

Impact of Insecurity on Economic Activities in Awka Metropolis

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ABSTRACT

Insecurity is a feeling of trepidation and unsafe that leads to wanton destruction of lives and properties in a society. As a result, this study examined the impact insecurity has on the economy and development status of Awka metropolis with respect to public and private economic activities and the Nigerian economy as a whole. The study relied on primary data generated through structured multifactor questionnaire administered on respondents and was analyzed with analysis of variance (ANOVA) technique. The result revealed that insecurity has significant impact on public and private sector activities in Awka metropolis as shown by the responses of the private business owners, top government officials and workers selected for this study. From the results, the study conclude that on average, insecurity has adversely affected public and private sector assets, output, turnover, employment generation and finances in Awka metropolis and Nigeria in general and thereafter recommended that government should increase spending on the different security outfits within the state and country to adequately equip them for their duties.

Keywords: *Insecurity, Economic Development, ANOVA.*

1. Introduction

Any nations that aspire to grow and develop should have a safe environment that would allow businesses and economic activities to thrive well. Unsafe haven discourages investments both private and public sector investments. Thus, insecurity is a situation in which people's lives and properties feel unsafe. In some developed and even developing countries of the world, the issue of insecurity is being taken care of due to the fact that the citizens of the countries are treated fairly and majority of the people live above the poverty line. This makes the environment to be conducive for investments to thrive well, thereby, creating employment opportunities for thousands of people so as to earn a living.

However, the issue of the insecurity in Nigeria can be traced historically to the period when the democratic government took over from the military government. The reason for the insecurity

issue was due to unfair treatment in the country(Onime,2018). People who are richer are embezzling public funds to get richer while the poor are getting poorer because they lack access to public funds. Another major challenges that sparked up insecurity in Nigeria include; injustice, favouritism, bad governance, porous borders and weak security system (Aghaulor, 2020). The insecurity incidence which majorly started with the activities of Boko Haram has caused damages to the assets/properties of both private and public sectors' investments. This has caused the number of employment generation by these investors to drop drastically, thereby causing the rate of unemployment in Nigeria to shoot up year in year out. Their output, turnover, and finances have shrunk(Wojuade, 2021). Due to these developments, investors are discouraged to invest.

Furthermore, on a daily basis, lives and properties are lost and this has also put fear in the mind of the people to invest in those areas which are badly affected by these activities of Boko Haram. Millions of people are displaced in those regions too. According to IEP (2020), about 7.5 million Nigerians have been displaced so far. This has forced government to keep spending so as to cater for the immediate needs of the displaced people. These funds would have been diverted for developmental projects if not for insecurity that rears its ugly head in the country.

Similarly, the issues of kidnapping in all parts of the country, abduction, ritual killings, militancy in the South-South region, whereby government and private properties are vandalized have become the order of the day. People are kidnapped for rituals and ransom payment, school students are abducted. Upon their release, these students are afraid to go back to school. Recently, the issues of kidnapping, armed robbery, abductions have been so bad that people now live in fear. Between 2018 and 2020, statistics revealed that about 141 attacks occurred and about 137 people were kidnapped in 2020. In 2018 and 2019, there were 69 attacks and about 75 people were kidnapped (Bazan, 2020). Over 40,000 people have also been killed by Boko Haram. Insurgency claimed the lives of about 1,606 in the North East (Institute for Economics and Peace, 2021).

In a bid to curtail the issues of insecurity in Nigeria, different measures and strategies have been put in place. Some of these include; allocating huge budget to internal security and defencespending, passing of Anti-Kidnapping and terrorism act into law, relocation of military

base to the affected areas and shutting down of communication channels in some Northern parts where there is high cases of insecurity. Despite all these measures put in place to ensure that the country is safe for people, the level of insecurity is still high. On the first of November 2021, some persons were kidnapped in Abuja but due to the quick intervention of security personnel, they were rescued. According to Institute for Economics and Peace [IEP] (2021), Nigeria still ranks 146th among 163 nations on Global Peace Index, 8th least peaceful. This shows that the level of insecurity in Nigeria is still high.

The disheartening aspect is that due to the inability of the government of the day to curb these nefarious activities, they have spread to all the states of the federation. Anambra state in which Awka is the capital, is not left out. Thus, the costs of doing business in this region have increased and automatically affect the investors output, turnover, rate of employment generation and finances. It is against this backdrop that this study seeks to examine the effect of insecurity on Economic activities in Anambra state using Awka Metropolis as a case study. This study therefore seeks to examine the impact insecurity has on economic activities in Awka by providing answers to the following questions;

- i. Amid insecurity in the metropolis, how has public sector activities been affected?
- ii. Amid insecurity in the metropolis, how has private sector activities been affected?

This study will serve as a contribution to the existing literature. It will also throw more light specifically on how public and private sector economic activities have been affected by insecurity within the metropolis. The hypotheses for the variables were tested in null form. Thus, the rest of the paper is structured into literature review, research methodology, data analysis and interpretation of results and conclusion and recommendations.

2. Literature Review

2.1 Conceptual Review of Literature

Concept of Insecurity

According to Aghaulor (2020), insecurity is defined as a breach of peace and security, whether historical, religious, ethno-regional, civil, social, economic and political, that contributes to

recurring conflicts and leads to wanton destruction of lives and properties. Udeh and Ihezue also see insecurity as a fear of unknown. A feeling of trepidation and unsafe. It is also a state of being unable to protect lives and property. The various types of insecurity include, religious insecurity, social, economic, political and environmental.

Concept of Economic Development

Economic development is growth plus other dimensions such as enhanced standard of living, poverty eradication, job opportunities, access to quality education and health services. It encompasses both growth and welfare values. Economic development is however the process that leads to quality in how the natural and human resources of a particular area or a country are being brought into full productive use. It is the increase in the level of production in an economy along with the advancement of technology, improvement in the standard of living of citizens and it enables improvement in the life expectancy rate, infant mortality rate, literacy rate and poverty rates (Wayne, 2006).

2.2 Theoretical Review of Literature

This study was anchored on Relative Deprivation theory because it clearly explained the causes of insecurity which are also applicable in Nigeria. The theory is dated back to ancient Greece and it is largely associated with Gurr (1970). It is a middle range contemporary theory that is indistinguishably linked to poverty and social segregation. The Relative Deprivation theory is the term employed to signify the tension that emerges from a disagreement between the 'ought' and the 'is' of collective value satisfaction which prompts humanity to violence. The construct of this theory shows that systemic failure or structural defect in a given society is significantly connected with the frustration and aggression that prompt criminality and violence. In contemporary Nigeria, systemic failure manifests in high rate of unemployment which is a correlate of poverty and violated conflicts. The theory exerts that people who are deprived of things deemed valuable in society join social movements or violent conflicts such as armed robbery, political thuggery, ritual killings, kidnapping etc. Gurr believed that there is perceived discrepancies between an individual who believes goods and conditions of life are rightfully entitled and those who believe that they are capable of attaining the goods and conditions of life (Gurr, 1970).

2.3 Empirical review of literature

Udeh, Okoroafor and Ihezue(2013) used descriptive method to study the impact of insecurity on national economic development in Nigeria. It was found that insecurity hampers economic development in Nigeria. Ewetan and Urhie (2014) investigated the effect of insecurity on socio-economic development in Nigeria. The study found that insecurity retards economic development in Nigeria.

Adofu and Alhassan (2018) also carried out a study on insecurity and economic development in Nigeria. The study used trend analysis, pearson and descriptive statistics and it was revealed that insecurity has inverse relationship with economic development in Nigeria. Nkwatoh and Nathaniel (2018) also examined the effects of insecurity on economic development in Nigeria from 2009 to 2016. The study utilized vector autoregressive model, using quarterly data. The result shows that insecurity threatens economic activities with no negative effect on the entire economy.

Onime (2018) studied the effect of insecurity on economic growth in Nigeria, using descriptive qualitative analysis between 2011 and 2015. The study found that insecurity affects economic growth by drying out investments, increases unemployment and dwindle government revenue.

A similar study by Aghaulor (2020) on the impact of insecurity on economic growth in Nigeria from 1981 to 2017, using error correction model shows that insecurity impacts on economic growth in Nigeria. Pullah and Good (2020) also examined the effect of insecurity and economic growth in Nigeria. It was revealed that national insecurity impedes economic growth in Nigeria.

Sheu (2021) studied the effect of insecurity on national development in Nigeria, using descriptive analysis. The result shows that insecurity has negative effect on national development in Nigeria. Wojuade (2021) examined insecurity and Nigeria's socio-economic development in Nigeria using descriptive survey research. The study reveals that ethno-religious conflicts and unemployment are among the factors responsible for insecurity which hampers economic growth in Nigeria.

3. Methodology

3.1 Theoretical framework.

This study was anchored on Relative Deprivation theory which states that systemic failure or structural defect in a given society is significantly connected with the frustration and aggression that prompt criminality and violence.

3.2 Nature and Sources of Data

The scope of this research was limited to: a) senior and middle cadre government workers in Awka who were issued questionnaires on how insecurity in the metropolis affects the activities of the government. b) Private business owners who operate within the metropolis and could answer questions on how insecurity affects business activities in the metropolis.

The senior workers were top government officials from grade level 13 to grade level 16 while the middle cadre workers were from grade level 8 to grade level 12 who were employed with degree certificates. It is assumed that responses obtained from the sample respondents would be representative of the opinion of public and private sectors of the study area and the country in general.

The core aspect of this study was the use of survey (questionnaire) research design in generating the required data. A sample of 100 private business owners and 300 government officials and workers were selected. The government workers were proportionally shared; 150 high profile government officials and 150 middle cadre workers, all cutting across the various ministries. The questionnaire was designed to obtain a fair representation of the opinions of the sample respondents using a five-point Likert mean scale. The questionnaire responses of the sample respondents were presented using tables while formulated hypotheses were tested using analysis of variance (ANOVA) technique. A total of 400 copies of the instrument containing five questions for private business owners and also five questions for government workers were administered, collected and used for the analysis.

3.3 Technique of Analysis: Analysis of Variance (ANOVA)

Analysis of variance was used to test significance differences between three or more sampling means. For instance where three or more different questions of a particular phenomenon

produced different mean concerning the phenomenon of interest, ANOVA becomes more appropriate to test the null hypothesis that the sample means are all equal.

Table 3.1: ANOVA Table

VARIABLES	SS	DF	MS	F-ratio
SS _B	$b\sum_j(\bar{G}_j - \bar{G})^2$	V ₁ = K-1	MS _B = SS _B / V ₁	F _{cal} = MS _B / MS _w
SS _w	SS _T - SS _B	V ₂ = N-K	MS _w = SS _w /V ₂	F _{tab} = V ₁ ;V ₂ . At 5% level of significance.
SS _T	$b\sum_{j,k}(G_{jk} - \bar{G})^2$	N-1		

Source: Authors' Computation, 2021

4.Result Presentation and Analysis

4.1 Evaluation of questions, objectives and hypotheses

Table 4.1: ANOVA Result for Question, Objective and Hypothesis One (Government Officials).

Source of Variation	Sum of squares	Degree of freedom	Mean Sq	F-ratio	Decision
Between	377,040	4	94,260	F _{cal} = 1.27	Do not reject H ₀ .
Within	1,488,336	20	74,416.8	F _{tab} ^{5%} =	
Total	1,865,376	24		14.0	

Source: Authors' Computation, 2021

Table 4.1 shows that F_{cal}<F_{tab} at 5% level of significance, as a result we accept the first H₁ which states that insecurity has significantly affected public sector activities in Awka metropolis. The study concludes that amid insecurity, public sector assets, output, turnover, employment generation and finances have been adversely affected in Awka metropolis and Nigeria in general.

Table 4.2: ANOVA Result for Question, Objective and Hypothesis One (middle level workers).

Source of Variation	Sum of squares	Degree of freedom	Mean Sq	F-ratio	Decision
Between	92,253.8	4	23,063.45	F _{cal} = 0.21	Do not reject H ₀ .
Within	2,247,615.2	20	112,380.76	F _{tab} ^{5%} =	
Total	2,339,869	24		14.0	

Source: Authors' Computation, 2021

From the view of the middle cadre workers, amid insecurity, public sector assets, output, turnover, employment generation and finances have been adversely affected in Awka metropolis and Nigeria in general. Table 4.2 attests to that. This is evidenced by $F_{cal} < F_{tab}$ at 5% level of significance, hence we accept the first H_1 which states that insecurity has significantly affected public sector activities in Awka metropolis.

Table 4.3: ANOVA Result for Question, Objective and Hypothesis Two (private business owners).

Source of Variation	Sum of squares	Degree of freedom	Mean Sq	F-ratio	Decision
Between	48,939	4	12,234.75	$F_{cal} = 0.24$	Do not reject H_0 .
Within	1,016,430	20	50,821.5	$F_{tab}^{5\%} =$	
Total	1,065,369	24		14.0	

Source: Authors' Computation, 2021

F-ratio in Table 4.3 indicates that $F_{cal} < F_{tab}$ at 5% level of significance, meaning that on average, insecurity has adversely affected private sector assets, output, turnover, employment generation and finances in Awka metropolis and Nigeria in general. As a result, we accept the second H_1 which states that insecurity has significantly affected private sector activities in Awka metropolis.

4.2. Discussion of Findings: Economic Implication

From the results obtained from the high government officials and middle cadre government workers surveyed in the metropolis, one point was clear that since the inception of kidnapping, killings by unknown gun men in the state and politically motivated killings within the state, public sector assets, output, turnover, employment generation and finances have been adversely affected in Awka metropolis. This same view was also shared by private business owners within the metropolis.

The primary objective of this study is to determine the impact absence of security within the metropolis has on the economic performance of the state and by proxy the entire nation. The public sectors of the state have lost some valuable assets at both the state and national levels. This also applies to the private sector activities operational in the state. These lost assets

translate to loss in output generation and turnover as workers are not expected to operate in the air. The most painful aspect is the loss of human assets that are irreplaceable. This development directly affects the finances of both the private and public investments in the state and has led to a serious drop in employment generation. By implication, insecurity if not tackled with immediate effect, may lead to the perpetual underdevelopment of public and private sector activities within the state or crowding out of potential investors which will in turn result to continuous increase in the rate of unemployment, high poverty rate, hunger, and further crimes in the long-run.

Worthy of note also is that, despite differences in the study approach, the findings of this study relatively agree with the findings of the empirical literature reviewed in this study.

5. Conclusion and Recommendations

Insecurity of lives and properties in a state capital cannot produce an environment that will promote the growth of the state and the entire nation in general. Therefore, issues pertaining to the security of lives and property should not be handled with kids gloves because from results of this analysis, both private and public sector assets, output, turnover, employment generation and finances are adversely affected. If not tackled with immediate effect, may lead to the perpetual underdevelopment of public and private sector activities within the state or crowding out of potential investors which will in turn result to continuous increase in unemployment rate, high poverty rate, hunger, and further crimes in the long-run.

Based on the results obtained, this study therefore recommends that the Anambra State government should ensure the security of lives and properties within the state by spending judiciously on the different security outfits within the state and country in general so as to adequately equip them for their duties. Also, government should create employment opportunities for our teeming youths to enable them to be productively engaged. If this is fully achieved within the state, it will gradually spread through the entire country.

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Appendix I

Question one for high government officials (n =150)

Mean responses on the impact of insecurity on public sector activities in Awka metropolis.

SA = Strongly Agree; A = Agreed; UD = Undecided; D =Disagreed; SD = Strongly Disagreed								
s/n	Research Questions	SA (1)	A (2)	UD (3)	D (4)	SD (5)	Total Response	Mean Score
1.	Amid insecurity in Awka metropolis has public sector assets reduced?	70	60	3	11	6	150	1.82
		70	120	9	44	30	273	
2.	Amid insecurity in Awka metropolis has public sector output reduced?	68	62	2	10	8	150	1.85
		68	124	6	40	40	278	
3.	Amid insecurity in Awka metropolis has public sector turnover reduced?	65	64	3	12	6	150	1.87
		65	128	9	48	30	280	

4.	Amid insecurity in Awka metropolis has public sector employment generation reduced?	73	63	0	7	7	150	1.75
		73	126	0	28	35	262	
5.	Amid insecurity in Awka metropolis has public sector finances reduced?	60	71	2	12	5	150	1.87
		60	142	6	48	25	281	

Source: Field Survey, 2021

Appendix II

Question two for middle cadre government workers (n =150)

Mean responses on the impact of insecurity on public sector activities in Awka metropolis.

SA = Strongly Agree; A = Agreed; UD = Undecided; D =Disagreed; SD = Strongly Disagreed								
s/n	Research Questions	SA (1)	A (2)	UD (3)	D (4)	SD (5)	Total Response	Mean Score
1.	Amid insecurity in Awka metropolis has public sector assets reduced?	60	58	13	10	9	150	2.00
		60	116	39	40	45	300	
2.	Amid insecurity in Awka metropolis has public sector output reduced?	58	60	10	12	10	150	2.04
		58	120	30	48	50	306	
3.	Amid insecurity in Awka metropolis has public sector turnover reduced?	62	59	8	13	8	150	1.97
		62	118	16	26	16	300	

		62	118	24	52	40	296	
4.	Amid insecurity in Awka metropolis has public sector employment generation reduced?	65	66	5	6	8	150	1.84
		65	132	15	24	40	276	
5.	Amid insecurity in Awka metropolis has public sector finances reduced?	48	47	20	18	17	150	2.39
		48	94	60	72	85	359	

Source: Field Survey, 2021

Appendix I11

Question three for private business owners (n =100)

Mean responses on the impact of insecurity on private sector activities in Awka metropolis.

SA = Strongly Agree; A = Agreed; UD = Undecided; D =Disagreed; SD = Strongly Disagreed								
s/n	Research Questions	SA (1)	A (2)	UD (3)	D (4)	SD (5)	Total Response	Mean Score
1.	Amid insecurity in Awka metropolis has private sector assets reduced?	38	44	2	9	7	100	2.03
		38	88	6	36	35	203	
2.	Amid insecurity in Awka metropolis has private sector output reduced?	35	45	3	11	6	100	2.03
		35	90	9	44	30	208	
3.	Amid insecurity in Awka metropolis has private sector turnover reduced?	37	46	3	8	6	100	2.00

		37	92	9	32	30	200	
4.	Amid insecurity in Awka metropolis has private sector employment generation reduced?	30	39	8	13	60	10	2.34
		30	78	24	52	50	234	
5.	Amid insecurity in Awka metropolis has private sector finances reduced?	41	45	1	7	6	100	1.92
		41	90	3	28	30	192	

Source: Field Survey, 2021