

An Examination of the Impact of Terrorism on Small and Medium Scale Enterprises' Mortality Rates and Standard of Living in the Northern Region of Nigeria

A.T. Nafiu¹, E. V. Okpanachi², and Z.Y. Nurudeen²

¹Faculty of Management Sciences,
Centre For Pre-Degree and Diploma Studies,
Kogi State University,
Nigeria

²Department of Business Administration,
Faculty of Management Sciences,
Kogi State University,
Nigeria

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ABSTRACT: In Nigeria today, terrorism has claimed waves with its dire consequences on Small and Medium Scale Enterprises and living standards of the people. Terrorism has posed insecurity and hazards in the business environment, thereby, engineering unimaginable upheaval in the northern region of the country. This study aimed at examining the impact of terrorism on Small and Medium Scale Enterprises mortality rates and standard of living in the northern region of Nigeria. The study used both primary and secondary methods of gathering reliable and adequate data and information to achieve its purpose. The primary method includes the personal interview and questionnaire administered to the randomly selected respondents; and the secondary method includes textbooks, journal and internet. To analyze the data gathered for this study, descriptive statistical tool, tables and Chi-Square method were used. The study revealed that terrorism can lead to high mortality rate of SMEs and degradation of the living standards of the people in the northern part of Nigeria. It was concluded that terrorism will not only lead to high mortality rate of SMEs and degrade the living standards of the people, but may crumble the country's national economy at the long run if no vibrant measure is taken to halt the menace. The study therefore recommended that the government should formulate and implement vibrant policies and programmes as mechanism towards addressing the root causes of insecurity in Nigeria and putting a halt to the menace.

KEYWORDS: Terrorism, Small and Medium Scale Enterprise, Development, Living Standards, Insecurity.

1 INTRODUCTION

Over the years, the issue of terrorism has claimed waves, particularly, in the northern part of Nigeria. This menace is long observed to have been impairing the foresight of growth and economic development of the region and making Nigeria at large uneasy business environment.

The popular notions and impacts pertaining to what Small and Medium Scale Enterprises (SMEs) can offer are being falsified. Meanwhile, SMEs are factually the citadel of the Nigeria and other developing countries' economy. SMEs are not only the backbone, but also the cerebellums for every feasible operation in every sector of the economy. The relative importance of small and medium scale enterprise in advance and developing countries has led and would continue to lead to a reconsideration of the role of small and medium scale enterprise in the economy of nations, [6]. Thus, a fall in the healthy state of SMEs in any business environment has concomitant effect on the economy.

Unfortunately, the terrorists' activities have incrementally marred the comprehensive roles of SMEs in Nigeria. Terrorism has often acts as inevitable determinant of death-or-life situation for most businesses. Terrorism has posed insecurity and hazards in the business environment, thereby, engineering unimaginable upheaval in the northern region of Nigeria. It has established wide gaps between most SMEs vision and mission, and foretold the accomplishment of their objectives as being unrealistic. These hindrances are not only secluded to SMEs in the region, but have greater implications on the living standards of the people. The people are scared away by unforeseen terrorist attacks, and this makes trading hard-nut-to-crack activities due to unavailability of market for variety of consumers' products.

1.1 OBJECTIVES OF THE STUDY

This paper does not aim at addressing terrorism from the holistic point of view, but investigates its inverse impact on SMEs and living standard at the Northern region of Nigeria. The objectives of this study are:

- i. To determine whether terrorism can lead to high mortality rate of SMEs and degradation of standards of living in the Northern Nigeria.
- ii. To investigate the categories of terrorism in the Northern Nigeria.
- iii. To examine the security challenges facing the continuous operation of SMEs in Nigeria

1.2 RESEARCH HYPOTHESIS

Based on the objective one above, this paper drew a hypothesis:

H_0 : That terrorism cannot lead to high mortality rate of SMEs and degradation of standards of living in the Northern Nigeria.

H_1 : That terrorism can lead to high mortality rate of SMEs and degradation of standards of living in the northern Nigeria.

2 CONCEPT OF TERRORISM

According to Nielsen [7], terrorism has come to signify race and religion though everyone is careful not to say so. Terrorism refers to those violent acts that are intended to create fear (terror); are perpetrated for a religious, political, or ideological goal; and deliberately target or disregard the safety of non-combatants, [12]. Terrorism is the unlawful use of force or violence against persons or property to intimidate or coerce a government or its citizens to further certain political or social objective, [13]. In the Nigerian context, terrorism is violence against humanity, properties and businesses as result of some ideologies which may be political, social and religious in nature. Accordingly, when a young man is poor, illiterate and unemployed, he becomes a clean slate for any kind of brainwashing which, according to Marx is more potent when it comes from religion and aided by culture, [4].

2.1 CATEGORIES OF TERRORISM IN NORTHERN NIGERIA

This paper gathered from interviews that terrorism takes various shapes, depending on the rationale behind its course. One oblivious attitude of respondents is their fear to unveiling this rationale, but gave the researchers the required inkling concerning the categories of terrorism. Terrorism may take these forms:

- i. *Terrorism that is religion inclined*: This is a kind of terrorism that has its base from religious indoctrination.
- ii. *Terrorism that is politically oriented*: This is a kind of terrorism that arises as a result of conflicting political interests.
- iii. *Terrorism that is hostile in nature*: This is a kind of terrorism that occurs based on enmity among different ethnic groups.
- iv. *Terrorism that is instrumental in nature*: This kind of terrorism is embraced by some group of hooligans due to the pleasures the members derived from harming others.

2.2 EXAMINING THE IMPACT OF SMALL SCALE BUSINESSES IN NIGERIA

It is no doubt that SMEs take the lead at the forefront of development of any nation. Small Businesses are the backbone of all economies and their importance as an impetus to economic development especially in developing economies cannot be over-emphasized, [1]. Epileptic SMEs friendly environment can cause whole lots of backdrops for development of every facet in a nation. The roles of SMEs are indisputably a *sine qua non* for the Nigerian economy. Onuoha [8] stated some of the roles as follows:

- i. Small business helps to sustain economy and economic recession.
- ii. Small firms avoid diseconomies
- iii. Small business provides the public with consumer goods which would have been imported
- iv. Small scale business have helped in export promotion especially in the area of agriculture thus enabling the country to even the much needed foreign exchange which is used for financing other projects and schemes that are very crucial to economic development.

2.3 TOWARDS A STABLE DEVELOPMENT OF SMES IN NIGERIA

Having discovered SMEs as the inevitable tool for economic growth and development, ample effort was directed by the government and its agencies towards achieving SMEs development. According to Anietie [5], as a part of the development plan a Nigerian Local Development Board (NLDB) was established and charged with the following functions among others:

- i. The promotion and development of village crafts and industries, and industrial development of the products of Nigeria;
- ii. The setting up and operation of experimental undertakings for the testing of industrial or processing development of any Nigerian products; and
- iii. Other suitable projects approved by the Governor-in-Council.

Factually, the idea behind the establishment of NLDB is to spring up effective and efficient SMEs in the economy. This resulted into the formulations of a policy. The overall objectives of this policy are to create, nurture and promote the necessary conditions for the growth and development of SMEs, [5]. This policy according to SMEDAN [11] spans through the following areas:

- i. Institutional, legal and regulatory framework
- ii. Human resource development
- iii. Technology, research and development
- iv. Extension and support services
- v. Marketing
- vi. Infrastructure; and
- vii. Finance.

Onuoha [10] identified some of the key government policies or programmes on entrepreneurship and economic development in Nigeria as follows:

- i. The establishment of small scale industrial estates and putting in place such policies as pioneer status, accelerated depreciation tariff protection, approved user scheme, Small and Medium Industrial Equity Investment Scheme (SMIEIS), soft loan scheme, the agricultural credit guarantee scheme, etc.
- ii. The establishment and funding of Polytechnics, Universities, Administrative Staff College of Nigeria (ASCON), Centre for Management Development (CMD), and research institutes such as Nigerian Institute for Social and Economic Research (NISER), Projects Development Agency (PRODA), Federal Institute of Industrial Research Oshodi (FIIRO), Nigerian Institute for Oil Palm Research (NIFOR), Raw Materials. Research and Development Council (RMRDC), etc.
- iii. The establishment of the Niger Delta Development Commission (NDDC), Small and Medium Enterprises Agency of Nigeria (SMEDAN), Bank of Industry (BOI), Standard Organization of Nigeria (SON), Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB), African Development Bank (AFDB), Export Stimulation Fund Scheme, Nigerian Export Import Bank (NEXIM), Nigerian Communications Commission (NCC), the Oil and Gas Sector Reform with emphasis on local content, etc.
- iv. The establishment and funding of Industrial Development Centres (IDCs): Small Scale Industries Corporation (SSIC); SME Apex Unit Loan Scheme; The defunct National Economic Reconstruction Fund (NERFUND); Nigerian Export Promotion Council (NEPC); the New Industrial Policy; National Directorate of Employment (NDE); Nigerian Airspace Management Agency (NAMA); Nigerian Copyright Commission (NCC); etc.
- v. Getting inputs from the Organized Private Sector (OPC); trade associations such as NECA, NACCIMA, MAN, NASSI, etc., in budget preparations and economic policies.

2.4 SECURITY CHALLENGES ON BUSINESS GOING CONCERN IN THE NORTHERN NIGERIA

It is uncontroversial that Nigeria is one of the best markets in the world. The country has versatile of natural resources that can facilitate investment of various kinds, but the security shortcomings in its Northern business environment poses challenges and discouragement to investors. Akin [3] defined security as the situation that exists as a result of the establishment of measures for the protection of persons, information and property against hostile persons, influences and actions. It is the existence of conditions within which people in a society can go about their normal daily activities without any threats to their lives or properties, [2].

It is significant to make an assertion that business and the society are inseparable Siamese. The problem of one is the problem of the other. Where the relationship between business and the society is cordial and mutually beneficial, the business thrives well, makes profits, grows and the society enjoy good quality products at reasonable price, [9].

Though, Nigerian government has substantially directed effort towards luring investors, but it is quite unfortunate that not all parts of the country have business credibility. The northern part of Nigerian has lost business credibility due to security challenges in the region. The security situation has not only affected business operations in the northern business environment, but has also impacted negatively on other regional business activities. Small businesses have lost their assets and employees, and such the two major alternatives available are to either continue with high risk of mortality or geographically migrate from this hazardous business environment. The figure 2.4.1 below shows various factors of insecurity surrounding business enterprises in this business environment.



Source: Achumba, [2]

2.5 PROBLEMS FACING SMES AS A RESULT OF TERRORISM IN THE NORTHERN PART OF NIGERIA

i. Manpower problem

Despite the increase number of the labour force in Nigeria, the high level of unrest in the north has led to unprecedented mass emigration. Therefore, decreasing manpower inventory is recorded almost on a daily basis.

ii. Religion problem

Religion ought to be the opium of the masses, but it has become a tool and a motive for terrorist attack under religious ideology. These religious groups and ideologies are the basis for the impediment of businesses in the north.

iii. Ethnicity Problem

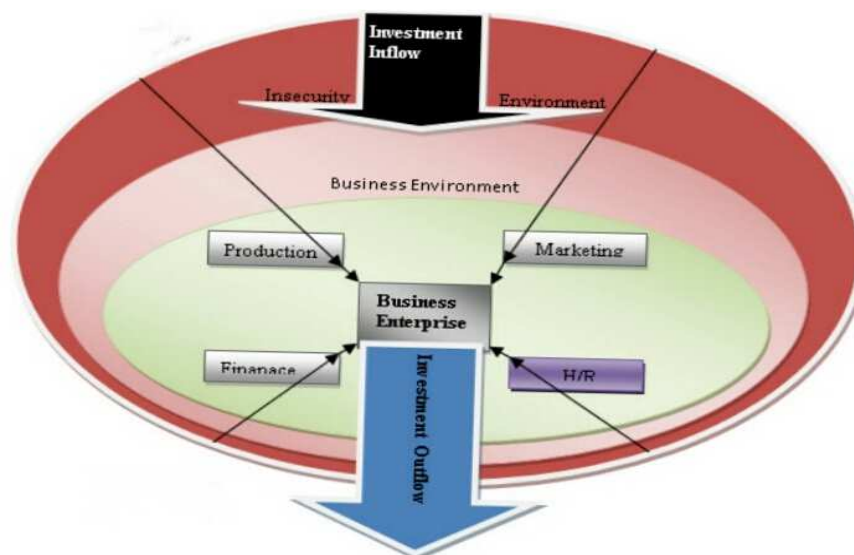
Nigeria is a diverse nation, ranging from languages, cultures, tribes, etc. These are drivers of sentimentality, and have heavy implication on survival of businesses in the Northern Region of Nigeria.

Other problems facing SMEs in the northern part of Nigeria are Political Problem, Financial problem, Transportation problem, and Market and marketing problems.

2.6 THE IMPLICATIONS OF TERRORISM ON SMES

In the past decades, the northern parts of Nigeria were business friendly environment. The beginning of terrorism marked high level of dooms in both the business environment and human endeavour. One attack of this insurgency often leads to several destruction of properties and lives. This accounts for significant mobility of both labour and business from this geographical area to better site where peace and tranquility exist. Terrorism has so many implications on SMEs in the North, out of which two are briefly discussed.

- i. Employee Turn over: Despite the high rate of unemployment in Nigeria, there are large observed large numbers of employees leaving their jobs in the north for peaceful places. Employees forcefully leave their jobs to fend for their lives and families lives with or without the knowledge of their firms. This makes increasing job openings for those who can take the risk of death.
- ii. Religion: The religion implication of terrorism on SMEs may be observed with the goods being traded or the caliber of its employees. For instance, Beer parlour business is against the religion doctrine in the north and one or another religion may view the recruitment of female employees as *haram* (not proper in religious doctrine). Similarly, a member of one religious group will never do business in the domain of another religion group. The figure 2.6.1 below also gives pictorial view of the implications of insecurity (terrorism) on business functions.



Source: Achumba, et al [2]

3 METHODOLOGY

This study used primary and secondary sources for gathering reliable and adequate data and information. The primary sources of data include the personal interview, observation and structured questionnaire administered to the study area. The secondary sources include Newspaper, Journal and Internet. This research was conducted in the North central, Nigeria. The study randomly selected 255 respondents, and administered the questionnaires evenly among tribal groups that may be significant for the research. The purpose of this is to divorce this research from been bias. The researchers took time to carry out the research objectively and successfully. This study analyzed the data collected with Chi-Square statistical method of testing hypothesis, percentages and tables.

4 DATA INTERPRETATION, ANALYSIS AND DISCUSSION OF FINDINGS

Table 4.1: The Demographic Characteristics of Respondents

| Demography | Responses | Percentage (%) |
|--------------------------------------|------------|----------------|
| Gender | | |
| Female | 137 | 53.7 |
| Male | 118 | 46.3 |
| Total | 255 | 100 |
| Occupation | | |
| Employee | 48 | 18.8 |
| Business owner | 78 | 30.6 |
| Residence | 129 | 50.6 |
| Total | 255 | 100 |
| Duration of Stay in The North | | |
| 1-5 years | 48 | 18.8 |
| 6-10 years | 56 | 22.0 |
| 11-15years | 83 | 32.5 |
| 16-20years | 51 | 20.0 |
| 21 and above | 17 | 6.7 |
| Total | 255 | 100 |

Source: Field Survey, 2014

From the table 4.1. showing the demographic characteristics of respondents, it is discovered that 137 respondents (53.7%) were female and 118 respondents (46.3%) were male. The table also shows that 48 respondents (18.8%) were employee; 78 respondents (30.6%) were business owners; and 129 respondents (50.6%) were residents of the study area. And that 48 respondents (18.8%) have spent 1-5 years in the study area; likewise 56 respondents (22.0%) have spent 6-10 years; 83 respondents (32.5%) have spent 11- 15 years; 51 respondents (20.0%) have spent 16-20 years; and 17 respondents (6.7%) have spent 21 years and above.

Table 4.2: Showing the Implication of Terrorism on Smes and Standards of Living in the Northern Nigeria

| Terrorism Can Lead To High Mortality Rate Of SMEs And Degradation Standard Of Living In The Northern Nigeria | | | | |
|--|--------------|---------------------|------------|-------------|
| Response | Armed Attack | Bombing & Explosion | Total | Percentage |
| Yes | 87 | 107 | 194 | 76.1 |
| No | 14 | 15 | 29 | 11.4 |
| Not Sure | 7 | 25 | 32 | 12.5 |
| Total | 108 | 147 | 255 | 100 |

Source: Field Survey, 2014

From the table 4.2 above, it is observed that 194 respondents (76.1%) agreed that terrorism can lead to high mortality rate of SMEs and degradation standards of living in the northern Nigeria; 29 respondents (11.4%) disagreed; and 32 respondents (12.5%) have no inkling or opinion on this subject.

4.1.1 TEST OF HYPOTHESIS

From the table 4.2 above, the Expected frequency is computed and presented in the table below:

| Response | Armed Attack | Bombing & Explosion | Total | % |
|----------|--------------|---------------------|-------|------|
| Yes | 87 12.16 | 107 111.83 | 194 | 76.1 |
| No | 14 12.28 | 15 16.71 | 29 | 11.4 |
| Not Sure | 7 13.55 | 25 18.44 | 32 | 12.5 |
| Total | 108 | 147 | 255 | 100 |

Source: Field Survey, 2014

$$\text{Expected Frequency} = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

| F_o | F_e | $F_o - F_e$ | $(F_o - F_e)^2$ | $\frac{(F_o - F_e)^2}{F_e}$ |
|-------|--------|-------------|-----------------|-----------------------------|
| 87 | 82.16 | 4.84 | 23.4256 | 0.2851 |
| 14 | 12.28 | 1.72 | 2.9584 | 0.2409 |
| 7 | 13.55 | -6.55 | 42.9025 | 3.1662 |
| 107 | 111.83 | -4.83 | 23.3289 | 0.2086 |
| 15 | 16.71 | -1.71 | 2.9241 | 0.1750 |
| 25 | 18.44 | 6.56 | 43.0336 | 2.3337 |
| | | | | $\Sigma = 6.4095$ |

Level of Significance = 5% or 0.05

Degree of Freedom (df) = (R-1)(C-1)

$$(3-1)(2-1) = (2)(1) = 2$$

$$X^2 > X^2_{0.05}$$

| Cell | F_o | F_e | Df | Calculated X^2 Critical Value | X^2 Value | Decision |
|------|-------|--------|----|------------------------------------|-------------|--------------|
| I | 87 | 82.16 | 2 | 6.410 | 5.991 | Reject H_o |
| li | 14 | 12.28 | | | | |
| lii | 7 | 13.55 | | | | |
| Iv | 107 | 111.83 | | | | |
| V | 15 | 16.71 | | | | |
| Vi | 25 | 18.44 | | | | |

4.1.2 DECISION

Since $X^2 > X^2_{0.05}$, that is, the calculated Chi-Square ($X^2 = 6.410$) is greater than the critical value ($X^2 > X^2_{0.05} = 5.991$), the null hypothesis is rejected and the alternative hypothesis is upheld. We therefore conclude that terrorism can lead to high mortality rate of SMEs and degradation of standards of living in the northern part of Nigeria.

5 CONCLUSION

There is no doubt that the northern Nigeria's economy has been facing the mud since the inception of terrorism in the country. Human and business life witness death unduly on a daily basis. The increasing mortality rate of business and owners have made many business owners to either relocate or wind up their businesses, and this has inverse implications on the living standard of the people in the region.

Terrorism by its simple indication is violence against every existence, and is inimical to development at every facet of life. Terrorism is categorized based on the reasons for which it is established. Terrorism, be it of any shape or form, if persistent will not only lead to high mortality rate of SMEs and degrade the standards of living of the people, but may crumble the country's national economy at the long run if no vibrant measure is taken to halt the menace.

6 RECOMMENDATIONS

- i. Government should investigate the root cause of insecurity and particularly the categories of terrorism in Nigeria
- ii. Government should formulate and implement vibrant policies and programmes as mechanism towards addressing the root causes of insecurity in Nigeria and putting a halt to the menace.
- iii. The Legislature and judiciary arms of government should redefine their interventions in addressing security issues affecting both human and SMEs lives.
- iv. SMEs owners should invest much time in the analysis of business friendly environment before making the choice of their business location.
- v. SMEs owners should be security conscious, and should educate their employees on the need to alarm terroristic activities during their daily routine.

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