EXPLORING THE ROLE OF INSTITUTIONAL QUALITY IN THE POVERTY-INSECURITY NEXUS IN NIGERIA

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Abstract

Policymakers are considering viable alternative approaches to attaining the United Nations Sustainable Development Goal 16, which aims to reduce insecurity. This is particularly pertinent in many developing countries, such as Nigeria, where insecurity is more pronounced. The study examines the role of institutional quality as a moderator in the relationship between poverty and insecurity in Nigeria, utilizing annual data from 1994 to 2022. To address potential endogeneity among the variables, the study employs the Generalized Method of Moments (GMM). The empirical results show a positive and significant correlation between poverty and insecurity in Nigeria, with higher poverty rates leading to greater insecurity. Furthermore, the study reveals that institutional quality negatively and significantly influences insecurity, suggesting that stronger institutions can help lower insecurity levels in Nigeria. Furthermore, the interaction between institutional quality and poverty has a positive and significant impact on insecurity, indicating that indicating that higher levels of institutional quality can amplify the negative effects of poverty on insecurity in Nigeria. The study concludes that poverty is a primary driver of insecurity, with rising poverty levels posing a significant threat to Nigeria's economic stability. Therefore, policies aimed at improving governance, transparency, and accountability, alongside poverty alleviation efforts, thus mitigating the root causes of insecurity are recommended for policy makers.

Keywords: Insecurity; Poverty; Institutional Quality; GMM.
JEL classification: O38, D72, I38

1. INTRODUCTION

Insecurity has become a widespread challenge in Nigeria, with the country experiencing various forms of violence, crime, and insurgency over the past two decades. The south-west is experiencing a surge in cybercrime, armed robbery, abductions, domestic offenses, extrajudicial killings, farmer-herder clashes, ritual homicides, and bandit activities. In the south-east, issues such as ritual murders, economic crimes, separatist uprisings, abductions, farmer-herder confrontations, assaults by unidentified gunmen, and banditry are common. The south-south faces challenges ranging from militancy, abductions, and ecological activism. In the north-east, a prolonged humanitarian crisis continues, driven by the Boko Haram rebellion and the activities of the Islamic State in West Africa Province (ISWAP). Meanwhile, the north-west is deeply affected by illegal mining, ethnoreligious violence, and rampant banditry (Faruk and Abdullahi, 2022). The stability of the nation has been threatened by these security issues, which have also widened social and economic divides. During the first half of 2021, an average of 13 people were kidnapped daily in Nigeria, marking a shift toward ransom demands as a key source of revenue for kidnappers.

This pattern resulted in the abduction of an alarming 2,371 individuals by 2022. By 2024, police reports documented more than 100 kidnapping cases (Agbakwuru and Wuyo, 2024). The surge in abductions has amplified public anxiety and fear, leaving many feelings more exposed to such dangers. Nigeria consequently lost N119 billion, or 11% of its GDP in 2022, because of the country's increasing violence. Similarly, insecurity and other issues caused N12 trillion worth of projects to be abandoned throughout Nigeria (Agbelusi, 2022). Similarly, the Institute for Economics and Peace's 2021 global peace index placed Nigeria at 146th place out of 163 nations with a score of 2.712, while the country was ranked 39th out of 44 sub-Saharan African nations (Statista, 2023). Nigerian insecurity has many underlying reasons, but poverty and bad governance are major ones (Okolie et al., 2019).

Poverty is both a cause and a consequence of insecurity. In northern Nigeria, where poverty rates are the highest, there is a strong correlation between economic deprivation and the rise of violent extremist groups like Boko Haram. Studies suggest that poverty creates fertile ground for recruitment into insurgent groups, as individuals with limited economic opportunities are more likely to join these groups either for financial incentives or as a means of expressing frustration with the state’s failure to provide basic services (Chukwuma and Iortyer, 2014). In rural areas, banditry and kidnapping have surged due to economic desperation, with criminal activities often seen as viable options in the absence of legitimate income sources (Ityonzughul and Jonah, 2023). Insecurity further perpetuates poverty by disrupting economic activities, especially in agriculture, trade, and education. Farmers in conflict-prone areas are frequently displaced, leading to food shortages and inflation, while schools are closed due to kidnappings, depriving children of education. Insecurity also scares away investments and development projects, exacerbating the poverty-insecurity cycle (Kimenyi et al., 2014). As insecurity grows, the state’s capacity to combat poverty diminishes, creating a vicious cycle where poverty and insecurity reinforce each other.

While ending poverty and reducing insecurity are major concerns, the importance of institutional quality cannot be overstated. A nation with robust and efficient institutions, such as adherence to the rule of law, a conducive business climate, and stronger property rights is believed to be better equipped to reduce crime. High institutional quality can attract investments, enabling more productive use of human and physical resources. This, in turn, stimulates economic growth and improves living conditions for the underprivileged (Wang et al., 2019). On the other hand, ineffective institutions erode governance, which increases insecurity.

A study on insecurity in Nigeria is essential due to the growing violence and its disruptive impact on the nation's social and economic structures. The interplay between poverty, ineffective governance, and insecurity intensifies the crisis, perpetuating a destructive cycle that hinders development. Examining these factors will improve policymaking, strengthen institutions, and ultimately break this cycle, fostering stability and economic recovery. Moreover, there is a gap in research specifically addressing the link between poverty, insecurity, and institutional quality in Nigeria. The role of institutions in influencing poverty and insecurity remains underexplored. This study contributes by analyzing how institutional quality affects these issues, recognizing that poverty intensifies insecurity in contexts marked by weak governance.

The structure of this paper is as follows: Section 2 presents the literature review, followed by the methodology in Section 3. Section 4 outlines the results and discussions, while Section 5 concludes with the conclusion and recommendations.

2. LITERATURE REVIEW

2.1 THEORETICAL LITERATURE REVIEW

This study takes its tenets from the Frustration-Aggression Theory, introduced by Dollard et al. (1939). The theory suggests that frustration which is defined as the obstruction of goal directed behaviour can result in aggression.

According to this theory, when individuals face frustration, they are more prone to display aggressive behavior to relieve the emotional strain caused by the blockage of their goals. This response can be either direct or displaced if the source of frustration is inaccessible or feared. Berkowitz (1989) later revised the theory, suggesting that aggression is more likely when frustration is paired with aggressive cues, rather than being an automatic result of frustration. This theory has been influential in understanding various forms of aggression, particularly in social psychology contexts.

2.2 EMPIRICAL REVIEW

Numerous studies have explored the underlying causes of insecurity, with many pointing to poverty and institutional quality as key factors. These studies often emphasize that weak institutions and widespread poverty contribute significantly to insecurity. Nonetheless, there are diverse and at times conflicting results regarding the link between poverty and insecurity in Nigeria, as well as the link between institutional quality and insecurity. This complexity underscores the need for further investigation into these dynamics to better understand Nigeria's security challenges. Some studies assert that poverty is the root cause of insecurity. Awojobi (2014) revealed a positive relationship between poverty and insecurity in Nigeria. The study identified the rising incidence of poverty as a significant factor contributing to Nigeria's current security challenges. Usman (2015) explored the link between unemployment, poverty, and their impact on insecurity in Nigeria. The study found a significant relationship between these factors, highlighting how they contribute to insecurity.

Similarly, Mukhtar et al. (2016) confirmed that unemployment acts as a channel through which poverty and insecurity proliferate, concluding that both unemployment and poverty intensify insecurity in Nigeria. Similarly, Okolie et al. (2019) employed a descriptive method based on survey data from 600 respondents to investigate the relationship between poverty and insecurity in Nigeria. Their study found that poverty has a positive and statistically significant effect on insecurity in the country. Furthermore, Egunjobi (2021) argues that poverty worsens both unemployment and insecurity, creating a cycle where unemployment increases poverty and leads to higher public spending on security efforts. This dynamic, in turn, further escalates the poverty rate, highlighting a clear connection between high unemployment, poverty, and insecurity. In a more recent study, Adeolu et al., (2024) in their study on insecurity in Nigeria, causes, consequence and solutions revealed that poverty, unemployment, and illiteracy are the primary drivers of insecurity in Nigeria, particularly in the north-east and south-east regions. In contrast, Sakanko (2018) found that poverty is not linked to insecurity, reporting a negative relationship between poverty and crises in the short term. Similarly, Idris and Salisu (2020), in their study of the relationship between poverty and insecurity in Nigeria from 2010 to 2019, found no significant connection between poverty and national insecurity or between poverty and personal insecurity. Their findings suggest that poverty is not a contributing factor to insecurity in Nigeria.

Studies have also established the importance of strong or weak quality of institution in reducing or exacerbating insecurity and poverty in Nigeria. Theoretically, Eisner (2001) contends that lower insecurity rates are associated with stronger institutions. He emphasizes that stronger degrees of social control, including incarceration, fines, sanctions, and harsher punishments, are implemented when institutional quality is effective, especially in democratic regimes. On this relationship, various academics, however, have different opinions. Ajide (2019), using the ARDL approach to co-integration, examined the relationship between institutional quality, the misery index, and crime rates in Nigeria. The study found that improved institutional quality significantly reduces crime rates in the short term. It proposed that gradual reforms in institutional structures within democratic systems could offer more peaceful and effective solutions for resolving conflicts and tackling socio-economic disparities, which are identified as primary factors driving crime in Nigeria.

In contrast, Okunola et al. (2020) explored the relationship between governance, poverty, and insecurity in Nigeria, highlighting how poor governance has contributed to rising poverty levels and, ultimately, insecurity. Their study identified a positive relationship between bad governance, poverty, and insecurity, revealing that poor governance leads to poverty, which in turn fuels insecurity. In addition, Kudaisi and Ojeyinka (2023) applied the generalized method of moments (GMM) to investigate the role of governance in the interplay between insecurity, inequality, and poverty in Nigeria from 1996 to 2020. Their results underscored the important mediating function of governance indicators in alleviating the influence of poverty on insecurity. While many studies explore the connection between poverty and insecurity, there is a lack of empirical research focusing on the role of institutional quality in Nigeria. This study aims to bridge that gap by exploring the link between poverty and insecurity, while also investigating the mediating role of institutional quality.

3. METHODOLOGY

3.1 MODEL SPECIFICATION

To explore the relationship between poverty, insecurity, and institutional quality in Nigeria, this study employs annual time series data from 1994 to 2022. In this analysis, insecurity is modeled as a function of poverty, institutional quality, and other explanatory variables, including economic growth, unemployment, and the inflation rate, which have been recognized in the literature as significant contributors to insecurity. Building on the work of Egunjobi (2021) and Kudaisi and Ojeyinka (2023), the baseline insecurity equation for this study is specified as follows:

$$INSEC = f(POVT, INSQ, GDPPC, INFT, UMPL) \tag{1}$$

The functional form of equation (1) is specified as follows:

$$\text{In}INSEC = \beta_0 + \beta_1 InPOVT_t + \beta_2 INSQ_t + \beta_3 InGDPPC_t + \beta_4 INFT_t + \beta_5 UMPL_t + \mu_t \tag{2}$$

Where β_0 is the intercept, $\beta_1 - \beta_5$ are other parameters to be estimated and μ_t is the error term. INSEC is the insecurity, which is the dependent variable, POVT is poverty, INSQ is institutional quality, GDPPC is GDP per capita a proxy for economic growth, INFT is inflation rate and UMPL is unemployment rate. Along with analyzing the dynamic relationships among the variables, this study also explores the moderating role of institutional quality in the nexus between poverty and insecurity in Nigeria. To capture this effect, the moderating variable is incorporated into equation (2), as specified below:

$$InINSEC = \beta_0 + \beta_1 InPOVT_t + \beta_2 INSQ_t + \beta_3 InGDPPC_t + \beta_4 INFT_t + \beta_5 UMPL_t + \beta_6 (INSQ * POV)_t + \mu_t \tag{3}$$

Where (INSQ*POV) denotes the interaction term between institutional quality and poverty. The study expects the coefficients for poverty (β_1), inflation rate (β_4), and unemployment rate (β_5) to be positive, while the coefficient for GDP per capita (β_3) is anticipated to be negative. Finally, the coefficient for institutional quality (β_2) is expected to be negative, as stronger institutions are believed to decrease insecurity in the country.

3.2 DEFINITION AND MEASUREMENT OF VARIABLES

Table 1. *Variables, measurements and sources of data*

Variables	Notation	Measurements	Data Sources
Insecurity	INSEC	The government's spending on security	CBN (2023) statistical bulletin online
Poverty	POVT	Household consumption as a ratio of population	World Development Indicator.
Institutional Quality	INSQ	Democratic accountability Government stability Bureaucratic quality Corruption control Law and order	International Country Risk Guide (ICRG) assembled by the Political Risk Services (PRS) group.
Economic growth	GDPPC	Gross Domestic Product per capita	World Development Indicator.
Inflation Rate	INFT	Inflation rate	World Development Indicator.
Unemployment Rate	UMPL	Total unemployment as a percentage of Total Labor force	World Development Indicator.

Source: Author's Compilation

3.3 ESTIMATION TECHNIQUE.

It is evident from the specifications of equations (2) and (3) that some of the elements that contribute to insecurity may also be directly caused by insecurity. People who experience a lot of insecurity, for instance, may lose their employment and become unemployed. In a similar vein, a growing unemployment rate may exacerbate poverty and increase insecurity. Nonetheless, poverty and unemployment are viewed as both causes and consequences of insecurity. Additionally, due to the potential for endogeneity bias and reverse causation, some of the explanatory factors in equations (2) and (3) may not be properly regarded as exogenous variables.

Therefore, the study employed an instrumental variable technique, the generalized method of moments (GMM), as a tool for analysis to account for the potential for endogeneity in the model. When exogenous variables are interdependent and jointly determined, the GMM estimator is considered superior to other methods due to its capability to correct endogeneity bias caused by omitted variables, simultaneity, and measurement errors, as noted by Bond et al. (2001) and Kudaisi et al. (2022).

4. DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 DESCRIPTIVE STATISTICS

Descriptive statistics highlight the key features and structure of the data, as well as the behavior of the variables throughout the research period (Aribatise and Akintunde, 2023). Table 2 presents the descriptive statistics.

Table 2: *Descriptive Statistics*

	INSEC	POVT	INSQ	GDPPC	UMPL	INFT
Mean	4.741288	4.210551	3.099659	7.158043	4.077931	16.36788
Median	5.282705	4.202053	3.108333	7.541093	3.836000	12.53783
Maximum	6.646696	4.464983	3.533333	8.071204	5.712000	72.83550
Minimum	1.480642	3.757461	2.683333	5.770898	3.556000	5.388008
Std. Dev.	1.559059	0.171473	0.185840	0.729200	0.582282	14.45059
Skewness	-0.701099	-0.565939	-0.102170	-0.534713	1.610472	2.926028
Kurtosis	2.322784	2.884563	3.007854	1.707113	4.293907	11.01512
Jarque-Bera	2.929945	1.564157	0.050529	3.401735	14.55881	119.0072
Probability	0.231084	0.457454	0.975052	0.182525	0.000690	0.000000
Sum	137.4974	122.1060	89.89010	207.5833	118.2600	474.6685
Sum Sq. Dev.	68.05861	0.823283	0.967020	14.88853	9.493466	5846.949
Observations	29	29	29	29	29	29

Source: Author's Computation

From the descriptive statistics on Table 2, the mean values show the average level of each variable during the research period, with GDP per capita (GDPPC) having the highest mean (7.158) and institutional quality (INSQ) the lowest (3.099). Median values, which represent the middle point of the data, closely align with the means, suggesting that the distribution of most variables is relatively balanced.

The maximum and minimum values highlight the range of data. For example, inflation (INFT) varies widely from 5.38 to 72.83, showing significant volatility in inflation rates. unemployment (UMPL) has less variation, ranging from 3.56 to 5.71. Standard deviation measures the dispersion, where inflation rate again stands out with the highest standard deviation (14.45), while poverty (POV) shows the lowest (0.171), suggesting stability in poverty levels across observations.

Skewness indicates that most variables are slightly left-skewed (negative skew), except unemployment rate and inflation rate, which are positively skewed. Kurtosis reflects the peakedness of the distribution, with INSQ, UMPL and INF exhibiting a leptokurtic distribution (value greater than 3) and INSEC, POVT and GDPPC exhibiting a platykurtic distribution as the value is less than 3. The Jarque-Bera test and its probability values suggest that only UMP and INF deviate significantly from normal distribution at conventional significance levels.

4.2 CORRELATION ANALYSIS

Table 3: *Pairwise Correlation*

	InINSEC	InPOVT	INSQ	InGDPPC	UMPL	INFT
InINSEC	1					
InPOVT	0.7623	1				
INSQ	-0.0105	-0.2156	1			
InGDPPC	0.7324	0.7104	-0.099	1		
UMPL	0.4463	0.3409	0.1548	0.2794	1	
INFT	-0.5440	-0.3287	-0.2348	-0.4924	0.0101	1

Source: Author's Computation

The summary of the correlation matrix displayed in Table 3 indicates that there is a modest correlation between the variables because their coefficients are all less than 0.8, which is usually considered as the benchmark. INSEC and POVT are positively correlated (0.7623), suggesting that higher level of insecurity is associated with higher poverty levels. Also, INSEC also shows a positive correlation with GDPPC (0.7324), indicating that insecurity tends to increase with economic growth, this may be due to unequal wealth distribution and heightened competition for resources and opportunities. INSQ has a negative correlation with most variables, particularly INSEC (-0.0105) and POVT (-0.2156), suggesting that improvements in institutional quality may significantly reduce insecurity level and alleviate poverty.

INFT shows negative correlations with most variables, particularly with INSEC (-0.5440) and GDPPC (-0.4924), suggesting that higher inflation tends to reduce insecurity and slow economic growth. This occurs as inflation limits access to resources, lowers criminal incentives, and discourages illegal activities due to economic instability. Additionally, rising prices erode purchasing power, disrupt markets, and reduce investments, ultimately hindering economic development. UMPL shows weak correlations with other variables, except for a moderate positive correlation with INSEC (0.4463).

4.3 TEST FOR STATIONARITY

Table 4: *Unit root Test (Augmented Dickey Fuller (ADF)Test)*

Variable	Augmented Dickey Fuller (ADF)Test			
	Level	First Difference	Critical value	Remarks
INSEC	-0.150346	-3.452793**	-3.261452	I (1)
POVT	-2.585959	-7.127180***	-3.587527	I (1)
INSQ	-3.206836	-4.257717***	-3.603202	I (1)
GDPPC	-0.710265	-3.673567***	-3.587527	I (1)
UMPL	-3.661704***	-	-3.587527	I (0)
INFT	-2.989110	-6.056696***	-3.587527	I (1)

Source: Author's Computation

Note: *** and ** represent 5% and 10% significance level respectively

Table 5: *Unit root Test (Phillip Perron (PP)Test)*

Variable	Phillip Perron (PP)Test			
	Level	First Difference	Critical value	Remarks
INSEC	-1.184128	-9.021852***	-3.580623	I (1)
POVT	-2.585959	-7.550531***	-3.580623	I (1)
INSQ	-3.441283	-6.139856***	-3.225334	I (1)
GDPPC	-0.710265	-3.673567***	-3.580623	I (1)
UMPL	-3.661704***	-3.167091	-3.587527	I (0)
INFT	-4.060397***	-5.910098***	-3.580623	I (0)

Source: Author's Computation

Note: *** and ** represent 5% and 10% significance level respectively

The integration order of the series is ascertained in the study using the unit root test. With the null hypothesis that the series has a unit root, the Augmented Dickey Fuller (ADF and Philip-Peron (PP) tests are employed. Table 4 and 5, however, display the test results for ADF and PP respectively. The results confirm that the variables are integrated of order (0) and (1) i.e. I (0) and I (1). Meaning that the variables showed a mixed order of integration. Indicating a combination of I (0) and I (1) variable.

4.4 GENERALIZED METHOD MOMENTS (GMM) RESULTS

The study explores the influence of poverty, institutional quality, and other explanatory variables on insecurity, with particular emphasis on the role of institutions in shaping the link between insecurity and poverty in Nigeria. The results are presented in Table 6. Two distinct models were estimated; these are shown in Table 6 as models 1 and 2. The baseline model for determining how the main explanatory factors affect insecurity is Model 1. The study, however, incorporated the interaction term into model 2. The study used J-statistics to assess the validity of the tools used for the GMM model. The result clearly showed that the J-statistic probability value for each of the models listed is not significant, suggesting the validity of the instruments.

Durbin Watson (DW) statistics are used in the study to further test for autocorrelation. For every model included in the analysis, the Durbin-Watson (D-W) statistic was found to be near 2, indicating that there is no autocorrelation between the variables. The diagnostic tests conclude that all the models analyzed are stable and free from autocorrelation, and the instruments used are considered reliable, indicating that the estimates provided by the GMM models are trustworthy.

Table 6: *GMM Results*

	1	2
InPOVT	3.469 *** (0.045)	-24.644 (0.156)
INSQ	-2.958 *** (0.002)	-32.001 *** (0.044)
InGDPPC	2.029 ** (0.088)	1.463 *** (0.000)
UMPL	1.203 *** (0.000)	0.695 *** (0.000)
INFT	-0.028 *** (0.040)	-0.032 *** (0.006)
*INSQ*POVT*		7.820) *** (0.045
Constant	9.553 (0.427)	95.656 (0.188)
R^2	0.767	0.925
Hansen J Statistics	3.597	4.358

	(0.439)	(0.236)
D-W statistics	2.068	2.135
Instrumental Variables	7	8

Source: Author’s Computation

The R-squared values of 76% and 92% suggest that the explanatory variables included in the model are adequate to account for the patterns of insecurity in Nigeria.

Table 6 illustrates that the insecurity rate in Nigeria is affected by the poverty rate, as demonstrated in model 1 (the baseline model). The coefficient of poverty is positive and significant at 5% level. Indicating that a 1 unit increase in poverty increases insecurity by 3. While poverty has no significant effect on insecurity for model 2. This indicates that rising poverty rates play a significant role in intensifying insecurity within the economy. Also, the coefficient of institutional quality for both models is negative and statistically significant. Suggesting that a unit increase in quality of institutions would on average reduces insecurity level in Nigeria. Meaning that for every improvement or enhancement in the quality of institutions (such as governance, law enforcement, or legal frameworks) in Nigeria, there will be a corresponding average decrease in insecurity level in the country. This conforms with the apriori expectation.

Furthermore, also from Table 6, economic growth is revealed to positively influence insecurity level in Nigeria. This is shown as the coefficient of GDP per capita is positive and significant at the 10% level. Indicating that a unit increase in GDP per capita would on average increase the level of insecurity in Nigeria. This implies that Nigeria's economic growth rate does not significantly influence the country's level of insecurity. This however negates the apriori expectation. Expectedly for both models, the unemployment coefficient is positive and statistically significant. This shows that the rate of unemployment in Nigeria significantly raise the level of insecurity in Nigeria. Meaning that as unemployment increases in Nigeria, there is a significant rise in insecurity, suggesting a strong link between joblessness and heightened crime or social unrest. This aligns with the assertion that high unemployment contributes to increased insecurity.

Meanwhile, inflation rate exhibited a negative and statistically significant effect on insecurity in Nigeria in both models, implying that a unit increase in inflation would reduce insecurity levels in Nigeria. The coefficient of the interaction of institutional quality and poverty is positive and significant. Meaning that the beneficial impact on the level of insecurity in Nigeria is larger when the influences of institutional quality on poverty is stronger.

4.5 DISCUSSION OF FINDINGS

This study examines the impact of poverty and institutional quality on insecurity, alongside other explanatory variables that may influence insecurity. However, the study further examines how Institutional quality mediate the nexus between poverty and insecurity in Nigeria. The study revealed that a high poverty rate fuels insecurity. Implicitly, insecurity reduces economic prospects, upends investment and livelihoods, and exacerbates poverty. Widespread poverty, in turn, increases despair and crime rates, which feeds insecurity. As it is expected that poverty will drive the impoverished to engage in criminal activity and other social vices, which present significant risks to economic stability and peace, the outcome likewise fits with a priori expectations. The outcome validates the findings of Kudaisi and Ojeyinka (2023), Egunjobi (2021), Okolie et al., (2019), Mukhtar et al. (2016), Usman (2015), and Awojobi (2014) but negated the findings by Sakanko (2018) and Okunola et al., (2020).

The study also revealed that quality institution can reduce insecurity level in Nigeria. This implies that quality institutions, through effective governance, law enforcement, and equitable legal systems, promote social stability, reduce corruption, and ensure justice. These fosters trust in the system, reduces grievances, and discourages criminal behavior. By addressing root causes of insecurity, such as inequality and poor governance, these institutions can significantly lower insecurity. This is in line with Ajide (2019).

Surprisingly, economic growth is both positive and significant, indicating that Nigeria's insecurity cannot be attributed solely to rising economic growth. In Nigeria, economic growth may heighten insecurity if it worsens income inequality, serves only a small elite, or encourages corruption. Rapid growth without fair distribution can marginalize vast segments of the population, resulting in frustration, unemployment, and social unrest. Furthermore, the influx of resources can escalate competition among groups, leading to increased conflict. Unemployment is both positive and significant, indicating a strong correlation between high unemployment rates and various negative outcomes, such as increased crime, social unrest, and insecurity. This suggests that rising unemployment levels may contribute to deteriorating social conditions and greater instability in society. The result is in tandem with the findings of Mayah *et al.* (2017), Olaniyi and Ikechukwu (2019) and Egunjobi (2021), who all identified a positive relationship between unemployment and insecurity in Nigeria.

Lastly, the study revealed that the coefficient for the interaction between institutional quality and poverty is positive and significant, indicating that higher **levels** of institutional quality can amplify the negative effects of poverty on insecurity. This also corroborates the findings of Kudaisi and Ojeyinka (2023) and negates Okunola et al., (2020). This suggests that improving institutional quality can lead to greater reductions in insecurity, especially in impoverished areas. By implication, enhancing the quality of institutions in Nigeria, such as governance, legal systems, and law enforcement has a more substantial positive effect on reducing insecurity when these institutions effectively address poverty related issues. In other words, the beneficial impact on security is greater when improved institutional quality directly contributes to alleviating poverty. This underscores the interconnectedness of good governance, poverty reduction, and security enhancement.

5. CONCLUSION

This study analyzes the impact of institutional quality and poverty on insecurity in Nigeria, utilizing annual time-series data from 1994 to 2022. Unlike previous research, it specifically explores the role of institutional quality in the relationship between poverty and insecurity in the Nigerian context. The study concluded that high poverty levels are directly associated with increased insecurity, as economic desperation often leads to social unrest and crime. Conversely, strong and effective institutions play a crucial role in mitigating insecurity by promoting justice, transparency, and equitable resource distribution. Therefore, addressing poverty through improved institutional quality can significantly enhance security, creating a more stable and prosperous society in Nigeria. Both factors must be prioritized for lasting change.

The study further concluded that improved institutional quality enhances the negative effects of poverty on insecurity. This highlights the importance of strengthening institutions to effectively address insecurity in impoverished communities. Therefore, policies aimed at improving governance, transparency, and accountability, alongside poverty alleviation efforts, thus mitigating the root causes of insecurity are recommended for policy makers

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