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Poverty, Unemployment and Economic Prosperity in Nigeria

by

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Abstract

This work investigated comprehensively on poverty, unemployment and the paths to economic prosperity in Nigeria from 1990-2022. Ex-post facto research design was adopted in the course of achieving the stated objectives of this work. The objective was to investigate the effect of poverty and unemployment on the pathway of economic prosperity, and also to check if there is long-run relationship existing between poverty, unemployment and economic prosperity in Nigeria. In pursuant of the stated objectives of this work, ARDL Bounds Test technique was used. The study discovered negative and significant effect of poverty and unemployment on the pathway of economic prosperity in Nigeria. Long run relationship was found between poverty, unemployment and economic prosperity in Nigeria as validated by ARDL Bounds test. The Error Correction Model indicated that, 82.2% of the short-run distortions in economic prosperity are corrected annually to meet the long-run equilibrium. Recommendation was proffered that, since poverty and unemployment affect economic prosperity negatively both in the short-run and long-run, Nigerian government was advised to put in place policies and strategies towards ensuring that the level of poverty and unemployment in Nigeria is reduced because economic prosperity cannot take place in the midst of poverty and unemployment. The government was also advised invest more on in the area of technology and innovation development because it holds the key to economic prosperity of the country.

Key words: Poverty, Unemployment and economic prosperity

1. Introduction

Poverty and unemployment are twin challenges prevalent in developing economies, hindering economic development and prosperity. Egunjobi (2014), citing UNO (2001), noted that over four billion people worldwide are affected by poverty. Addressing both poverty and unemployment requires urgent and proactive measures to

foster economic growth and alleviate hardship. Poverty, a multidimensional and universal concern, is categorized into six groups in the African context by Anyanwu (1997): those below the poverty line with insufficient income for basic needs; individuals lacking access to basic services and support, including urban squatters; people in rural areas lacking essential infrastructure; female-headed households with inadequate nutrition; those who have lost jobs or are unemployed; and marginalized ethnic minorities facing economic, social, cultural, and political deprivation

According to Egunjobi (2014), poverty in Nigeria is considered a "scourge" that contributes to the nation's low development indicators, placing it among the poorest countries globally, despite its abundant human and natural resources such as oil, natural gas, and solid minerals. Egunjobi cites the World Bank (2001), which observed that 66 percent of Nigeria's population falls below the poverty line of about a dollar a day, compared to 43 percent in 1985, despite the country earning an estimated 280 billion US dollars from oil over the past thirty years.

Unemployment leads to poverty and undermines global social well-being by hindering human capacity development and resource utilization. According to the International Labor Organization (2020), unemployment is defined as being without a job and actively seeking employment within the past five weeks. The unemployment rate, calculated as the percentage of unemployed individuals in the labor force, reflects the extent of joblessness in a society.

In 2022, the global unemployment rate was 6.2 percent, with the rate for sub-Saharan Africa at approximately 18.8 percent. Nearly half of the unemployed individuals worldwide are young, despite comprising only 25 percent of the working population (Dorothea, 2022). Nigeria, one of the largest economies in Africa, faces persistent challenges of poverty and unemployment despite its vast resource base. With a population exceeding 220 million, Nigeria's economic growth has not translated into significant improvements in the standard of living for a larger segment of its populace.

The core of Nigeria's challenge with poverty and unemployment is a complex network of factors. One significant issue is the country's overdependence on oil revenues, which have not been effectively harnessed to stimulate broad-based economic growth and job creation. The volatility of global oil prices exacerbates this problem, leading to fluctuations in government revenue and impeding long-term planning and investment. Additionally, Nigeria's economic structure is characterized by a disproportionate focus on the extractive sector, with limited diversification into other productive industries. This reliance on a single sector makes the economy vulnerable to external shocks and limits opportunities for employment generation in non-oil sectors.

Moreover, rapid population growth outpaces job creation, resulting in high levels of unemployment, particularly among young people. Despite accounting for a significant portion of the population, youth often face barriers to entry into the labor market, including limited access to education, skills training, and job opportunities.

The consequences of poverty and unemployment are deep and wide-ranging. Beyond the economic toll, they contribute to social unrest, political instability, and

underdevelopment. Inadequate access to basic services including healthcare, education, and housing accentuates the vicious cycle of poverty, trapping individuals and communities in a state of deprivation.

Addressing these challenges requires a multifaceted approach that tackles both the immediate symptoms and the underlying causes. One key strategy is to promote inclusive economic growth through diversification and industrialization. By investing in sectors such as agriculture, manufacturing, and technology, Nigeria can create more opportunities for employment and wealth generation across various segments of society.

Moreover, targeted interventions are needed to improve access to education, vocational training, and entrepreneurship programs, particularly for marginalized groups and underserved communities. Equipping individuals with the skills and knowledge needed to participate in the modern economy is crucial for reducing poverty and empowering the workforce.

Social safety nets and welfare programs can also provide temporary relief for those most affected by poverty and unemployment, helping to mitigate the immediate impact while longer-term solutions are implemented. Additionally, measures to improve governance, reduce corruption, and enhance the business environment are essential for creating an enabling environment for sustainable economic development.

Addressing the entwined challenges of poverty, unemployment, and economic prosperity in Nigeria requires a comprehensive and coordinated approach. By addressing the root causes, investing in human capital development, and fostering inclusive growth, Nigeria can unlock its full potential and create a more prosperous future for all its citizens.

This paper investigates the relationship between poverty, unemployment, and economic prosperity in Nigeria, analyzing their sources, implications, and potential solutions. The paper is organized as follows: Part II provides a review of relevant literature, Part III outlines the methodology, Part IV analyzes the findings, and Part V concludes with a summary and remarks.

2. Literature Review

2.1 The Concept of Poverty and Unemployment

Poverty is commonly seen as the lack of or inadequate income to purchase the basic necessities of life like food, clothing and shelter; deprived inadequate access to basic utilities and services, environmental issues, poor infrastructure, illiteracy and ignorance, insecurity, low per capita consumption and poor health. To this end, every economic should aim at eradication poverty to stem the effect of poverty on her citizenry.

Ajakaiye and Ayedele (2000) asserted that poverty can be conceptualized as a function of education, health, child mortality and other demographic variables.

On the aspect of unemployment, the International Labor Organization (ILO) looked at unemployed as numbers of economically active population left who are

without work but available for and seeking work, including people who have voluntarily left work (World Bank, 2015). Okorie and Anowor (2017) asserted that, although there seems to be convergence on this concept, its applications have been bedeviled with series of problems across countries. They asserted that most published unemployment rates are recorded open unemployment. People's attitude on this varies from country to country. While this may be high in developed countries and where government is committed to resolving unemployment problem, it is likely to be very low in countries with opposite attitudes. Unemployment can be classified based on causes which impede the full utilization of human economic skills or potentials.

Onwioduokit (2006) asserted that the larger unemployment problem can be attributed to high rates of population growth, sluggish economic growth, the inability of whatever growth takes place to generate a commensurate proportion of jobs, and the lack of both supply and demand sides of the labour market; hence, any strategy for solving the unemployment problem must take due account of them. It is now well established that growth, while necessary, is not sufficient to expand employment. In other words, it has to be a labour-intensive growth.

2.2 Theories of Poverty and Unemployment

The theory of Individual Deficiencies:

This theory of poverty according to Addae-koranke (2019) asserts that the individual is responsible for their own poverty situation. Gans, (1995) and cited by Sameti et al (2012) believe that the individual factors that cause or fuel poverty include individual attitude, human capital, and welfare participation. Bradshaw (2006) blame the poor for creating their own problems arguing that with hard work and better choices the poor could have avoided and solved their problems. He further explained that poverty is caused by lack of genetic qualities such as intelligence that are not so easily reversed. This theory has got its root in American values and belief in the free market system, a system thought to provide opportunity for all. Rank (2004) and cited by Sameti et al. (2012) asserted that the belief in individualism places much emphasis on individual hard work, and responsibility to acquire basic needs including food, shelter and health care services. The theory based on the premise of American values and belief emphasizes that talent, virtue and hard work can lead to success and that individual poverty is an individual failing due to lack of motivation. The individual theory of poverty is criticized on the grounds that with the emergence of the concept of inherited intelligence in the nineteenth century, the eugenics movement went on to rationalize poverty and even sterilized those who appear to have limited abilities.

The theory of Cultural Belief Systems that Support Sub-Cultures of Poverty.

This theory focuses on the belief that poverty is created or caused by the transmission over generations of a set of beliefs, values, and skills that are socially generated but individually held (Bradshaw, 2006). Bradshaw (2006) further asserts that individuals are to blame because they are victims of their dysfunctional subculture or culture. It should be noted that this theory has its root in the "Culture of

Poverty”. The concepts of culture of poverty and social isolation or exclusion provide frameworks that explain how poverty is created and maintained in some neighborhoods or among some groups. The cultural and environmental factors relate to the influence of people’s residential environment that tends to shape poverty or success. According to Lewis, (1966) poverty is transmitted from generation to generation because children are socialized with values and goals associated with poverty. The culture of poverty as asserted by McIntyre (2002) holds that the poor could fight and break away from poverty. This theory is criticized by holding the poor responsible for their situation rather than social forces associated with poverty. As argued by Rank (2004), the blame-the –victim ideology used by politicians often focuses on character defects of the poor rather than the primary cause of poverty.

The theory of Economic, Political, and Social Distortions or Discrimination.

To the structural theorist’s poverty is due to the structure of the larger socioeconomic order Abdulai and Shirmshiry, (2014). Those who believe in this theory attribute the source of poverty to economic, political, and social system which causes people to have limited opportunities and resources with which to achieve income and well-being (Bradshaw, 2006). The theory also asserts that within a market-based competitive economic system, unequal initial endowments of talents, skills and capital which determine productivity of an individual cause poverty Davis and Sanchez-Martinez (2014).

This explains why eradicating poverty has not only been seen by policy-makers as the most important goal of human wellbeing; as it guarantees ejection of hunger, deletion of diseases, and provision of fecund lifestyle. According to Ajakaiye and Ayodele (2000) poverty can be conceptualized as a function of education, health, child mortality and other demographic variables.

The Classical Economic Theory and Unemployment

The classical theory, as analyzed by Pigou (1933) and Solow (1981), argues that the labor market consists of demand and supply of labor. Demand for labor is a derived demand, obtained from the declining portion of the marginal product of labor. The demand curve is a negative function of real wage in that if wages increase the quantity demand for labor will decline and the opposite is correct. The supply of labor is derived from worker's choice whether to spend part of time working or not working (leisure). Supply of hours worked is a positive function of the real wage, because if the real wage rises, workers supply more hours of work. In equilibrium, demand and supply of labor are intersected at a clearing point that determines the equilibrium real wage rate and full employment. Unemployment,

Furthermore, the New Classical economists believe that as agents continues to optimize, markets will continue to clear, and this implies that involuntary unemployment does not exist. What exists is voluntary unemployment which occurs

when rational people voluntarily decide not to work and withdraw their services from the labour market for some reasons.

The New Keynesian school of thought are of the opinion that unemployment arise involuntarily, and they try to adduce reasons why wage does not respond quickly to shifts in the supply and demand in the labour markets and wage rates do not change every time demand or supply shifts. They believe equilibrium in the labour market may not be achievable for extended periods of time and thus unemployment sets in during this period referred to as economic recessions and excess demand during periods of boom. The traditional Keynesians assume that unemployment is as a result of market failure arising out of the imperfections of the free market economy.

Unemployment in the Theory of Innovation

This theory was developed by the German economist Von Mangoldt (Ekelund and Hebert 2007) wrote a book about entrepreneurial profits in 1855 and connected profits to risk. He provided several ways by which the entrepreneur can make profits. These ways are (1) finding particular markets, (2) acquisition of productive agents, (3) skillful combination of factors of production, (4) successful sales policy, and (5) innovations. And it is well understood proposition that entrepreneurial profits will increase employment (Mouhammed 2010). Schumpeter (1934) does not provide explicitly a theory of unemployment but his theory of the business cycle does demonstrate clearly how unemployment can be reduced. Innovation which creates more jobs relative to job destruction is the basic force beyond the increases in employment and the decreases in unemployment (Vecchi, 1995). When entrepreneurs innovate something new such as the production of a new product, the finding of a new market, the finding of a new method of production, and the introduction of new technologies and a new organization they increase investments to materialize those innovations. Domestic investment expenditures will increase demand on economic resources and will increase their prices. Other entrepreneurs will imitate the leaders by adopting the new innovations. Labor and materials will be employed to produce the new items. Consequently, wages will be increasing and unemployment will be declining, assuming that employment creation will outweigh employment destruction due to the new innovations. Schumpeter started his analysis by explaining economic development. By development, which is the essential part of his endogenous dynamic economics, Schumpeter (1934) means the “changes in economic life as are not forced upon it from without but arise by its own initiative, from within.

2.3 Empirical Literature

Karikari-Apau and Abeti (2019) investigated how low employment rate in China affects economic growth using the Phillips Perron Test and the Augmented Dickey-Fuller Test. The short-run and long-run cointegration were evaluated utilizing the (ARDL) cointegration and the ARDL Bounds analysis. The outcomes indicated that low

employment rate and economic progress have an inverse persistent and momentary relationship. Also, the causality analysis showed that there was no causality between economic expansion and low employment rates.

Adelowokan *et al* (2019) investigated the links between unemployment, poverty and economic growth in Nigeria between the periods, 1985-2015. They employed the Augment Dickey Fuller test for unit root test, Johansen cointegration test, Ganger causality test and Error Correction Model to establish the short-run links between the variables. The short-run parameter estimates indicated that unemployment has a negative and significant relationship with growth. The coefficient of the interaction between unemployment and poverty was positive and significant at the conventional level. They recommended the need for stable macroeconomic policies that would ensure equal distribution of income so that the poor also benefits from the country's growth.

Adeleye, Gershon and Ogundipe (2020) made a comparative investigation of the growth-poverty-inequality trilemma in sub-sahara Africa and latin America and Caribbean countries (2000 – 2015) to determine whether economic growth reduces the incidence of poverty, if income inequality enhance or alters it impacts on poverty, the adopted multi-analytical approach using pooled ordinary least square, fixed effects and system GMM which revealed that economic growth exhibit poverty reduction properties; growth rate of poverty-inequality intensifies poverty; inequality aggravates the impact of growth on poverty and growth-poverty-inequality trilemma differs across income groups and regions samples. The study submitted that the interaction of income-inequality dampens the positive impact of economic growth on incidence of poverty and supported the argument that the extent of inequality lessens the effect of inclusiveness.

Ridlo and Sari (2020) studied the effect of unemployment, economic growth on poverty with Zakat as a moderate variable. Using secondary data, they employed panel data model to analysis the annual data from unemployment, economic growth, zakat and poverty from six provinces in Java in 2012-2017. They further tested the data using multiple linear regression models and moderated regression analysis. Their result showed that unemployment had a significant positive effect; economic growth had no significant positive effect while zakat was able to moderate the unemployment variable towards poverty, and unable to moderate economic growth to poverty.

Dauda (2020) conducted a study on unemployment, poverty and economic growth in Nigeria and adopted Pearson correlation, granger causality test and the impulse response function (IRF). The result of the trend and correlation analysis showed a weak negative relationship between economic growth and poverty, economic growth and unemployment rate; a moderate relationship between poverty rate and unemployment. He concluded that output growth was exclusive of the poor and recommended that stable macroeconomic policies should be adopted to ensure equal distribution of income to attract the poor and unemployed into the mainstream to promote inclusive growth.

Aderounmu *et al* (2021) examined the key principle influencing poverty rate in Nigeria and their implications for policy intervention. They adopted autoregressive distributed Lag (ARDL) model. They found that unemployment increased poverty by 1.4;

1.5 and 3.3 percents in the short run while inflation reduced unemployment by 0-08 percent in the short run implying that unemployment causes poverty while inflation, public resource devoted to austerity programmes and economic growth reduces poverty in the short run. They recommended that government should adopt adequate measures and conducive environment to encourage more business operations in the country.

Obasanmi and Akinrogonde (2022) studied the causal relationship between low employment rates and economic growth in Nigeria between 1981 and 2020. Error correction method was used to analyse the causal relationship between the low employment rate and economic upturn in Nigeria. Their result revealed that there was a persistent correlation between the low employment rate and the economic upswing in Nigeria. The low employment rate was significantly inversely correlated with Nigeria's economic growth both in the short and long hauls. The result of the Granger causality analysis indicated a unidirectional causality running from unemployment to economic growth in Nigeria.

Harsono *et al* (2023) studied the determinant of economic growth, poverty and unemployment: a path analysis using quantitative approach with path analysis in Cities and Regencies in Bali Province for the 2015-2021 period, using multiple linear regression methods. Their results showed that Regional Original Income (PAD), development expenditures, and regional minimum wages had a significant and positive effect on economic growth. PAD and regional minimum wages had a significant and positive effect on poverty, and development spending has a significant and negative effect. PAD did not affect unemployment. Development spending and regional minimum wages significantly and positively affect unemployment. They recommended that the regency and city governments of the province of Bali should issue policies that minimize the occurrence of unemployment such as creating jobs, improving the quality of the workforce, and developing the transmigration program.

Omotayo *et al* (2023) examined the impact of unemployment on economic growth in Nigeria using bound test and ARDL approach and their data was sourced from the publications of World Bank-World Development Indicator, International Labour Organisation and Central Bank of Nigeria (CBN Statistical Bulletin) from 1980 – 2019. They found that unemployment had a positive and significant impact on economic growth both in the short run and in the long run. Furthermore, based on the findings, the paper recommended the introduction of programmes and policies that will promote enabling business environment to enable the teeming unemployed population to contribute to economic growth in Nigeria

Given the gap in literature as there is no recent work that assess poverty, unemployment and paths to economic prosperity in Nigeria, the work therefore aimed to fill this gap and contribute to the pool of research bank and knowledge to solved the complexities of poverty and unemployment in Nigeria.

3. Materials and Methods

This paper adopted Egunjobi (2014) who studied Poverty and Unemployment Paradox in Nigeria and formulated his model as follows:

$$PCI = \beta_0 + \beta_1 UNE + \beta_2 CAF + \beta_3 EDU + \mu_t$$

Where; poverty rate proxied by per capita income, UNE (Unemployment Rate); CAF (Public Expenditure on Capital proxied by per Capita Government Gross Capital formation); EDU (Investment in Human resources proxied by per Capita Government Capital Expenditure on Education). Therefore, the model of this work is specified as follows:

$$EP = f(PI \text{ and } UEM) \text{-----} (1)$$

$$EP_t = \beta_0 + \beta_1 PI_t + \beta_2 UEM_t + \beta_3 GEXSOC_t + \beta_4 TECHN_t + \beta_5 GEXECONS_t + \beta_6 LEXP + \beta_7 AICT + \mu_t \text{-----} (2)$$

Where:

- EP = Economic Prosperity (proxied as Human Development Index)
- PI = Poverty Index
- UEM = Unemployment
- LEXP = Life Expectancy
- AICT = Access to Information and Communication Technology
- GEXSOC = Government Expenditure on Social/Community Services
- GEXECONS = Government Expenditure on Economic Services
- TECHN = Technology and Innovation Development (proxied as professional, scientific and technical services)
- β_s 's = parameters to be estimated
- t = time series of the estimated variables
- μ = error term

A-Priori Expectations

$\beta_1 < 0$; $\beta_2 < 0$; $\beta_3 > 0$; $\beta_4 > 0$; $\beta_5 > 0$; $\beta_6 > 0$; and $\beta_7 > 0$; The sign (> 0 or < 0) associated with the β 's represents the apriori expectation of each explanatory variable used in the study. An explanatory variable with a $B > 0$ (positive parameter) is expected to have a positive impact on the independent variable and vice versa.

3.1 Nature and Sources of Data

The data used in this work are secondary data. They are sourced from annual time series from the period of 1990 to 2022. All data were obtained from National Bureau of Statistics (NBS), Central Bank of Nigeria Statistical Bulletin (CBN) and World Bank.

Unit Root Test

The unit root was conducted to ascertain the order of integration (or stationarity) of a given series. In testing for the stationarity of the series, the Augmented Dickey Fuller (ADF). The test was conducted under the constant and trend assumption on the level and first difference of the series. The unit root was conducted to ascertain the order of integration of the variables. This is because regressing a non-stationary time series variable will produce a spurious result – a strong relationship between two or more variables that is not caused by a real underlying causal relationship (Studenmund, 2017). Given a time series variable, say X, test equation is presented below:

$$\Delta X_t = \alpha_0 + \alpha_1 X_{t-1} + \sum_{i=1}^m \alpha_2 \Delta X_{t-i} + \varepsilon_t \quad \text{-----}(2)$$

And that

$$\Delta X_t = \alpha_0 + \delta t + \alpha_1 X_{t-1} + \sum_{i=1}^m \alpha_2 \Delta X_{t-1} + \varepsilon_t \quad \text{-----}(3)$$

Where X_t is a time series, t is a linear time trend, Δ is the first difference operator, β_0 is a constant, i is the optimum number of lags in the independent variables, and ε_t is random error term. The null hypothesis for the test is that X_t contains a unit root and is specified as follows:

$$H_0: a_1 = 1$$

Against the alternative hypothesis, that there is no unit root, expressed as:

$$H_0: a_1 < 0$$

If the estimate a_1 is significantly less than 0 as measured by a τ -statistic (read as tau statistic), then we will then reject the null hypothesis of unit root; this implies that the variable is stationary. If the estimated a_1 is not significantly; less than 0, then we will reject the null hypothesis of a unit root; implying that the variable is not stationary.

Autoregressive Distributed Lag (ARDL) Bounds Test Co-integration

The test for long-run equilibrium relationship is conducted. But before this is done, it is pertinent to specify the models in their algebraic forms below:

$$\begin{aligned} \Delta EP_t = & \pi_0 + \sum_{i=0}^p \pi_1 PI_{t-i} + \sum_{i=1}^q \pi_2 \Delta UEMI_{t-i} \\ & + \sum_{i=1}^q \pi_3 \Delta GEXSOC_{t=i} + \sum_{i=1}^q \pi_4 \Delta GEXECONS_{t=i} \\ & + \sum_{i=1}^q \pi_5 \Delta TECHN_{t-i} + \sum_{i=1}^q \pi_6 \Delta LEXP_{t-i} + \sum_{i=1}^q \pi_7 \Delta AICT_{t-i} + \lambda ECM_{t-1} \\ & + \mu_{it} \text{-----} \quad (3) \end{aligned}$$

4. Data Analysis and Discussion of Findings

Table 4.1: Correlation Matrix Test Result among Variables in the Model

	EP	PI	UEM	GEXSOC	TECHN	GEXECONS	AICT
EP	0.030						
PI	0.017	1					
UEM	0.053	0.172	1				
GEXSOC	-0.034	0.049	0.2604	1			
TECHN	-0.043	-0.207	0.159	-0.615	1		
GEXECONS	0.073	0.138	-0.021	0.001	0.061	1	
AICT	0.074	0.269	0.269	-0.217	0.323	0.357	1

Source: Authors' Computation 2024

From the table 4.1, it can be observed that all the matrix elements outside the leading diagonal are less than 0.8 which confirms absence of multi-collinearity, according to Cooper and Schindler (2009).

Table 4.2: Unit Root Test

Variables	Level	1st Difference	2nd Difference	Order of Integration
EP	-5.801 (0.000)**	-----		1(0)
PI	-6.410 (0.000)**	-----		1(0)
UEM	-5.332 (0.000)**	-----		1(0)
GEXSOC	-5.332 (0.002)**	-----		1(0)
TECHN	-3.669 (0.009)**	-----		1(0)
LR	-6.448 (0.000)**	-----		1(0)
GEXECONS	-2.877 (0.000)**	-----		1(0)
AICT	-0.968 (0.291)**	16.051 (0.00)**		1(1)

Augmented Dickey-Fuller Test Results for Variables in the Model

Source: Authors' Computation 2024

Note: ** ADF probability values at 5% level of significance

Augmented Dickey-Fuller test (ADF) unit root test for the variables used in model 1 are presented on Table 4.2. The unit root test result for variables in the model are in mixed order of integrations (levels and first difference). Economic Prosperity, Unemployment, Technology and Innovation Development, Government Expenditure on Social/Community Services, and Life Expectancy were all stationary at level with application of ADF. Access to Communication Technology was stationary at first difference with the application of ADF. The outcome of the result of unit root as presented on table 4.2 necessitates the test for long run relationship (i.e., a test for cointegration), it comes appropriate to adopt ARDL Bounds test.

Table 4.3: ARDL Optimal lag length selection Criteria for the Model
The optimal lag lengths for model 2

Dependent	Regressor	Total number of variables significant	Dependent	Regressor	Total number of variables significant
1	1	9	2	2	2

Tables 4.4: ARDL Bonds Test Result for the model

Model	F-Statistic = 5.414	
EP= f(PI, UEM,GEXSOC, GEXECONS, TECHN, LEXP, and AICT)	K = 10	
Critical Values	Lower Bound	Upper Bound
10%	1.76	2.77
5%	1.98	3.04

Source: Authors' Computation 2024

Similarly, the F-statistic (5.414) is greater than lower and upper bounds value at 5% level (1.76 and 1.98), therefore, the null hypothesis of no long-run relationship is rejected and conclude that there is level long run relationship existing among dependent and independence variables.

Dependent Variable: Economic Prosperity

Table 4.5: ARDL Error Correction Regression Estimate of the Short-Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PI)	-1.482	0.2005	-7.391	0.000**
D(GEXSOC)	0.053	0.026	2.010	0.058**
D(GEXECONS)	0.358	0.099	3.608	0.002**
D(LEXP)	23.926	4.937	4.845	0.000**
D(TECHN)	0.524	0.481	1.0882	0.290
D(UEM)	-0.734	0.267	-2.747	0.013**
D(AICT)	-0.014	0.008	-1.744	0.097*
ECM _{t-1}	-0.822	0.137	-10.128	0.000**

Source: Authors' Computation 2024

**** indicates level of significant at 5%**

***significant level at 10%**

R²= 0.879 (87.9%)

Adj. R²= 0.735(99.7%)

F-Statistic = 50.007

Prob(F-statistic) = 0.000

Akaike info criterion = 7.358

Schwarz criterion = 7.663

Durbin-Watson stat = 2.098

The results of the short-run error correction regression for the model, as shown in Table 4.5, reveal the impact of the short-run coefficients of the variables on economic prosperity. The Error Correction coefficient (ECM) displays the correct sign and is statistically significant. This confirms the existence of a long-run relationship among the variables, suggesting that in the event of any disequilibrium, food security in Nigeria will adjust itself from the short-run towards reaching long-run equilibrium at a rate of 82.2%.

Additionally, Table 4.5 indicates that the model fits well with an R-squared value of 0.879, meaning that 87.9% of the variation in food security is explained by its variables.

The remaining 22.1% is attributed to the stochastic error term in the model. According to Gujarati (2009), if the R-squared is greater than the Durbin-Watson Statistic, then the estimated regression model may produce spurious results. However, with a Durbin-Watson (DW) value of 2.098 (approximately 2), which is less than the R-squared value of 79.9, it indicates that the result is not spurious and further suggests that the model is free from autocorrelation.

The ECM result in Table 4.5 reveals that some variables used in the study conform to the a-priori expectations, while one variable, Access to Information and Communication Technology, does not. Specifically, the Unemployment rate exhibits a negative relationship with economic prosperity in the short run, as expected. The Poverty Index on Security also shows a negative relationship with economic prosperity in Nigeria in the short run, aligning with the a-priori expectation. However, Access to Information and Communication Technology displays a negative relationship with economic prosperity in Nigeria, contrary to the a-priori expectation. Additionally, Life Expectancy in Nigeria demonstrates a positive relationship with food security, as anticipated; Technology and Innovation Development in Nigeria reveals a positive relationship with food security, supporting the a-priori expectation. Government Expenditure on Social Services exhibits a positive relationship with economic prosperity, as expected, and Government Expenditure on Economic Services shows a positive relationship with economic prosperity, aligning with the a-priori expectation.

Analyzing the results from Table 4.5, the coefficient of the Poverty Index is -1.482, indicating that a one-unit increase in the poverty level exerts a negative and significant influence of 1.5 units on economic prosperity in Nigeria. The coefficient of Government Expenditure on Social/Community Services is 0.053, signifying that a one-unit increase in government expenditure on social services exerts a positive and significant influence of 0.05 units on economic prosperity in Nigeria. Moreover, the coefficient of Access to Information and Communication Technology is -0.014, indicating that a one-unit increase in access to information and communication technology exerts a negative effect of -0.014 units on economic prosperity in Nigeria. The coefficient of Life Expectancy is 23.926, suggesting that without lag, life expectancy exerts a positive and significant increase of 23.9 units on economic prosperity in Nigeria. The coefficient of the Unemployment rate is -0.734, demonstrating that a one-unit increase in the unemployment rate exerts a negative and significant effect of 0.7 units on economic prosperity in Nigeria. Finally, the coefficient of Government Expenditure on Social Economic Services is 0.358, indicating that a one-unit increase in government expenditure on economic services in Nigeria leads to a 0.40 unit increase in economic prosperity.

Table 4.6: Estimate of the Long-Run Coefficients for the Model

Dependent Variable: Economic Prosperity

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PI	-1.364	0.435	3.131	0.005**
GEXSOC)	0.142	0.069	2.071	0.052*
GEXECONS	0.311	0.224	1.391	0.180
LEXP	1.725	0.806	-2.138	0.045**
UEM	-0.650	0.652	-0.997	0.3310
TECHN	0.048	0.043	-1.108	0.281
AICT	0.246	0.181	1.358	0.190

Constant 7.545 52.024 0.145 0.886

Source: Authors' Computation 2024

**** indicates level of significant at 5%**

***significant level at 10%**

The Poverty Index exhibits a negative and significant long-run relationship with Economic Prosperity in Nigeria. With a coefficient of -1.364 units, it indicates that a unit increase in the poverty level will result in a significant decrease of 1.4 units in economic prosperity in Nigeria.

On the other hand, the coefficient of Government Expenditure on Social/Community Services demonstrates a positive and significant influence on Economic Prosperity in Nigeria. This suggests that a unit increase in government expenditure on social services leads to a 0.142-unit improvement in economic prosperity in the long run.

Access to Information and Communication Technology shows a positive but insignificant long-run influence on economic prosperity, with a coefficient of 0.246 units. This implies that a unit increase in access to information and communication technology has a positive but insignificant effect on economic prosperity in Nigeria over the long term.

Life Expectancy has a positive and significant long-run coefficient, indicating its influence on economic prosperity in Nigeria. With a coefficient of 1.725 units, it implies that life expectancy positively affects economic prosperity in the long run.

Moreover, the coefficient of Government Expenditure on Economic Services is positive and significant, with a value of 0.311 units. This means that a unit increase in government expenditure on economic services results in a 0.3-unit improvement in economic prosperity in Nigeria in the long run.

From table 4.7, it is evident that the value of the histogram normal distribution is not statistically significant at the 5% level of significance, with a p-value of 0.712. This indicates that the error term is normally distributed, meeting the required assumption. The F-Statistic value for the Serial Auto-Correlation (0.037) is also statistically insignificant at the 5% level, with a p-value of 0.964. Consequently, the null hypothesis of no serial correlation is upheld, suggesting that the model is free from autocorrelation.

Table 4.7: Summary of Diagnostics Test Result for Model

Dependent Variable: Economic Prosperity

Test	Null Hypothesis	F-Statistics	Probability Value
Normality Test	No Normal Distribution	0.677	0.712
LM Test	No Serial Auto-Correlation	0.037	0.964
ARCH	No Heteroscedasticity	0.634	0.431
Ramsey Reset Test	No Misspecification	1.098	0.559

Source: Authors' Computation 2024

Regarding the heteroscedasticity test, the F-Statistic (0.634) is not statistically significant, with a p-value of 0.431. Thus, the null hypothesis of no heteroscedasticity cannot be rejected, indicating homoscedasticity in the regression results, characterized by constant variance.

In the Ramsey RESET test for misspecification, the F-Statistic value (1.098) is not statistically significant at the 5% level, with a p-value of 0.559. Hence, the null hypothesis of no misspecification is accepted.

In summary, the statistical tests reveal that the error term follows a normal distribution, the model is free from serial correlation, homoscedasticity is present in the regression results, and there is no evidence of misspecification.

5. Conclusion and Recommendations

Conclusion

This study found that poverty has a significant negative impact on economic prosperity in Nigeria, both in the short and long term. Additionally, it identified a significant negative relationship between the unemployment rate and economic prosperity in Nigeria. Moreover, controlling for other variables such as government expenditure on social/community services, life expectancy, government expenditure on economic services, and technology and innovation development, this study observed a positive and significant impact on economic prosperity in Nigeria. However, access to communication and information technology had a negative and significant influence on economic prosperity in the short term, while it showed a positive but insignificant relationship in the long term.

Recommendations

- i. Governments must prioritize the implementation of comprehensive policies and strategies to mitigate poverty and reduce unemployment rates in Nigeria. Poverty is a significant impediment to economic progress and must be addressed to pave the way for sustained prosperity. Without tackling the root causes of poverty, the prospects for achieving economic growth remain limited.
- ii. In addition to poverty alleviation measures, the Nigerian government should focus on investing in technology and innovation development. This investment is crucial for driving economic growth and fostering competitiveness in the global economy. By prioritizing technological advancements, Nigeria can leverage its human capital and natural resources more effectively, leading to increased productivity and overall economic prosperity.
- iii. Furthermore, sustained investment and improvement in government expenditure on social and community services are vital for fostering economic development. Investments in education, healthcare, and infrastructure not only improve the quality of life for citizens but also contribute to a more conducive environment for economic activities. Adequate social services provide a foundation for human capital development, which is essential for long-term economic growth and prosperity.

- iv. Similarly, enhancing government expenditure on economic services, such as infrastructure development, industry support, and entrepreneurship initiatives, is crucial for driving economic prosperity. These investments create employment opportunities, stimulate private sector growth, and attract domestic and foreign investments, all of which are essential for a thriving economy.
- v. Moreover, upgrading primary healthcare facilities across Nigeria with modern equipment and resources is essential to improve the country's life expectancy rate. A healthier population is not only a desirable social outcome but also a critical factor for economic prosperity. Improved health outcomes lead to a more productive workforce, lower healthcare costs, and increased human capital accumulation, all of which contribute to overall economic growth and development.

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