study comprised all male and female youth in the State, from 18 years and above. Primary data was collected from some selected local governments in the three senatorial zones of the state. A sample of 300 respondents was used for the study. The non-probability sampling procedure was adopted to select the respondents. The research instrument used for the study has two sections (A and B). Section A contains items on demographic characteristics while section B sought the economic implications of youth unemployment in the state. The instruments have been subjected to X-Square test. The questionnaires were administered to the respondents, after which the data collected were analysed using descriptive statistics and t-test statistics, at 0.05 level of significance.

Analysis of Results

Table 1: Presents the Gender Percentage of the Respondents

Variable Gender	Frequency	Percentage
Male	220	73.3%
Female	80	26.6%
Total	300	100%

Source: Author’s Computation

The table above presents gender of the respondents. From the figures, two hundred and twenty of the used in the sample are male,

constituting 73.3 percent while the remaining eighty respondents are female, equivalent to 26.6 percent. This gave a total of three hundred youths.

Table 2 Presents the Age Distribution of the Respondents

Age of the Respondents	Gender	Frequency	Gender Percentage	Total Frequency	Age	Total Age Percentage
18- 23 Years	Male	55	18.3%	79		26.3%
	Female	24	08%			
24- 29 Years	Male	43	14.3%	62		20.6%
	Female	19	6.3%			
30 – 35 Years	Male	49	16.3%	64		21.3%
	Female	15	05%			
36- 41 Years	Male	38	12.6%	52		17.3%
	Female	14	4.6%			
42- 47 Years	Male	35	11.6%	43		14.3%
	Female	08	2.6%			
Total Respondents		300	100%	300		100%

Source: Author’s Computation

Table two above presents age distribution of the respondents based on gender. 26.3% are of age between 18 to 23 years. From thi18.3% are

male while 8% are female. The result further indicates that 20.6% are of age between 24 to 29 years. 21.3 are of age between 30 to 35 years.

Moreover, the results show that 17.3% are of age 42 to 47 years of age between 36 to 41 years, while 14.3% are between

Table 3 Presents the Rank order of Types of Youth Unemployment in Katsina State

Type of Unemployment	Means Score	Rank
Seasonal	26.4	1 st
Structural	12.8	5 th
Cyclical	22.6	3 rd
Frictional	18.3	4 th
Disguised	22.8	2 nd
Voluntary	0.00	6 th

Source: Author's Computation

Table three presents the rank order of types of youth unemployment in Katsina State. From the result, seasonal unemployment emerged first with 26.4. This means most of the unemployed youths in Katsina State are engaged in occupations that are affected by season. This is followed by disguised unemployment as second type of

unemployment affecting youths in the state, with mean score of 22.8. Cyclical and frictional unemployment emerged 3rd and 4th respectively with mean score of 22.6 and 18.3, while structural and voluntary unemployment are the 5th and the 6th with mean scores of 12.8 and 0.00 respectively.

Table 4 Presents the Rank Order of Economic Implications of Youth Unemployment in Katsina State

Implication on Youth Unemployment	Means Score	Rank
Increased Poverty	32.6	1 st
Increased Indebtedness	24.2	3 rd
Homelessness	12.3	4 th
Effect on Level of Education	24.5	2 nd
Poor Health	11.7	5 th
Minimal Welfare	08.4	6 th

Source: Author's Computation

Table 4 presents rank order of the economic implications of youth unemployment as perceived by the youths in Katsina State. Greater number of the respondents perceived that youth unemployment increased poverty. This can be seen from the highest mean score of 32.6 in the table. This is followed by level of education as the second with mean score of 24.5. this means unemployed

youths cannot attain highest level of education. Indebtedness is the implication number three based on the ranking with mean score of 24.2. the respondents further perceived that youth unemployment leads to homelessness to affected youth, as it appears as 4th in the ranking, with mean score of 12.3. Poor Health and minimal welfare are the 5th and the 6th rankings with mean scores of 11.7 and 8.4 percent respectively.

Table 5 Presents the Rank Order of Effective Control Measures of Youth Unemployment in Katsina State

Unemployment Measures	Reduction	Means Score	Rank
Fiscal Policy Measures		7.5	5 th
Monetary Policy Measures		4.8	6 th
Communal Efforts		2.5	7 th
NGOs		18.4	2 nd
Philanthropic Efforts		12.3	5 th
Family Role		25.7	1 st
Individual Effort		18.3	3 rd
Youths Initiative		2.4	8 th
International support		12.8	4 th

Source: Author's Computation

Table 5 presents the respondents perceptions on the effectiveness of youth unemployment control measures. The results indicate that family played a significant role in tackling the problem. It means that, parents assist youth to get employed than other available options. This is seen from the highest mean score of 25.7. Non-Governmental Organizations also played a vital role in job creation as it emerged second in the result, with mean score of 18.4. efforts of individual

and international support are 3rd and 4th in the ranking, with mean scores of 18.3 and 12.8 respectively. Youths initiative and communal efforts emerged least in the ranking, with mean scores of 2.5 and 2.4 respectively. This means, initiatives of the youth group and community are not making significant impacts on youth unemployment in the state.

Ho₁: Youth Unemployment does not have economic implications in Katsina State

Table 6: Presents X-Square Test of the Implications of Youths Unemployment in Katsina State

O	E	O – E	(O-E) 2	<u>(O-E)2</u> E
128	64	64	4096	64
75	64	11	121	1.89
48	64	-16	256	04
34	64	-30	900	14.06
15	64	-49	2401	37.52
Total	300			121.47

X²calculated= 121.47 Source: Author's Computation

X² Tabulated at 5% level of significance = 0.05

d.f = (r – 1) (c – 1)

Where r = row total, while c = column total

r = 5, c = 2

df = (5 – 1)(2 – 1)

df = 4×1 = 4

X² Tabulated at 5% level of significance df = 9.49

The X² result above shows that calculated value **121.47** is greater than the tabulated value 9.49. Therefore, the null hypothesis is rejected that Youth Unemployment does not have economic implication in Katsina State. The alternative hypothesis is however, accepted that Youth Unemployment have economic implication in Katsina State

Ho₂: Youth Unemployment Control Measures are not effective in Katsina State

Table 7: Presents X-Square Test of the effectiveness of Youths Unemployment Control Measures in Katsina State

O	E	O – E	(O-E) 2	<u>(O-E)2</u> E
122	64	58	3364	52.56
61	64	-03	09	0.14
57	64	-07	49	0.77
35	64	-29	841	13.14
25	64	-39	1521	23.77
Total				90.38

X²calculated = 90.38 Source: Author's Computation

X² Tabulated at 5% level of significance = 0.05

d.f = (r – 1) (c – 1)

Where r = row total, while c = column total

r = 5, c = 2

df = (5 – 1)(2 – 1)

df = 4×1 = 4

X² Tabulated at 5% level of significance df = 9.49

The X² result above shows that calculated value 90.38 is greater than the tabulated value 9.49. Therefore, the null hypothesis is rejected that Youth Unemployment Control Measures are not effective in Katsina State. The alternative hypothesis is however, accepted that Youth

Unemployment Control Measures are effective in Katsina State.

IV. CONCLUSION

This paper investigated the economic implications of youth unemployment in Katsina State, Northern Nigeria. A sample of three hundred youth was taken proportionately in three senatorial zones of the state, namely Katsina Central Zone, Daura Zone and Funtua Zone. The descriptive survey method, mean ranking and X-Square test were used in the analysis of the primary data collected. The results revealed that, unemployment has severe economic implications in the State. Youth unemployment increases poverty

astronomically. Youth unemployment lowers wages and skills, it significantly reduces productivity, retards Gross Domestic Product (GDP), lowers tax revenues, and increases financial hardship as well as indebtedness. Moreover, unemployed youth suffer homelessness, lack qualitative education, and maximum welfare.

V. RECOMMENDATIONS

Based on the finding and conclusion of this paper, the following recommendations are forwarded:

Government should overhaul the school curriculum to include skills acquisitions and trade to enable pupils/students to be self-reliant after graduation.

Since most of the unemployed youth in the state are from rural areas and lack certificates of higher learning, more facilities and manpower and training should be provided to the teeming unemployed youth.

It is necessary for government to ensure security of lives and properties for smooth economic activities in the state. This will promote new investment, employment and trade.

Funding of entrepreneurship training in tertiary institutions of learning is imperative to avoid graduating students that lack entrepreneurship spirit.

Community leaders should make youth unemployment a priority when dealing with issues undermining community development. Addressing youth unemployment requires collective communal effort to supplement government commitment.

Parents should encourage their children to acquire basic practical skills in their early age. This will prepare them to face future challenges of unemployment.

There is a need to form more of youth-focused Civil Society Organizations in the state to create awareness on the dangers of youth living without skills.

Youth in the state have to rise to the challenge, to create youth forums that will focus on job creation.

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