

INSECURITY AND PERFORMANCE OF SMALL AND MEDIUM SCALE BUSINESS IN NIGERIA: EVIDENCE FROM OPERATION PYTHON DANCE IN ABIA STATE

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Abstract

This study has examined the relationship between insecurity and performance of small and medium scale businesses in Nigeria: evidence from operation python dance in Abia state. The study formulated three objectives of the study, research questions and hypotheses. The study adopted survey research design and the questionnaire was the major instrument used to generate data. Simple percentages and Analysis of Variance (ANOVA) were used to analyse the responses for meaningful, reliable and useful inferences. The findings showed that there is a significant relationship between insecurity and customer retention by SMES. Insecurity relates to productivity by SMES; and that there is a significant relationship between insecurity and sustainability by SMES. Based on the findings, the study recommended among others that government should as a matter of urgency formulate good policies and enacts laws that could nip the problem in the bud.

Keywords: Insecurity, Performance, productivity, customer retention, and sustainability

Background of the Study

Worrisome threats to people's lives and property, as well as to business and economic activity, are posed by Nigeria's rising tide of insecurity. Despite the government's, other organizations', and well-intentioned people's concentrated efforts to stop it, it persists uninterrupted, is obstinate, and festers throughout society (Adewale & Ademola 2021).

The lack of peace, safety, and protection as well as exposure to danger in an environment or society due to economic, political, socio-cultural, and ethno-religious conflict, unequal distribution of natural resources, poverty and unemployment, permeable borders, and weak security systems, among other things, are all examples of insecurity, according to Adewale and Ademola (2021). Ewetan and Urhie (2014) describe insecurity as a breach of social, economic, political, and societal peace and security that fuels recurrent conflicts and results in the indiscriminate loss of lives and property.

Ekpo (2017) lamented the high number of ongoing abduction difficulties in Nigeria that scared away many potential foreign investors and eminent Nigerians who stay abroad who would have been willing to return home and engage in businesses in (Adewale & Ademola (2021).

The unity and peaceful coexistence of our magnificent nation, Nigeria, appear to be in danger due to the high rate of criminality there, which is harming efforts to advance all areas of life, including business, especially SMEs activities. The tremendous negative effects of insecurity on economic growth have been seen, particularly for Small and Medium-Sized Enterprises (SMEs), which are highly unstable, susceptible, and attack-prone. Due to the significant insecurity danger to their enterprises and lives, potential business owners and current business owners are currently frightened, hesitant, and unwilling to take measured risks in new investment possibilities or extend existing ones (Adewale & Ademola 2021). Nigeria indeed has witnessed a lot internal security challenges in recent times. This could be witnessed in a development that happened in Aba Abia State with the insecurity challenge as a result of a programme launched by the federal government of Nigeria known as operation python dance (Opara, 2019).

SME growth is recognized as the global growth engine. The ability to deliver activities and results that are acceptable is performance for SMEs. As a result, it has to do with how well and successfully a business runs its operations. The performance of SMEs affects the outcomes of the firm, including earnings, sustainability, expansion, etc. When SMEs perform at their highest levels, owners, customers, suppliers, society, and even the government all gain significantly (Barde, & Ogidi 2022).

According to Taouab & Issor (2019), performance is the ability of an object to provide results in relation to a target in a dimension with a priority. Therefore, three things are necessary: an object whose performance is to be considered; a dimension in which one is interested; and a predetermined aim for the conclusion. Customer retention, productivity, and sustainability are the three performance measures that were used in this study.

Statement of the problem

Businesses have been the major sector that has suffered the most as insecurity has grown to be a serious issue in Nigeria and the south-east. As demonstrated by empirical works of (Nwagbala, Ifureze, & Okafor 2022) who examined the performance of a few hotels in Awka, Anambra State to determine the impact of security; results showed that security has a substantial impact on the operation of a few hotels in Awka, Anambra State; as well as the study by (Adewale & Ademola 2021) examined the effects of insecurity and government spending on security on Small and Medium Scale Enterprises in Nigeria. The findings established that Budgetary Allocations to Defense (BAD) has a beneficial impact on SMES, however the impact is statistically small, according to the ECM results. SMES are positively and statistically significantly impacted by the Insecurity Index (INS).

Given the paucity of studies that have been done in these areas of study, empirical evidence has demonstrated that it is necessary to link insecurity with other performance indicators including customer retention, productivity, and sustainability.

Objectives of the study

The primary objective of the study is to determine the relationship between insecurity and performance of small and medium enterprises in Abia State. The specific objectives are to;

- (a) examine the relationship between insecurity and customer retention of SMEs

- (b) determine the relationship between insecurity and productivity of SMEs.
- (c) assess the relationship between insecurity and sustainability of SMEs.

Research Questions

The objectives of the study are as follows;

- (a) What is the relationship between insecurity and customer retention of SMEs?
- (b) To what extent is the relationship between insecurity and productivity of SMEs?
- (c) What is the relationship between insecurity and sustainability of SMEs?

Hypotheses Formulation

The study formulated the hypotheses based on the research questions;

H₀₁: There is no significant relationship between insecurity and customer retention of SMEs.

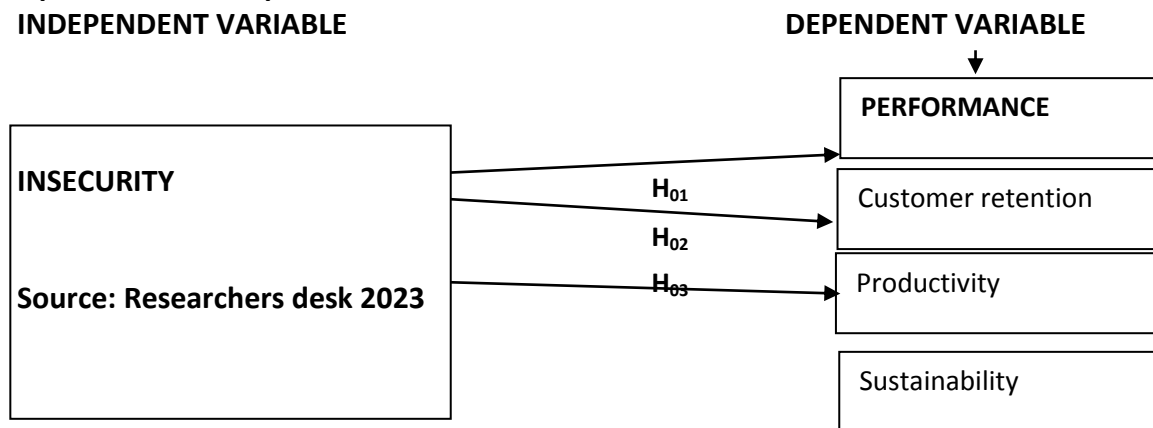
H₀₂: Insecurity does not relate to productivity of SMEs.

H₀₃: There is no significant relationship between insecurity and sustainability of SMEs.

Scope of the study

The study's focus is on the connection between insecurity and performance of small- and medium-sized businesses'. The study's geographic focus was on six production companies: Micjon Industry Aba, Optimum Cake, Ice Solution, Bajaj, Nnavic Venture, and Camela Vegetable Oil Company Ltd. The employees of the chosen firms make up the unit scope.

Operational Conceptual Framework



Review of Related Literature

Concept of Insecurity

Since its independence, Nigeria's security issues have taken many forms, including economic, social, political, and religious. The manifestations of this dimension include militancy, kidnapping, armed robbery, political unrest, the proliferation of armaments, piracy, tribal unrest, and ethno-religious conflicts.

This is due to Oyejide's (2018) assertion that the Nigerian state consists of a mingling of ethnicities made up of unreasonable individuals who associate unintentionally in the pursuit of unique objectives. It is characterized by a lack of justice and is kept together by its armed forces, which are commanded by members of the country's two main nationalities and united by a shared understanding based on a specific unwritten concept. This situation has given rise

to several ethnic, regional, and religious groups that eventually evolved into militias and now pose a security threat to the country. There is a wealth of literature on the subject of insecurity in Nigeria.

Concept of Small and Medium Scale Enterprises

According to Adewale & Ademola (2021) small and medium-sized firms (SMEs) are commercial enterprises whose total costs, excluding land, do not exceed two hundred million naira (N200,000,000). Although there is disagreement among academics and policymakers as to when a company is considered small or medium-sized. There isn't really a conventional definition that is accepted globally or even domestically, other than when a business's scale needs to be determined for a particular objective.

The identification of SMEs is a problem that is more acute in developing nations because, in addition to being challenging to count, small and medium-sized enterprises are also challenging to measure individually. As a result, statistics on the number, size, geographic distribution, and activities of enterprises and the SME sub-sectors are incomplete and extremely unreliable (UNIDO, 2014).

Based on factors like installed capacity utilization, output, employment, capital type of country, or other considerations that are more pertinent to the industrial policies of the particular country, the United Nations Industrial Development Organization (UNIDO) identified fifty definitions of small scale business in 75 different countries. However, it has been hypothesized that, excluding informal operations, the SMEs sub-sector may account for around 87 percent of all businesses operating in Nigeria. This study used the UNIDO definition of an enterprise as a formal business with five or fewer employees, including unpaid family labor, a small business with five to twenty employees operating in the formal economy, and a medium-sized business with 21 to 50 employees (Mitchel 2018).

Firms Performance

Performance is, generally speaking, a notable accomplishment in a particular field of endeavor. The concept of performance describes how an individual or group comes to a decision in order to achieve a goal. According to (Oriazowanla and Erah 2019), performance is the sum of all achievements that may be measured objectively in a certain field of endeavor. The term "performance" is used in a variety of contexts, including social, economic, technological, and athletic performance. The Latin root of the word "performance" is where its etymology comes from.

An essential task that supports the strength of every organization is measuring the performance of the company. The company's success is typically assessed from a variety of angles. The most frequently referenced measures in literature are financial and non-financial ones. Both of these meters are utilized together to make effective strategic decisions for businesses and to assure long-term success. The performance measurement system is the tool that gives the firm the information it needs to plan and direct its processes in order to achieve organizational goals.

Customer Retention

Customer retention is a practice of businesses that involves retaining customers over time and extracting additional value from them. This practice's main objective is to convert first-time buyers into repeat customers, ensuring they do not choose a competitor's product or service.

Productivity

Productivity is a measure of economic performance that compares the amount of goods and services produced (output) with the amount of inputs used to produce those goods and services.

Sustainability

Sustainability is "an economic, social, and ecological concept (Boudreau and Ramstad 2020). It is intended to be a means of configuring civilisation and human activity so that society and its members are able to meet their needs and express their greatest potential in the present, while preserving bio-diversity and planning and acting for the ability to maintain these ideals indefinitely. Sustainability is providing for the best for people and the environment both now and in the indefinite future (Colbert and Kurucz, 2018).

Theoretical review**Social Structure and Anomie Theory**

Halliru (2012) developed a modern theory in the social sciences called "The Social Structure and Anomie" that highlights the active roles that abnormal behavior plays in criminality. The cultural objective of physical accomplishment, which includes money and the stunning items it can acquire inside its institution or structure, is expected of all segments of society, according to Merton's philosophy. However, the society that places great importance on cultural environment for success attainment and social ascent for all of its citizens needs to provide for their achievements. Unfortunately, society places less emphasis on the ways in which its members might achieve this aim, which makes them more likely to engage in criminal activity. As a result, the substantial discrepancy between cultural objectives and structural certainties not only undermines societal support for the norms already in place but also encourages their violation (Omonijo, Anyaegbunam, Obiora and Chiibuike 2017). People who are stifled in their quest for economic success in society are compelled to adapt in bizarre ways to this aggravating environmental circumstance. The crucial contribution to the anomie tradition is consequently how individuals cope with environmental loads. An analytical typology of how people adapt to the difference between culture and social structure in the society serves as an illustration of this.

Relative Deprivation Theory

A middle-of-the-road modern theory in the social sciences, relative deprivation theory is inextricably tied to social segregation and poverty. The theory has its roots in ancient Greece and is frequently linked to (Gurr, 1970) in (Omonijo, et al. 2017). As a result, Gurr (1970) argues that rather than a total standard of deficiency, a breach between projected and achieved wellbeing results in cooperative dissatisfaction, drawing inspiration from Aristotle's principle that revolution is driven by a relative sense or feeling of inequality rather than an absolute

measure. Since anger caused by frustration is a motivating force that positions men to violence regardless of its means, the frustration-aggression mechanism appears to be the main source of human capacity for violence. The word "relative deprivation" is used to describe the stress or tension that results from a conflict between the "ought" and the "is" of communal value fulfilment, which drives humanity to engage in violent behavior. Obah-Akpowoghaha (2013), defines the prerequisite of "relative" deprivation as follows: (where individual A feels deprived of object X): individual A does not have X; individual A wants to have X; individual A knows of other individuals who have X; individual A believes obtaining X is realistic.

Empirical Review

In Lagos State, Nigeria, Nurudeen, Kabiru, and Okikiola (2022) investigated the effects of job insecurity on employees' performance, with perceived organizational support serving as a mediating factor. PPMCC was utilized to evaluate and assess the proposed hypothesis. The study's results showed that there is a negative correlation between job insecurity and employee performance, and they also shown that perceived organizational support considerably mediates this link.

In a similar work, the performance of a few hotels in Awka, Anambra State, were examined to determine the impact of security, according to Nwagbala., Ifureze, and Okafor (2022). Twelve hotels were chosen at random from a total of 125 hotels in Awka, Anambra State, using a survey study approach. Simple regression analysis and the Pearson Product Moment Correlation Coefficient were used to assess the hypotheses. Results showed that security has a substantial impact on the operation of a few hotels in Awka, Anambra State. It was determined that uncertainty has an impact on steady business operations since it may put the lives of both employees and clients in danger. Both the workplace environment and customer patronage are impacted by insecurity.

The effects of insecurity and government spending on security on Small and Medium Scale Enterprises in Nigeria were investigated by Adewale and Ademola in 2021. To accomplish this, an Error Correction Model (ECM) with statistical test of significance was developed to empirically examine the impact of insecurity and government spending on security on Small and Medium Scale Enterprises in Nigeria. Budgetary Allocations to Defense (BAD) and the Insecurity Index (INS) were the independent variables, and SMES was the dependent variable. Budgetary Allocations to Defense (BAD) has a beneficial impact on SMES, however the impact is statistically small, according to the ECM results. SMES are positively and statistically significantly impacted by the Insecurity Index (INS).

Methodology

Research Design

The study employed survey research design. Survey research design is suitable for research of this nature since its information were sourced from the field.

Sources of data

The primary source of data collection was employed through the use of questionnaire and oral interview to generate data for the analysis of this study. The copies of the

questionnaire constructed were distributed to the selected sample of the study as revealed in this chapter.

Population of the study

The study examined the operations of Camela Vegetable Oil Company Ltd, Optimum Cake, Ice Solution, Bajaj, Nnavic Venture, Upperlink limited, and Micjon Industry Aba within the state, and copies of the questionnaire were distributed to various departments of the chosen SME's. The study's focus is on SMEs in Aba, Abia state, Nigeria. The staff of the departments listed below make up the study's population.

FIRMS	Number of Staff
Camela Vegetable Oil	21
Optimum cake	30
Ice solution	23
Bajaj, Nnavic Venture	15
Upperlink limited	35
Micjon Industry Aba	22
TOTAL	146

Source: Field Survey, 2022

Sample size determination

The sampling frame for this research project is the list of firms, which is used to determine the sample size. 107 people make up the sample size for this study, which was established using the following Taro Yamene formula;

$$n = \frac{N}{1+N(e)^2}$$

Where n = sample size

N = population size

1 = constant figure

e = marginal error of 0.05 or 5%

$$n = 146$$

$$\frac{1+146 (0.05)^2}{146} = \frac{146}{1+0.365}$$

$$= \frac{146}{1.365}$$

$$= 107$$

Method of data analysis

Simple percentages and Analysis of Variance (ANOVA) were used to analyse the responses for meaningful, reliable and useful inferences.

Method of Data Analysis

study adopted the use of Analysis of Variance. The reason for the choice of ANOVA is because of the differences in the population mean of the data collected. The analysis of variance determines the differences in population using the two-way analysis of variance. The table which was later converted into analysis of variance table is given as ;

Responses	1	2	3	.....	R
Strongly Agreed	X ₁₁	X ₁₂	X ₁₃	.....	X _{1r}
Agreed	X ₂₁	X ₂₂	X ₂₃	.....	X _{2r}
Disagreed	X ₃₁	X ₃₂	X ₃₃	.....	X _{3r}
Strongly Disagreed	X ₄₁	X ₄₂	X ₄₃	.....	X _{4r}

The responses in the above contingency table were weighted as follows;

Strongly Agree.....4

Agreed.....3

Disagreed.....2

Strongly disagree.....1

Result**Test of Hypotheses**

The test of hypothesis was carried out via the use of statistical package for social sciences.

Hypothesis One

H₀₁: There is no significant relationship between insecurity and customer retention of SMEs.

Table 4.1: A Two-Way ANOVA Result with respect to Hypothesis one

Tests of Between-Subjects Effects

Dependent Variable: performance

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	5.370 ^a	3	1.790	8.722	.000
Intercept	213.757	1	213.757	1041.478	.000
Insecurity	5.370	3	1.790	8.722	.000
Error	20.319	99	.205		
Total	265.000	103			
Corrected Total	25.689	102			

a. R Squared = .209 (Adjusted R Squared = .185)

Source: SPSS OUTPUT, 2022

Decision rule

The calculated P-value of F is compared to the critical value at the 5% level of significance; if the calculated P-value is less than the 5% level of significance, the null hypothesis is rejected; otherwise, it is accepted.

The P-value for F-cal., which is less than 0.05, was determined from the aforementioned result as 0.000. As a result, we accept the alternative hypothesis that there is a substantial correlation between insecurity and customer retention by SMEs and reject the null hypothesis.

Hypothesis Two

H₀₂: Insecurity does not relate to productivity by SMES.

Table 4.2 Two-Way ANOVA Result with respect to Hypothesis two

Tests of Between-Subjects Effects

Dependent Variable: Performance

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	8.476 ^a	3	2.825	16.250	.000
Intercept	97.649	1	97.649	561.621	.000
Insecurity_productivity	8.476	3	2.825	16.250	.000
Error	17.213	99	.174		
Total	265.000	103			
Corrected Total	25.689	102			

a. R Squared = .330 (Adjusted R Squared = .310)

Source: SPSS OUTPUT, 2022

Decision rule

The F-calculated value and its related P-value were determined from the aforementioned result as 16.250 and 0.000, respectively. We reject the null hypothesis and come to the conclusion that insecurity has a relationship with SMES production since the P-value of the F-calculated (0.000) is less than the 5% critical level (0.05).

Hypothesis three

H₀₃: There is no significant relationship between insecurity and sustainability by SMES..

Table 4.3: Two Way ANOVA Result with respect to Hypothesis three

Tests of Between-Subjects Effects

Dependent Variable: sustainability

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	10.782 ^a	3	3.594	23.775	.000
Intercept	169.317	1	169.317	1120.070	.000
Insecurity_sustainability	10.782	3	3.594	23.775	.000
Error	14.965	99	.151		
Total	256.000	103			
Corrected Total	25.748	102			

a. R Squared = .419 (Adjusted R Squared = .401)

Source: SPSS OUTPUT, 2022

Decision rule

The F-calculated value and its related P-value were determined from the aforementioned result as 23.775 and 0.000, respectively. We reject the null hypothesis that there is a significant association between insecurity and sustainability via SMES since the P-value of the F-calculated (0.000) is less than 5% critical level (0.05).

Discussion of findings

This study was successful in examining how insecurity affected SMEs' performance. Following an empirical study using SPSS on 103 completed questionnaires, the following results were discovered.

It was found that there is a substantial correlation between insecurity and customer retention by SMEs, which is relevant to the study's first hypothesis and objective.

The second hypothesis and its associated goal showed that there is no connection between insecurity and SME productivity.

The third hypothesis made it clear that there is a strong connection between sustainability and insecurity. These results are consistent with the empirical works of (Nwagbala, Ifureze, & Okafor 2022) as the examined the performance of a few hotels in Awka, Anambra State to determine the impact of security. Results showed that security has a substantial impact on the operation of a few hotels in Awka, Anambra State; as well as the study by (Adewale & Ademola 2021) examined the effects of insecurity and government spending on security on Small and Medium Scale Enterprises in Nigeria. The findings established that Budgetary Allocations to Defense (BAD) has a beneficial impact on SMES, however the impact is statistically small, according to the ECM results. SMES are positively and statistically significantly impacted by the Insecurity Index (INS).

Conclusion

The study, which looked into how small and medium-sized businesses performed, came to the conclusion that there is a strong link between customer retention by SMEs and insecurity. Security has a big impact on SME productivity. Additionally, there is a strong link between SME sustainability and insecurity.

Recommendations

The following recommendations were made in line with the findings of the study.

- (1) The government should as a matter of urgency formulate good policies and enact laws that could nip the problem in the bud.
- (2) All citizenries should ensure that security should be the collective responsibility of all and promote good neighbourhood watch.
- (3) Businesses can only strive in an environment devoid of insecurity to achieve productivity as well as sustainability in businesses and as such, all stakeholders in the business sectors should ensure that their organizations but in place measures to secure their business environment.

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