



Atiman Kasima Wilson, **PhD**  
Department of General Studies,  
Federal Polytechnic, Bali  
Taraba State.

Sabo Sabo Junior  
Department of Accountancy  
Adamawa State Polytechnic, Yola.  
Adamawa State-Nigeria

**\*Corresponding Author:**  
Atiman Kasima Wilson, **PhD**  
Department of General Studies,  
Federal Polytechnic, Bali  
Taraba State.

## NATIONAL SECURITY, A PANACEA FOR ECONOMIC GROWTH IN NIGRIA 1981-2025

### ABSTRACT

*Insecurity in Nigeria became more deadly and incessant following Nigeria's transition from military rule to democracy in the year 1999. Over the years, there have been agitations over national resources which led to emergence of arm group in different parts of the country. For instance, the Niger- Delta miliants, independent people of Biafra(IPOB), movement for the actualization of the sovereign sstate of biafra (MASSOB), Afinefere etc. originated from the south and west while the north had its share of insecurity arising from activities of book haram, Islamic state of west African province(iswap),ethno religious crises, communal clashes, banditry, kidnapping etc. Insecurity according to Okoli, Oladipo & Onugha(2023) is a feeling of trepidation and unsafe that leads to wanton destruction of lives and properties in a society. It is a situation in which people's lives and properties feel unsafe and businesses do not thrive well. Despite measures put in place by government at all levels (federal, state and local), insecurity continues to persist especially in the north eastern Nigeria.Okoli, Onugha, Oladipo & Chiwendu(2023) nations that aspire to grow develop should have a safe environment that would allow businesses and economic activities thrive well. One key determinant of economic growth of any nation is peace and security (Liou& Hilkyaa, 2018). The objectives of the study are to examine the impact of insecurity on socio-economic growth in North Eastern Nigeria and to examine the trend in economic growth from 1981-2025.The study adopted both qualitative and quantitative approach on socio economic implication of insecurity and anchored on the relative deprivation theory. The study also used descriptive statistics and the Autoregressive Distributed Lag (ARDL) to analyze data from 1981 to 2025. Results from the findings revealed that unemployment rate was high in 1992 and low in 2023 with values of 8.20 and 3.07 respectively, having a standard deviation of 1.42 which is closer to the mean value of 4.83. Government expenditure had a mean of 29.4, standard deviation of 37.02 with a minimum of 5.8 and maximum of 12.8 in 2009 and 2020 respectively. The study concluded that insecurity had a significant negative effect on education, government expenditure, inflation and poverty. Furthermore, the study recommends that the Nigeria government should improve on its kinetic and non-kinetic approach in tackling security matters and seek international collaboration on security.*

**Keywords:** Insecurity, OLS, Economic Growth

## **INTRODUCTION**

The return of Nigeria to democracy from military rule in 1999 came with a lot of agitations for control of its resources from all regions of the country. While some regions claim to have the largest deposit of natural resources generating revenue to the country, others claim proceeds from the resources are not evenly shared to other regions. Others claim dominance from other tribes and religion. Different agitations for fairness and justice resulted to violent struggles causing insecurity.

Insecurity according to Okoli, Oladipo & Onugha(2023) is a feeling of trepidation and unsafe that leads to wanton destruction of lives and properties in a society. It is a situation in which people's lives and properties feel unsafe and businesses do not thrive well. Louis & Hiikya(2018) assert that one of the key determinant of any nation is peace and security. Adekoya Mgaji & Ismail(2025) opine that the economic impacts of insecurity are profound, affecting both short- and long-term growth. Again, Yusuf and Mohammed (2023) reported that insecurity leads to direct losses through destruction and displacement while also creating economic uncertainties that deter investments.

Despite efforts by Nigeria government at Federal, State and Local levels to address insecurity, all efforts often fall short of expected outcomes. Over the years, the Federal government undertook several measures to mitigate terrorism and insecurity from additional recruitment of military and paramilitary personnel, training and purchase of additional arms and ammunition to engaging community in policing and information sharing yet insecurity continued to spread.

Activities of the Niger- Delta militants, independent people of Biafra(IPOB), movement for the actualization of the sovereign state of biafra (MASSOB), Afinefere etc. originated from the south and west while the north had its share of insecurity arising from activities of book haram, Islamic state of west African province(iswap), ethno religious crises, communal clashes, banditry, kidnapping etc.

All the activities continue to affect the socio economic growth and development of Nigeria by negatively affecting the business environment leading to capital flight. Other sectors like the educational institutions are affected when schools are forced to close thereby, negatively affecting human capital development. Furthermore, socio economic growth is hampered when annual budgetary allocations for security take a larger share leaving other sectors to suffer hampering infrastructural development and budget deficit.

## **STATEMENT OF PROBLEM**

Nigerian economy continues to suffer from unemployment, budget deficits, high rate of capital flight, low human capital development, low investments arising from unsafe business environment and increased level of poverty with insecurity being a major contributor. Insecurity continues to ravage livelihoods by causing displacements and fear in areas affected especially in the north Eastern part of Nigeria. Over the years, high annual budgetary allocation for security amidst dwindling revenue has affected socio economic growth and development in most parts of the country especially the north eastern states. The inability of government at all levels to curtail the menace of book haram, banditry, communal clashes and ethno-religious crises etc. have left the economy to suffer.

## **OBJECTIVE OF THE STUDY**

The objectives of the study are to:

- i. examine the impact of insecurity on socio economic growth in Nigeria from 1981 to 2025
- ii. Evaluate the trend in economic growth from 1981 to 2025.

## **RESEARCH QUESTIONS**

- i. What is the impact of insecurity on socio economic growth in Nigeria from 1981 -2025?
- ii. What is the trend in economic growth in Nigeria from 1981 -2025?

## **LITERATURE REVIEW**

### **CONCEPTUAL FRAMEWORK**

Economic growth is the increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP. Growth is usually calculated in real terms - i.e., inflation adjusted terms to eliminate the distorting effect of inflation on the price of goods produced. Measurement of economic growth uses national income accounting. Since economic growth is measured as the annual percentage change of gross domestic product (GDP), it has all the advantages and drawbacks of that measure. The economic growth rates of nations is commonly compared using the ratio of the GDP to population or per-capita income (Bjork, 1999)

The rate of economic growth refers to the geometric annual rate of growth in GDP between the first and the last year over a period of time. Implicitly, this growth rate is the trend in the average level of GDP over the period, which implicitly ignores the fluctuations in the GDP around this trend. An increase in economic growth caused by more efficient use of inputs (such as labor productivity, physical capitals, energy or materials) is referred to as intensive growth. GDP growth caused only by increases in the amount of inputs available for use (increased population, new territory) is called extensive growth. Economic growth has traditionally been attributed to the accumulation of human and physical capital and the increase in productivity arising from technological innovation (Lucas, 1988), division of labor is also fundamental to rising productivity.

## **THEORETICAL FRAMEWORK**

This study was anchored on the Relative Deprivation Theory. The theory is associated with Gurr(1970) dating back to ancient Greece. The theory asserts that insecurity originates from collective discontent caused by a sense of economic and social deprivation. According to Okoli et al.(2025), the theory employed insecurity to signify tension that emerges from disagreement between the “ought” and the “is” of collective satisfaction which prompts humanity to violence. The theory is premised on the construct that systematic failure manifests in high rate of unemployment which is a correlate of poverty and conflicts. The theory also asserts that people who are deprived of things deemed valuable in society join social movements or violent conflicts such as arm robbery, political thuggery, kidnapping etc

## **METHODOLOGY**

### **3.0 Introduction**

This section presented the research methodology used to analyse the impact of insecurity on economic growth in Nigeria from 1981 to 2025. It detailed the model specification, sources of data, and analytical techniques employed in the study. The aim was to provide an empirical understanding of the impact of insecurity that have affected Nigeria's economic performance during this period, using empirical data and robust econometric techniques.

### **3.1 Research Design**

The study adopted a quantitative research design, suitable for empirically investigating the causes of economic decline. This design facilitated the use of statistical tools to test relationships between insecurity and economic growth. Secondary data were utilized.

### **3.2 Sources of Data**

The research relied on secondary data sourced from World Bank Development indicators (2025).

### **3.3 Method of Data Analysis**

This study utilised quantitative analysis involving GDP, inflation, unemployment, government expenditure on security. This study used econometric methods of data analysis. Employed Pesaran, Smith and Shin's (2001) auto-regressive distributed lag (ARDL) and bounds co-integration techniques

to examine the relationship among the variables of interest. The ARDL method allows us to determine both the long-run and short-run impacts of remittances and financial development on poverty. The ARDL methodology was particularly chosen because of its acclaimed advantages over other techniques (Pesaran & Shin 2001; Nayaran 2004 & Pesaran et al. (1997). However, before estimating the parameters of the models, there was the need to verify the data generating process for each of the variables. This was done using the augmented Dickey-fuller (ADF) unit root test and Phillip-Perron unit root tests to confirm that the variables were stationary either at level, I(0) or first difference, I(1), but not at second difference I(2).

### 3.4 Model Specification

The study employed an econometric model based on the following assumptions:

1. The dependent variable is the economic growth rate (measured as the Gross Domestic Product (GDP) growth rate).
2. The independent variables include macroeconomic indicators such as inflation, unemployment rate. Additionally, governance-related factors, such as government expenditure on security, corruption were considered as variables that might influence economic performance.

A suitable model for this study is a multiple linear regression model, where the GDP growth rate is regressed on the explanatory variables that include inflation, unemployment rate, government expenditure on security, corruption.

**The model is specified as follows:**

$$GDP\_growth_t = \alpha + \beta_1 Inflation_t + \beta_3 Unemployment_t + \beta_5 GovExpenditure_t + \beta_6 Poverty_t + \beta_7 Corruption_t + \epsilon_t \dots\dots\dots 3.1$$

**Where:**

- $GDP\_growth_t$  = Economic growth rate (annual percentage change in GDP)
- $\alpha$  = Constant term
- $\beta_1, \beta_2, \dots, \beta_7$  = Coefficients of the respective variables
- $Inflation_t$  = Inflation rate (consumer price index, CPI)
- $Unemployment_t$  = Unemployment rate (%)

*GovExpenditure<sub>t</sub>* = Government expenditure on security (percentage of GDP)  
*Poverty<sub>t</sub>* = Poverty rate  
*Corruption* = Corruption perception index (CPI)

$\epsilon_t$  = Error term, t = time

The model was used to determine the relative importance of each factor in explaining the decline in economic growth in Nigeria from 1981 to 2025. This model is a modified model of Ajide (2014) by maintaining the dependent variable (Economic Growth) while the regressors were all changed.

$$\begin{aligned}
 \Delta GDP_t &= \\
 &= \alpha_0 \\
 &+ \sum_{i=1}^n \hat{\alpha}_1 \Delta(GDP)_{t-1} + \sum_{i=0}^{n1} \hat{\alpha}_2 \Delta(EXRVOL)_{t-1} + \sum_{i=0}^{n2} \hat{\alpha}_3 \Delta(OILPVOL)_{t-1} \\
 &+ \sum_{i=0}^{n3} \hat{\alpha}_4 \Delta(INF)_{t-1} + \sum_{i=0}^{n4} \hat{\alpha}_5 \Delta(GOSPN)_{t-1} + \sum_{i=0}^{n5} \hat{\alpha}_6 \Delta(POV)_{t-1} + \sum_{i=0}^{n6} \hat{\alpha}_7 \Delta(CPT)_t \\
 &+ Y_1(GDP) + Y_2(EXRVOL))_t + Y_3(OILPVOL)_t + Y_4(INF)_t \\
 &+ Y_5(GOSPN)_t + Y_6(POV)_t + Y_7(CPT))_t \\
 &+ \mu_{6t}
 \end{aligned} \tag{3.2}$$

To determine the presence of the co-integrating long-run relationship in the model, the F-statistics was employed. The calculated F-statistics was compared to the critical values tabulated by Pesaran *et al.* (2001) who computed two sets of critical values (lower and upper critical bounds) for a given significance level. One group shows that all variables are I(0) and the other group shows they are all I(1). Therefore, the  $H_0$  hypothesis test was rejected if the calculated F-statistics was greater than its upper critical value. This signified the existence of the co-integrating long-run relationship. But the  $H_0$  hypothesis was not discarded if the calculated F-statistics was below its lower critical value. This suggests that the long-run co-integration relationship did not exist. Finally, if the calculated F-statistics was between a lower bound and an upper bound, the test was deemed to be inconclusive. The short-run elasticities were derived by formulating the error correction models as f

$$\begin{aligned} \Delta GDP_t = & \alpha_0 + \sum_{i=1}^n \hat{\alpha}_1 \Delta(GDP)_{t-1} + \sum_{i=0}^{n1} \hat{\alpha}_2 \Delta(EXRVOL)_{t-1} + \sum_{i=0}^{n2} \hat{\alpha}_3 \Delta(OILPVOL)_{t-1} + \sum_{i=0}^{n3} \hat{\alpha}_4 \Delta(INF)_{t-1} \\ & + \sum_{i=0}^{n4} \hat{\alpha}_5 \Delta(GOSPN)_{t-1} + \sum_{i=0}^{n5} \hat{\alpha}_6 \Delta(POV)_{t-1} + \sum_{i=0}^{n6} \hat{\alpha}_7 \Delta(CPT)_{t-1} + \theta ECM \\ & + \mu_{6t} \end{aligned} \tag{3.3}$$

### 3.6 Data Analysis Technique

The collected data were analysed using time-series econometrics techniques to identify patterns and relationships between the variables of interest. The analysis involved the following steps:

1. **Descriptive Analysis:** The analysis commenced with a descriptive summary of all variables, including GDP growth rate, inflation rate, unemployment rate, exchange rate volatility, oil prices volatility, government expenditure. Measures such as mean, median, standard deviation, maximum and minimum values were computed to provide an initial understanding of the data distribution and variability.
2. **Stationarity Testing:** To avoid the problem of spurious regression, all variables were subjected to unit root testing using the Augmented Dickey-Fuller (ADF) test. This step was essential to determine the order of integration of each series. Variables found to be non-stationary at level were differenced appropriately to achieve stationarity.
3. **Regression Analysis:** The study adopted the ARDL technique as the principal estimation method to assess the relationship between GDP and the selected macroeconomic indicators. The model was estimated using EViews software.
4. **Diagnostic Tests:** A suite of post-estimation diagnostics was carried out to validate the robustness of the regression model. These included:

**Test for heteroscedasticity:** Using the Breusch-Pagan test to ensure constant variance.

**Autocorrelation test:** Using the Durbin-Watson statistic to detect the presence of autocorrelation.

**Normality test:** Using the Jarque-Bera test to check if the residuals are normally distributed.

5. Granger Causality Test: Finally, the Granger causality test was employed to determine the direction of causality between variables, particularly the predictive ability of variables such as oil prices and exchange rates on GDP performance.

## RESULTS AND DISCUSSIONS

This section presents and analyses the empirical results based on the objectives of the study. It also discusses the findings of the study in relation to other studies, highlights the limitations of the study. The descriptive statistics, correlation analyses, and stationarity of the data employed in the study were first performed before presenting the ARDL estimation results, Error Correction estimates and residual diagnostic test. These were followed by the discussions of the findings.

### *Descriptive Statistics of Variables*

Table 4.1 presents the summary of the descriptive statistics of the variables employed in the study. It shows the mean, the maximum, the minimum and the standard deviation of the data.

*Table 1: Descriptive Statistics (Observations = 42)*

	GOVSPE					
	CPT	GDPGR	ND	INF	POV	UNEMP
Mean	9.00	3.45	29.39	19.06	53.12	4.82
Maximum	28.00	15.30	12.80	72.84	69.10	8.20
Minimum	0.70	-10.90	5.80	5.72	27.10	3.07
Std. Dev.	11.49	4.64	37.02	16.45	11.24	1.42

**Source: Author’s Computation, 2026 using E-Views 10.**

From the table, the GDP which represents economic growth has a mean value of 3.45 and a standard deviation close to the mean of 4.64, it has a minimum value of -10.90 in 1983 and a maximum value of 15.30 in 2022, inflation (INF) has a mean of 19.06 and a standard deviation closer to the mean of 16.45 with a minimum value of 5.7 in 1986 and a maximum value of 72.84 in 1995.

The unemployment rate was high in 1992 and was low in 2023 with values of 8.20 and 3.07 respectively, it has a standard deviation of 1.42 which is closer to the mean value of 4.83.

Government expenditure has a mean of 29.4, standard deviation of 37.02 with a minimum of 5.8 and maximum of 12.8 in 2009 and 2020 respectively. The unemployment rate has a minimum and maximum of 3.07 and 8.20 in 2015 and 2023 respectively with a mean of 4.83 and a standard deviation of 1.42. Poverty has a mean of 53.12, minimum and maximum of 27.10 in 2017 and maximum of 69.10 in 2019

and a standard deviation of 11.24 while corruption index has a mean of 9.0, minimum and maximum values of 0.7 and 28 respectively with a standard deviation of 11.49.

Table 2: Correlation Analysis

	GOVSPE					
	CPT	GDPGR	ND	INF	POV	UNEMP
CPT	1.00					
GDPGR	-0.06	1.00				
GOSND	0.87	-0.02	1.00			
INF	-0.24	-0.22	-0.21	1.00		
POV	0.07	0.59	0.01	-0.31	1.00	
UNEMP	-0.13	-0.13	-0.18	0.15	-0.47	1.00

Source: Author’s Computation, 2026 using E-Views 10

Corruption index (CPT) has strong positive correlations with government spending (GOSND) with a value of 0.87 but weak positive correlation with poverty (POV) with a value of 0.07. However, a weak negative correlation exists between corruption index with economic growth (GDPR) with a value of -0.06, inflation (INF) with a value of -0.24 and unemployment (UNEMP) having a value of -0.13. A weak negative correlation exists between GDPGR and GOSND, INF and UNEMP having coefficients of -0.02, -0.22 and -0.13 accordingly but a weak and moderate positive correlation with OILVOL and UNEMP with the values of 0.22 and 0.59 respectively. GOSND has a weak negative correlation with INF and UNEMP with values of -0.18 and -0.21 accordingly but a strong and weak positive correlation with POV with value of 0.01 respectively. INF has weak negative correlations with POV with coefficients of 0.31 in an orderly manner but weak positive correlation with UNEMP with a value of 0.15 while a weak negative correlation exists between POV and UNEMP with a value of -0.20.

Table 3: Augmented Dickey Fuller Test

VARIABLES	ADF	C/VALUES	P.VALUES	ST. LEVEL	REMARK
GOVEXP	-7.819631	-2.936942	0.0145	I(0)	Stationary
INF	-5.324450	-2.954021	0.0000	I(1)	Stationary
RGDP	-10.36809	-2.936942	0.0000	I(1)	Stationary
UNEMP	-4.879721	-2.936942	0.0003	I(0)	Stationary

POV	-4.777586	-2.936942	0.0004	I(1)	Stationary
CPT	-6.931277	-2.936942	0.0000	I(1)	Stationary

**Source: Author’s Computation, 2026 using E-Views 10.**

The result of the Augmented Dickey Fuller (ADF) test showed that economic growth, poverty, corruption index, inflation were stationary at first difference I(1) while unemployment and government expenditure on security were stationary at level, I(0)

### 4.3 Empirical Results

#### Model 1: Impact of Insecurity on Economic Growth

##### 4.3.1 Optimal Lag length selection result for Model 1

The lag length selection was based on the Akaike Information criterion because it has the minimum values among all the selected criteria. Based on the results on Table 4.5, with maximum lag of 1, the selected Model was: ARDL (1, 3, 0, 0, 3, 3).

Table 4:

*Optimal Lag Length Selection Result for Model 1*

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-1361.137	NA	7.42e+19	68.45686	68.79464	68.57899
1	-1128.249	360.9770*	1.70e+16*	60.01244*	63.05243*	61.11161*
2	-1069.269	67.82690	3.25e+16	60.26345	66.00564	62.33964

**Source: Author’s computation, 2026 Using E-views 10.**

\* indicates lag order selected by the criterion; LR: sequential modified LR test statistic (each test at 5% level); FPE: Final prediction error; AIC: Akaike information criterion; SC: Schwarz information criterion; and HQ: Hannan-Quinn information criterion.

##### *Bounds Cointegration Test result for Model 1*

The calculated Fisherian statistic of the normalized equation as shown in Table 4.6 is 4.78, and is greater than both the lower bound critical values and upper bound critical values at 10% and 5% levels of

significance. Hence, the null hypothesis of no long-run relationship was strongly rejected, meaning that long-run relationship exists among the variables used in the model.

Table 5:

Bound Test

Test Statistics	Value	Significance	Lower bound I(0)	Upper bound I(1)
F-statistic	9.255541	10%	1.92	2.89
K	5	5%	2.17	3.21
		2.5%	2.43	3.51
		1%	2.73	3.9

Source: Author’s computation, 2026 Using E-views 10.

This implies that, government expenditure on security, inflation, poverty, corruption, unemployment and economic growth all had equilibrium conditions that kept them together in the long-run. This made it possible for the estimation of the long-run and short-run coefficient based on optimal ARDL model.

Table 6: Long -run Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
POV	0.303338	0.064287	4.718522	0.0001
UNEMP	1.677664	0.524984	3.195649	0.0034
INF	0.042263	0.040591	1.041205	0.3064
GOVSPEND	-0.001266	0.000760	-1.664499	0.1068
CPT	-0.181481	0.109437	-1.658315	0.1080
C	-15.32586	5.589179	-2.742059	0.0104

$$EC = GDPGR - (0.3033*POV + 1.6777*UNEMP + 0.0423*INF -0.0013*GOVSPEND -0.1815*CPT -15.3259 )$$

Source: Author’s Computation, 2026Using E-Views 10.

From the long-run result (Table 6), poverty impacted negatively on economic growth with a coefficient of 0.303338 and statistically significant with a probability value of 0.0001, implying that 1% increase in poverty will make economic performance to decline by 0.30% and supports theoretical assumptions, unemployment also impacted negatively on the economy with a coefficient of 1.677664 and a probability value of 0.0034. If the unemployment increases by 1%, economic growth will decline by 1.67%. which also agrees with apriori expectations

Government expenditure is statistically insignificant at 5% based on the probability value of 0.1068, which may arise due to expenditure on non-productive activities in the economy but aligns with theory based on the coefficient value of 0.001266. This means that 1% increase in government expenditure will increase the GDP by 0.0012 %. Inflation has a coefficient of 0.0422 and a probability value of 0.3064 which aligns with theoretical underpinning but statistically insignificant at 5% level. If the inflation rate increases by 1%, the economy performance will decline by 0.04%.

This means that the inflation is a mild and temporary one in the economy. Oil price volatility impacted negatively on economic growth and it is significant with a probability value of 0.0007 and a coefficient of 0.108980. It means that 1% increase in oil price volatility will decrease the GDP by 0.10% and is significant. Oil issue in Nigeria has made the economy to depend on the oil as the major source of revenue which are subjected to international prices and therefore makes the impact on economic performance. Contrary to expectations, corruption index is positively related to economic performance with a coefficient value of -0.181481 and statistically insignificant with a probability value of 0.1080.

Table 7:

Short-run Results (Selected Model: ARDL (1, 3, 0, 0, 3, 3))

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(POV)	0.108393	0.100039	1.083513	0.2875
D(INF)	-0.047264	0.030970	-1.526109	0.1378
D(GOVSPEND)	-0.003689	0.000866	-4.260936	0.0002
CointEq(-1)*	-0.994396	0.123561	-8.047794	0.0000

R-squared 0.662854

Adjusted R-squared 0.635518

Durbin-Watson stat 2.173270

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**Source: Author’s Computation, 2026 Using E-Views 10.**

In the short run, the analysis further showed that the coefficient of the error correction term (ECT) was statistically significant with the expected negative sign. The coefficient showed a convergence to equilibrium and suggested that about 99 % of the disequilibrium in the previous year was corrected in the current year. The coefficient of determination was good which is 0.66. It means that about 66% of the variation in economic growth in Nigeria was explained or accounted for by the explanatory variables included in model of the study while 34% variation were accounted for by other variables not captured in the model and were represented by the stochastic variable (error term).

***Diagnostics tests for Model 1***

Various diagnostic checks were conducted to ensure that the estimated model is efficient and consistent. The output from the tests are summarized in Table 4.9. The Breusch- Godfrey serial correlation test shows the absence of serial correlation in the model as clearly indicated by the F-statistics of 1.2446 with a probability value of 0.3041. The Breusch-Pagan- Godfrey test shows the absence of heteroskedasticity in the model as indicated by the F-statistics of 1.0196 with a probability value of 0.4546. The Ramsey RESET test indicates that the model is correctly specified as shown by the values of the F-statistics of 1.2483 with probability values of 0.2734 while the Normality test has F-statistic of 0.2443 with probability value of 0.8850. Generally, the calculated probability values for all test statistics were found to be greater than 0.05 significant levels.

*Table 8:*

***Diagnostics Test Results***

<b>Test</b>	<b>F-statistic</b>	<b>Degree of Freedom</b>	<b>Prob.</b>
Serial Correlation (Breush-Godfrey LM Test)	1.2446	F(2,27)	0.3041
Heteroskedasticity (Breush-Pagan Godfrey)	1.0196	F(11, 29)	0.4546
Model Specification(Ramsey RESET Test)	1.2483	F(1, 28)	0.2734
Normality Test (Jarque-Bera Statistics)	0.2443	Na	0.8850

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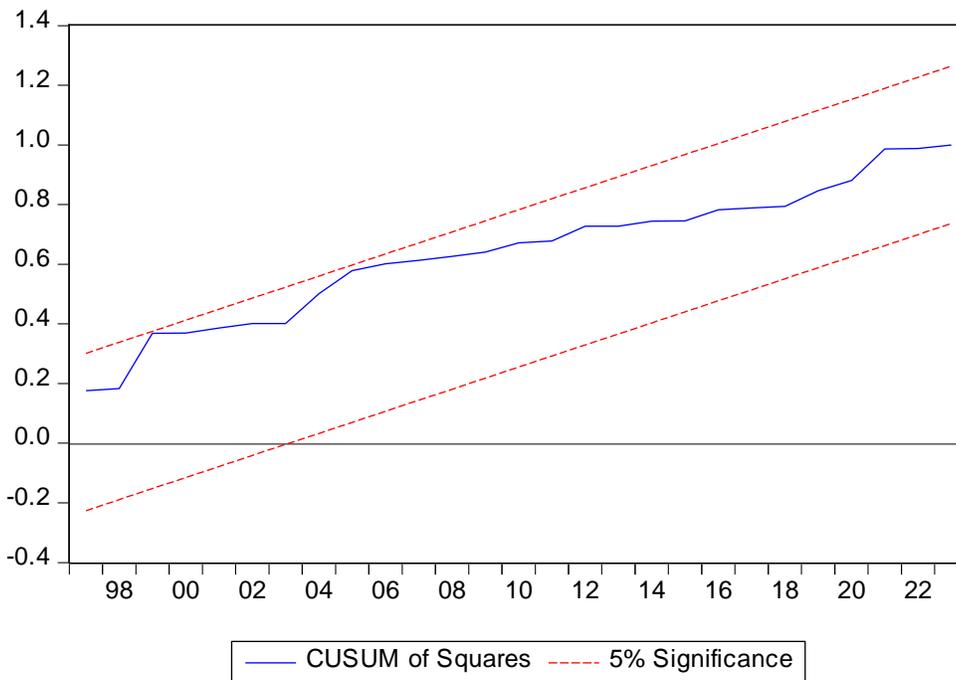
**Source: Author’s Compilation, 2026 Using E-Views 10.**

**Stability Test Results**

The study also confirmed the structural stability of the model using both cumulative sum of square residuals (CUSUM) and cumulative sum of squared recursive residuals (CUSUMSQ) tests. The blue lines in both the CUSUM and CUSUMSQ plots dwelled within the critical bounds at the 5% level of significance (see Figures 4.1 and 4.2).

*Figure 4.1:*

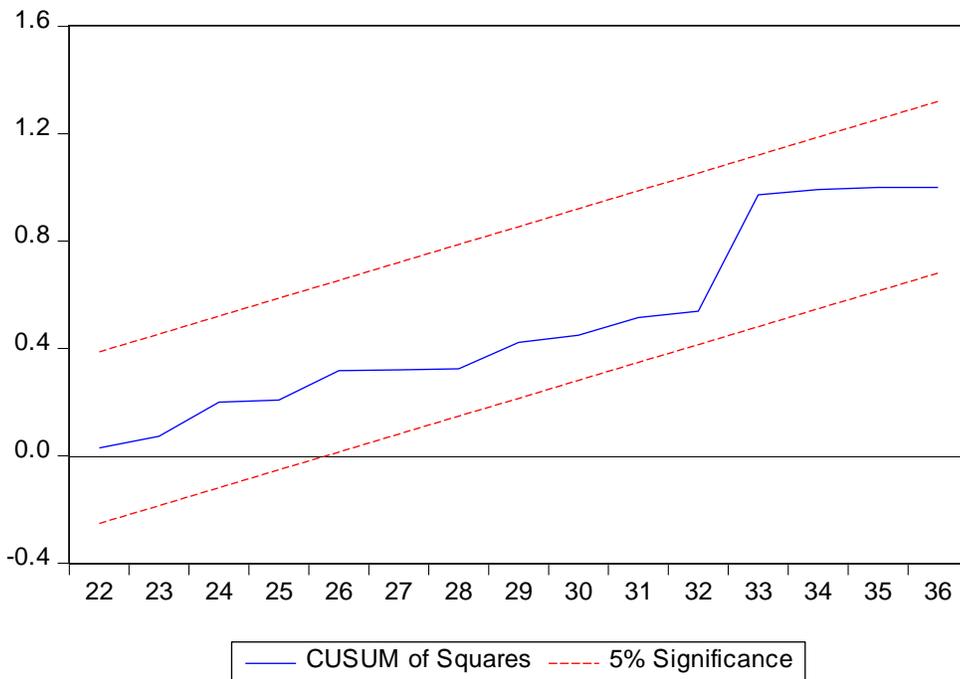
*Cumulative Sum of Squares (CUSUM) for Model*



**Source: Author’s Compilation, 2026 Using E-iews 10.**

*Figure 4.2:*

*Cumulative Sum of Squares Recursive Residuals (CUSUMSQ) for Model 1*



**Source: Author’s Compilation, 2026 Using E-Views 10.**

Inflation is viewed as a double-edged sword, as it positively and negatively impacts society. Although not statistically significant, this study found that inflation affected economic growth positively with a coefficient of 0.042, implying that 1 percent increase in inflation would increase output by about 0.04 percent, all else being equal. This positive aspect of inflation implies that it encourages spending, as people are motivated to buy goods and services before prices increase. Moderate inflation leads to increased investments as people seek higher returns to offset the impact of inflation. Inflation can also increase economic activity, resulting in new job opportunities and reduced unemployment rates, ultimately stimulating economic growth by increasing production and consumption (investopedia.com, 2025; strike.money.com, 2025). As noted by Ross (2025), inflation encourages spending and can increase production when the economy isn't running at full capacity. Thus, while high inflation erodes purchasing power, a small amount can be economically beneficial to the economy as moderate inflation will drive consumption and support economic growth. The finding of this study however supports the Phillips curve postulation, which shows that high inflation is consistent with low rates of unemployment, implying that there is a positive impact of inflation on economic growth. Bruno and Easterly (1996) examined the relationship between inflation and economic growth and found that this relationship exists only if there are high inflation rates.

Government expenditure Incidentally, government expenditure (GOV) influenced economic growth negatively during the study period. The finding of this study aligns with the neoclassical view, which claims that public expenditure has a harmful effect on growth. The neoclassicals argue that the expansionary fiscal policy has no positive effect on the economic activity. They reasoned that the recovery policies by government spending may even have depressive effects on the economy mainly because of crowding-out effects they exert on investment and private consumption. Normally, financing increased government capital expenditure through tax raise may slow down economic growth. This negative effect arises from less 64 efficient government capital expenditure crowding out more productive private capital expenditures. According to the neoclassical economists, if crowding-out causes a reduction in private investment, it also leads to a reduction in economic growth over the long term. A Keynesian perspective supports the use of public expenditure in promoting growth and development by stimulating aggregate demand especially during economic depression. This Keynesian view considers that the regulation of economic activity by government passes through counter-cyclical actions (Yovo, 2017). This study's finding is consistent with Laudau (1983) who found that government expenditure exerts a negative effect on real output for a sample of 96 countries. It also corroborates Abu-Bader and Abu-Qarn (2003) who found long run negative relationships existed between government spending and economic growth in Egypt, Israel, and Syria. Excessive or poorly managed government expenditures can slow economic growth by crowding-out private investment, fueling inflation, increasing debt burdens, and reducing efficiency in resource allocation. Nigeria's government expenditure has also grown significantly, but recurrent spending dominates, leaving infrastructure underfunded. Nigeria has witnessed a remarkable development gap, such that despite high expenditure, Nigeria remains among underdeveloped nations due to poor fiscal discipline and corruption. The negative relationship between government spending and economic growth requires a government policy that would: shift focus to capital expenditure (roads, power, education, health) to drive productivity; Improve fiscal discipline by reducing wasteful recurrent spending; Encourage private sector participation through public-private partnerships (PPPs), and strengthen anti-corruption measures to ensure funds are used effectively. Poverty is a major determinant that deny several people access to credit, access to finance, digital finance, microfinance and financial stability are channels through which financial inclusion supports sustainable macroeconomic growth in developing countries (Chavriya, Louis& Mark, 2023). The result of this study indicates that in the long run, economic growth rate in

Nigeria was positively and significantly affected by poverty rate, such that a percentage point increase in poverty would improve economic growth rate by 0.303 percentage points. A positive relationship between poverty and economic growth suggests that as the economy grows, poverty levels may also rise—highlighting structural weaknesses such as inequality, poor distribution of wealth, and exclusion of vulnerable groups. This paradox undermines sustainable development and signals that growth alone is insufficient to reduce poverty. A positive relationship implies that poverty rises alongside growth, meaning the benefits of growth are not reaching the poor Nigerians (Zhu et al, 2022). This often occurs in economies with high inequality, weak social safety nets, or growth concentrated in sectors that do not generate broad employment. If growth is driven by capital-intensive industries (oil, mining, finance), it creates wealth but not enough jobs. In such a Jobless Growth, poverty would persist because the majority cannot participate in or benefit from these sectors (Onyenama et al . 2024). Poverty in Nigeria is not simply about low income. It is multidimensional, reflecting inadequate access to education, healthcare, sanitation, infrastructure, and formal employment opportunities. This means poverty extends far beyond financial constraints and points to systemic failures in both governance and economic management. (Chukwu et al., 2025). The way forward entails the adoption of Inclusive Growth Strategies by investing in labor-intensive economic growth sectors such as agriculture and manufacturing to boost GDP vi). Unemployment: Although the general economic view favours a negative relationship, this study like few others, indicates a positive relationship between unemployment and economic growth, such that all else being equal, 1 percent increase in unemployment would increase GDP growth rate by about 1.68 percent. This is contrary to the popular Okun's classic law which posits an inverse relationship (Okun, 1962). This finding suggests a jobless growth', where output increases but jobs do not, or growth driven by informal sector and productivity gains. This finding corroborates Ademola and Badiru (2016), Sodipe (2008) Enejoh and 66 Tsauni (2017), Akeju and Olanipeun (2014) for Nigeria. They found a long run positive relationship between unemployment and economic growth. This finding can have several implications, often reflected in economic theories and empirical studies. A decrease in unemployment typically indicates economic growth, as more people are employed, leading to increased consumer spending, production, and overall economic activity. In a growing economy, businesses often expand and require more labor, which reduces unemployment rates. This can create a cyclical effect where higher employment further stimulates economic growth. As unemployment decreases, competition for workers can lead to higher wages. Increased income among workers can further enhance consumer spending and drive economic growth. A decline in unemployment may

however encourage firms to invest in technology and training to improve worker productivity, contributing to economic growth (Blanchard & Perotti, 2002; Ball & Mankiw, 2002; The finding of this study deviates from Seth, John and Dalhatu (2018) who found no long run relationship between unemployment and economic growth in Nigeria using data for the period, 1986 -2015. Aderemi, Ojelade et al. (2022) found that economic growth and unemployment rate have a significant positive relationship in the short run. vii). Corruption as a social factor, remains a significant barrier to Nigeria's economic growth. It erodes public trust, deters foreign investment, and diverts resources from essential services. Government officials often engage in corrupt practices, leading to inefficiencies in public service delivery and increased costs for businesses. This study finds that the level of corruption (COR) influenced economic growth negatively during the study period. This finding aligns with the perceived notion. It turns out that a percentage increase in corruption index would reduce economic growth by about 0.18 percentage points. This finding corroborates Onodugo and Ezeaku (2017), who examined the impact of corruption on economic growth in Nigeria and found that corruption negatively affects economic growth. 67 Corruption affects the economy daily making government projects costlier; contractors to do poor jobs, worsening state of infrastructure in the country, and helping unqualified students to gain admission into universities.

### **Conclusion**

The study investigated the impact of insecurity on economic growth in Nigeria within a time frame of 1981 to 2025. The study adopted a qualitative and quantitative approach using descriptive statistics, Auto regressive Distributed Lag(ARDL) and cumulative summary to analysed data sourced from the World development Indicators 2025. Findings from the study revealead a negative impact of insecurity on unemployment, inflation and poverty within the time period reviewed. The study concluded that many agitations arising from injustice and corruption from government officials worsen security crises in Nigeria.

### **Recommendations**

The following recommendations were made according to the findings of the study;

- i. Government should adopt “Inclusive Growth Strategies” by investing in labor intensive economic growth sectors such as agriculture and manufacturing to boost GDP.
- ii. Corruption in the country should be tackled and effectively combated through robust anti-corruption measures; the government should implement and enforce anti-corruption laws, encourage transparency, and build robust institutions.

- iii. Government should improve on its kinetic and non- kinetic approach to security matters especially by building trust amongst citizens.
- iv. Government should provide an enabling environment for entrepreneurs to thrive as this will create more jobs. Creation of job opportunities will increase per capita income and in turn increase economic growth.

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