



Affect of Insurgency on Operations of Small and Medium Business Enterprises: A Study on Impact Assessment in Nigeria

KEYWORDS

Insecurity, Socio-Economic Development, Yobe State, SME Operations, Nigeria

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ABSTRACT *The North-eastern region of Nigeria is marred by the dual challenges of insurgency and underdevelopment. Due to this problem of insecurity in Yobe State, which is part of this expanse, businesses and educational/school activities were closed. Regrettably, most of the disgusting consequences particularly loss of lives and business activities were not often properly reported appropriately in the name of security. The study at hand seeks to determine if the insecurity had effect on the Small Business operations in Yobe State. Additionally another objective of the study was to evaluate the consequences of insecurity or its negative impact on socio-economic development of the state. To achieve these objectives, the researcher adopted survey method. Questionnaire was administered to 200 Small Business owners randomly selected from Damaturu and Potiskum Local Government Areas in Yobe State. Two research questions and two Hypotheses were formulated to guide the study. Mean and standard deviations were used in analysing the research questions, while the hypotheses were tested using the t-test at 0.05 significant levels. The result indicated that the two means from Tables 1 and 3 are greater than '2' (midpoint value); thus, answering 'yes' to the two research questions. In the same vein, Ho1 and Ho2 were accepted because the critical t-values for both groups are greater than t-value obtain from the analysis on tables 2 and 4; thus, the respondents unanimously agreed that the insecurity seriously affected Small Business operations and negatively impacted the socio-economic development of the State.*

INTRODUCTION

Insecurity, violence has been synonymous with the North Eastern part of Nigeria of late. As stated by Nwanegbo and Odigbo (2013:289), the notorious Islamic sect Boko Haram was first reported in Kanama, Yobe State and Gwoza, Borno State of the country, clearly designating the two states as the birth place of this deadly sect. It is not surprising that the Northeast particularly Borno and Yobe States are the worse hit. Most activities in schools, business and shopping centres, religious centres like mosques and churches were deserted at the peak of the violence. The effect of such insecurity incidence particularly on business operations is enormous and devastating on social-economic front of Yobe State in particular and the nation in general.

The North-eastern Nigeria to which Yobe state belongs is the most under-developed region in the country economically, educationally and politically, persistent insecurity playing a major part in this predicament. Many Nigerians from the relatively prosperous Southern part of the country who were engaged in various businesses in the North had fled so as to avoid the violence perpetrated by the insurgents group Boko Haram (Suleiman, 2012). Keeping in context this background, the present study is consequently not only apt, but timely. The present study intends to find out empirically the incidences of insecurity in Yobe State as it affects small business operations and its consequential impact on socio-economic development.

In doing this, some indicators that determines regional or national development will be put to test, for instance level of educational attainment of the people in the region/nation, unemployment level, and level of general standard of living, general health care delivery, and poverty level amongst others. In any nation, these indices are markers of national development, higher their levels superior will

be the level of its economic development. Further it can be put here that security of lives and properties is lacking in Nigeria though it is critical for every nation's development; thus, its absence means that economic growth and development of a country is only a mirage (Achumba, Ig-homereho and Akpor-Robaro, 2013; Oladeji and Folorunso 2007:42; Coupland, 2007). Hence, the indices will be studied to find out their condition before and after the peak of the insecurity for any difference which might affect socio-economic development in the region.

STATEMENT OF THE PROBLEM

Past has been witness to major towns in Yobe State full of business activities, but at the time of conducting this research, the business streets in Damaturu and Potiskum towns were found deserted and shops closed as a result of insecurity arising out of insurgency. Many businessmen have fled the area leaving their places of business, even those who are still living in the area are not employed in any meaningful business activity and the rate of street begging has rapidly increased; but in most cases, these events were concealed or improperly reported. Hence, it becomes imperative to assess the effect of the insecurity on the small businesses operations and its consequential impact on the socio-economic development of these areas with a view to recommend strategies to alleviate the sufferings of those affected. Aim

RESEARCH OBJECTIVES

The present research endeavors at evaluating the affects of insecurity bedeviling Yobe State on the activities of small businesses operations and its substantial impact on socio-economic development in the State. The study has the following specific objectives:

- To determine the frequency or incidence of insecurity and if it affected small business operations in Yobe

State.

- To find out if the insecurity had impact on the socio-economic development of Yobe State.

RESEARCH QUESTIONS

The subsequent research questions guided the study:

- Is the incidence of insecurity in Yobe State serious enough to affect Small Businesses operations?
- Did the insecurity negatively impacted on the socio-economic development of the State?

STATEMENT OF HYPOTHESES

Ho₁: There is no significant difference between the mean responses of small business owners from Damaturu and those from Potiskum about the effect of insecurity incidence on small business operations in Yobe State.

Ho₂: There is no significant difference between the mean responses of small business owners from Damaturu and those from Potiskum about the negative impact of insecurity on the socio-economic development in Yobe State.

LITERATURE REVIEW

The study proposes three broad concepts which form the basic key concepts under discussion. These are: Incidence of insecurity and its form, insecurity and its effects on economic/business operations and its impact on socio-economic development.

INCIDENCES OF INSECURITY AND ITS FORMS

The term security has been viewed variously by different scholars across the world. The Commission on Human Security (2003) is of the view that human security is the protection of essential affairs of human lives in the manner that would enable human freedoms. In a related view, United Nations Development Programme (1994) sees human security as fortification from veiled harmful and hazardous disruptions in the day to day activities at homes, places of work or settlements. By implication, security is a condition in which human being is living safely and securely from any threats of harm or danger. In his own view, Williams (2008) believes that security involves the ability to pursue political and social ambition. That is to say, security is socially and politically inclined since no political stability can be achieved without security.

Although security of lives and properties of the Nigerian citizens is what every government should hold at utmost priority as is enshrined in the Nigerian Constitution, in the recent years, the reverse has become the case. Instances of insecurity where lives of innocent Nigerians are butchered, their valuable properties destroyed have become a big challenge. According to Booth (1994), "states and implicitly governments must no longer be the primary referents of security because governments which are supposed to be the guardians of their peoples' security have instead become the primary source of insecurity for the many people who live under their sovereignty; maintaining further that human security is ultimately more important than state security". It is not surprising that everyone now in Nigeria believes that the government with all its paraphernalia of peace keeping cannot safeguard security.

Many experts see the insecurity in Nigeria to constitute different dimensions. According to Adegbam (2013:10), insecurity is continually on the increase thereby engulfing all the inhabitants of Nigeria as the government faces insurmountable pressure to guarantee the security of lives and properties of its citizens. The insecurity in Nigeria ranges

from kidnapping and activities of terrorist and human trafficking in the South-South and the South-East, high level of arms robbery in the South-West and the activities of political vanguards, Islamic extremist in the North. In Yobe state, the incidences of the insecurity that occurred are multifaceted and multidimensional. Activities of political vanguards, killings by hired assassins by political and business opponents and the Islamic extremism by Boko Haram group are a few cases in point. It is however important to be noted that all these forms of insecurity are induced by politicians. (Adegbam 2013: 289; Lister 2012; Adagba, Ugwu and Eme 2012) maintained that it is no longer a sect of Islamic militants, but has the support of discontented politicians and their paid gangsters.

INSECURITY AND ITS EFFECTS ON SMALL BUSINESS OPERATIONS

There is hardly a time when incidence of insecurity erupts in an area without seeing the dwellers confused and running for their dear lives. In such situations, no one thinks of his shop, business, or any valuable property/activity. Such incidences result in loss of several lives and businesses. In most attacks, the attackers targeted market places when profitable businesses are going on with large number of innocent businessmen and women. These forms of attacks were conducted in Potiskum cattle market one of the largest cattle market in Africa where hundreds of innocent people were killed. The same types of attacks were conducted in two different markets at Maiduguri the capital city of Borno State. Similar attacks were perpetrated in Buni-Yadi, the local government headquarters of Gujba Local Government Council and Geidam, the Local Government headquarters of Geidam. These attacks resulted in gross loss of lives and valuables as well as profitable businesses.

The intervention of security personnel to rescue the ugly situation came with its menace. The businesses operating on highways or popular streets throughout large towns were asked to desert the area. By this new law, thousands of businessmen and women were thrown out of business. The most affected types of businesses were business and computer centres, carpentry and wood workshops, metals workshops, automobile mechanic workshops, provision stores, private clinics, private schools, supermarkets, and host of others. Many shops and workshops were burnt to ashes and some were looted by hoodlums.

INSECURITY AND ITS IMPACT ON SOCIO-ECONOMIC DEVELOPMENT

Next issue taken up in the research was the diminishing socio-economic development. Insecurity inflicted serious impact on the socio-economic status of the people of Yobe State as a result of the ban on the use of motor cycles which employs thousands of youth in the major towns of the state. Although the security personnel felt that the only solution to avoid attack conducted by the use of motor cycle is to ban the business of local transportation using the motor cycle. It had a negative impact on the economic status of those engaged in it to earn a living. They were thrown out of business and had no alternative. Not only the motor cycle businesses were banned, but a lot of small businesses particularly those located on the major roads/streets in the popular towns in the state were also banned. This decision was not more than the 'devil's alternative' to the search for peace. Instead of encouraging the small and medium enterprises (SMEs), they were being discouraged. Henry, Hall and Leitch (2003) believe that in most countries, the contributions of SMEs to economic

growth, innovations and creations are enormous. In the same manner, writers like: Gouws, (2002); ACS, Arenius, Hay and Minniti, (2004); Friedrich and Visser, (2005) are all of the opinion that there is a strong and direct relationship between SMEs and economic development. Matlay (2005) hold similar view that socio-economic development problems and political challenges can be addressed by developing SMEs in a given society.

In Nigeria, and particularly the Northeast where Yobe State is situated, the level of poverty is quite high. Akpomi (2009) observed that because of the level of poverty in Nigeria, economic change for development should be given most priority. Paradoxically, the handful of the key drivers of economic development i.e. SMEs existing in the region were castigated by the persistent insecurity. Currently in the Northeast region, particularly in Yobe State, out of every hundred (100) businesses, 70-80 have been closed, destroyed or looted by the prevalence of the insecurity. This could be one of the important reasons for the increase in the rate of street begging in the recent times.

**RESEARCH METHODOLOGY
METHOD OF DATA COLLECTION**

In the present research, the methods used were primary (survey) and secondary sources for collection of data. The survey involved questionnaire designed and administered to the selected population. The questionnaire was divided into three parts, first one containing questions on the demography of the respondents like gender, age, and length of period in business, educational attainment, place and form of business amongst others. This part was presented and analysed using the simple percentage. Part two consisted of 15 items which the respondents were to agree or disagree with. All these items attempted to find out if the incidences of insecurity were serious enough to have an effect on the operations of various businesses in the state. The options were graded "agreed = (3)" and "disagreed = (1)", the midpoint value being '2'. In part three of the questionnaire, the respondents were to "agree= (3)" or "disagree= (1)" with 12 items asking whether effect of insecurity on the business operations had any impact on the socio-economic development of the state. The secondary data consisted of journals, books and other research reports.

POPULATION OF THE STUDY

The population of the study consisted of small business owners in the towns mentioned above in Yobe State. The

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Table 2: Results of independent Sample t-test

Scores	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	t	df.	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Equal variances assumed	.000	.987	-.260	28	.797	-.04533	.17441	-.40260	.31194	
Equal variances not assumed			-.260	27.950	.797	-.04533	.17441	-.40263	.31197	

The table above shows the independent sample means test in which t-test for the hypotheses in part two was conducted. The result shows t-value of -0.260 less than critical t value; thus, the Ho, is accepted and the Ha, rejected. This implies that the two groups of respondents unani-mously agreed that the insecurity affected the small business operations in Yobe State.

businesses referred to are those who are qualified as SMEs in Nigeria. Thus, they involve auto mobile mechanists, metal workshops, carpentry and wood workshops, provision stores and supermarkets, business & computer centres and the like.

SAMPLING METHOD AND SAMPLE SIZE

The size of the population was fairly large; hence, simple random sampling technique was employed to select some representative members from the population. The selected members were drawn from Damaturu the capital of Yobe State and Potiskum towns. They were selected basically for the following reasons: their sizes and population, being the busiest towns in Yobe State with large number of business establishments and for being the worse hit with the insurgency. A total number of two hundred (200) Small Business Establishments were selected randomly i.e. 100 each from the two towns.

DATA ANALYSIS AND PRESENTATION

The data obtained and research questions were presented and analysed using the simple percentage, mean and standard deviation. The information in part one was tabulated and presented graphically to be more meaningful. The midpoint value of the options was '2', thus, any mean response of an item that was less than '2' was rejected, while the mean response of an item that was '2' or above was accepted. The hypotheses were tested using t-test at 0.05 levels of significance.

**FINDINGS
PERCEPTION ON EFFECTS OF INSURGENCY**

Table1: Group Statistics

	Towns	N	Mean	Std. Deviation	Std. Error Mean
Scores	Damaturu	15	2.4607	.48761	.12590
	Potiskum	15	2.5060	.46748	.12070

The group statistics in the table above shows means responses of the small business owners from Damaturu and Potiskum areas selected for the study. For the two towns, the means were above 2, this indicates that both groups agreed that the insecurity affected small business operations in Yobe state.

INSECURITY AND SOCIO-ECONOMIC CONDITION

Table 3: Group Statistics

	Towns	N	Mean	Std. Deviation	Std. Error Mean
Scores	Damaturu	12	2.0033	.97151	.28045
	Potiskum	12	2.0175	.90122	.26016

The table above shows group statistics for small business owners from Damaturu and Potiskum and implies that the two mean responses of the towns were above 2. This indicates that the insecurity had negative impact on socio-economic condition of Yobe State.

Table 4: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df.	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Scores	Equal variances assumed	56.649	.000	-.037	22	.971	-.01417	.38254	-.80750	.77917
	Equal variances not assumed			-.037	21.877	.971	-.01417	.38254	-.80776	.77943

Further from the table above, the t-value of -0.037 are less than critical t value of at 0.05 significant levels, hence the H_{02} stand accepted and the H_{a2} is rejected. This implies that the respondents agreed that the insecurity impacted negatively on the socio-economic development of the state.

DISCUSSIONS AND CONCLUSION

The study was set out to determine if the insecurity situation affected small business operations and also to determine if such effect had negative impact on the socio-economic development in Yobe state. Tables 1 & 3 indicate from the group statistics that each group of the respondents had a mean of responses exceeding the midpoint value of '2'. This implies that the respondents unanimously agreed that the insecurity affected the operations of small businesses in the State. This study is being supported by the research conducted by Suleiman (2012). He observed that the insecurity had made the Southerners to flee the Northern Nigeria which is suffering serious insecurity to the South who are enjoying peace and this is a serious setback to the business operations in the State. Tables 2 & 4 indicate the t-value in both tests of (H_{01} & H_{02}) are less than the critical t-value at 0.05 levels of significant; hence, the two null hypotheses are accepted. This implies that both the two groups of respondents agreed that there is negative impact on the socio-economic development in the state resulting from the serious effect of the insecurity on business operations. Again this finding is supported by the research of Matlay (2005) which he observed that developing SME can address socio-economic problems and political challenges, the reverse of which will mean the opposite.

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