



## EFFECT OF INSECURITY ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NORTH- EASTERN STATES OF NIGERIA

### Abstract

*The issue of insecurity is not new in Nigeria, since February, 2010 the nation has been witnessing unparalleled security challenges (Adeleke, 2013). The endemic problems of insecurity is attributable to current mass unemployment and poverty confronting the country especially the North-East Zone, which has led to the closure of many businesses across the Northern Nigeria. This study therefore examined the effect of insecurity on the performance of small and medium scale enterprises in North-Eastern Nigeria. The study adopted a quantitative research method. Primary data were collected from the sampled owners of SMEs to observe the effect of insecurity on the performance of SMEs in North Eastern Nigeria. Structured questionnaire was used to collect primary data. Questionnaires were administered to 321 sampled respondents, with the help of research assistants to the owners of sampled SMEs within the six states of the North Eastern Nigeria. Out of 321 administered questionnaires, 315 were correctly filled and returned. With an overall average score of 4.83 and a cumulative total of 67.68 out of a possible 70, there is significant and widespread agreement that insecurity in the North-East poses a critical threat to SMEs. As shown in Table 3, the average item score of 4.11 and a total score of 20.55 out of 25 reinforce the conclusion that insecurity adversely affects the financial health of SMEs. This consistent and strong perception indicates that insecurity acts as a barrier to profitability, resulting in increased operational costs, decreased sales, and sustained financial losses for many businesses.*

**Keywords:** *Insecurity, SMEs, Profitability, growth, North Eastern Nigeria, employees' turnover*

### 1.1 Research Background

One of the fundamental human rights of people in any given state is the right to security and this is why it is always provided for in the constitution of most sovereign states. Nigeria is not an exception, thus Section 14 (2) (b) of the Nigerian 1999 constitution states clearly that “the security and welfare of the people shall be the primary purpose of the government”. The problem of insecurity is not new in Nigeria, since February, 2010 the nation has been witnessing unparalleled security challenges (Adeleke, 2013). Now, hardly a day goes by without a report of one security challenge or the other. Unfortunately, ordinary citizens as well as the

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economic resources are at the receiving end of this wanton destruction. The series of bombings and killings in the north; kidnapping and armed robbery attack in the south; political and economic related assassinations as well as the politically influenced communal wars have become multi-hydra headed monster which security agents in Nigeria are trying to find the permanent solutions to. The security and welfare of the people shall be the primary purpose of government. Therefore, an enabling business environment is the cardinal requirement for the growth and development of the small and medium scale sector in any economy.

However, the tripartite problems of poverty, unemployment and insecurity are critical challenges facing many developing economies across the world. Insecurity is a threat to any conducive business environment, (Adeleke 2013). While the small and medium scale enterprises are known world over as the main engine of economic growth and indeed the aggregate generators of employment, this is because the sector serves as a catalyst for employment generation, national growth, poverty reduction and economic development. Small and Medium Scale Enterprise (SMEs) world over can boast of being the major employers of labour if compared to the major industries including the multinationals, (Ismaila, 2012).

Unfortunately, the performance of Small and Medium Scale Enterprise as an instrument of economic growth in Nigeria is characterized by inefficiency and low performance. Despite government, institutional and policies support to enhance the capacity of Small and Medium Scale Enterprises, it has fallen short of expectation. According to Maslow (1943) in his theory of hierarchy of needs, Security is a cardinal need of man. Security is indeed a major factor in fast-tracking meaningful development in any society, without which, the opposite becomes the case, as the situation in Nigeria where we have over the years witnessed an increased activities of insurgents attacks; kidnaping and other forms of violent-activities (Emmanuel, 2011).

Small and Medium Scale Enterprise development has proved to be a major intervention in solving the problems of poverty, unemployment and insecurity in any country (Ariyo, 2007) and (Ihua, 2009), It plays pivotal role in the economic and social development of any country. Furthermore, Small and Medium Scale Enterprise plays a key role in the development of an economy with it effective, efficient, flexible and innovative entrepreneurial spirit. The Small and Medium Scale Enterprise sector also plays a crucial role in providing large employment opportunities at low capital cost, and help in industrialization of rural backward areas, thereby reducing regional imbalances and ensuring equitable distribution of national income and wealth.

According to Ali (2013) the fear of insecurity in Nigeria is on the increase and this has been compounded by the rising waves of terrorism since the country returned to democratic rule in 1999. Violent crime has a history in Nigeria, and could be traced back to the period from 1960 to 1970 (Ewetan, 2011).

However, despite Small and Medium Scale Enterprise's contribution to the economic development of Nigeria, it is quite disturbing that the development of the indigenous entrepreneurship, which has served as the strategic platform for the growth of the Asian tigers has continued to elude us. Unfortunately, the current state of security in the land has further worsened the already compounded twin problems of poverty and unemployment especially among the youth-folk in the country, which has triggered an outburst of so many social vices such as the unimaginable growth of bomb blast and communal/ethnic clashes.

### 1.2 Statement of Research Problem

The effect of insecurity is a major threat to the well-being of Nigeria today, (Adeleke, 2013) and (Nigerian Army Bulletin June, 2018). Insecurity is a product of poverty & unemployment, while unemployment is the resultant effect of low/under performance of small and medium scale sector of Nigerian economy. The endemic problems of insecurity is attributable to current mass unemployment & poverty confronting the country especially the North-East Zone, which has led to the closure of many businesses across the Northern Nigeria.

The studies conducted by (Achumba, Ighomereho, & Akpor-Robaro, 2013) on the "Security Challenges in Nigeria and the Implications for Business Activities and Sustainable Development" & (Abdulrahman and Zuwaira 2016) on the "*Effects of Insecurity on the Internally Displaced Persons (IDPs) in Northern Nigeria*" and many more studies were all conducted on the effect of insecurity on the other sectors, to the knowledge of the researchers none of them conducted the study on the effect of insecurity on the performance of SMEs in the North East which is the epicenter of insecurity in Nigeria. Hence the need to conduct this study to examine the effect of insecurity on the performance of SMEs in the North East-Nigeria.

### 1.3 Objectives of the Research

The main objective of this study is to examine the effect of insecurity on the performance of small and medium scale enterprise in the North-Eastern Nigeria. While specific objectives of the study are to:

- I. examine the effect of insecurity on profitability of small and medium scale businesses;
- II. determine the effect of insecurity on the growth of small and medium scale businesses; and

- III. assess the effect of insecurity on the employees turnover of small and medium scale businesses in the North-East.

## **2.1 Review of Related Literature**

### **2.2 Frequencies of Insecurity Violence and its Nature in North-Eastern Nigeria**

The North-Eastern region of Nigeria has been a hotspot for insecurity and violence for over a decade. The frequency and nature of these incidents have varied, with significant implications for the socio-economic and political landscape of the area Omogunloye, Iyasele, Olunlade, Abiodun, Salami, & Alabi (2023).

### **2.3 Frequencies of Insecurity Violence**

Insecurity violence in North-Eastern Nigeria can be traced primarily to the activities of Boko Haram, a jihadist terrorist organization that emerged in the early 2000s Bello (2022). The group intensified its violent campaign around 2009, with a marked increase in attacks on both civilian and military targets. Since then, the region has witnessed a relentless cycle of violence Akanbi (2023).

Data from various sources, including the Armed Conflict Location & Event Data Project (ACLED), indicate that there have been thousands of violent incidents in the North-East. These include bombings, assassinations, kidnappings, and armed assaults. The frequency of these attacks can be as high as multiple incidents per week, particularly during periods of heightened insurgency activity Hegre, Lindqvist-McGowan, Vesco, Jansen & Rakhmankulova (2022).

The violence is not limited to Boko Haram alone. Other groups, such as the Islamic State West Africa Province (ISWAP), a splinter faction of Boko Haram, have also been active in the region, further contributing to the frequency and intensity of violence. Additionally, clashes between herders and farmers over land and resources have also been a source of violence, although these are less frequent compared to the insurgency-related incidents Teubes (2024).

### **2.4 Nature of Insecurity Violence**

The nature of insecurity violence in North-Eastern Nigeria is multifaceted and complex. Boko Haram and ISWAP have primarily focused on creating a state of fear and chaos. Their methods include suicide bombings in crowded public places like markets, schools, and places of worship, which result in mass casualties and widespread destruction Bello (2022).

Kidnappings have become a notorious aspect of the violence. High-profile cases, such as the abduction of the Chibok schoolgirls in 2014, have drawn international attention. These kidnappings often target schoolchildren, women, and aid workers, aiming to leverage ransom payments or political concessions Aleyomi & Olajubu (2024).

The insurgents also conduct raids on villages and towns, leading to significant loss of lives, displacement of populations, and destruction of property. These raids often involve looting, arson, and sexual violence. The displaced populations are forced into Internally Displaced Persons (IDP) camps, where they face harsh living conditions and inadequate security Manu, Abdulkadir, & Dutse (2024).

The herder-farmer clashes, while less frequent, add another layer to the violence. These conflicts are primarily driven by competition over land and water resources, exacerbated by climate change and population growth. These clashes often result in deaths, injuries, and displacement, further complicating the security situation in the region Ojo, Oyewole & Aina (2023).

## **2.5 Insecurity and Its Effects on Small and Medium Scale Enterprises in North-Eastern Nigeria**

The North-Eastern region of Nigeria has been plagued by severe insecurity over the past decade, primarily due to the activities of Boko Haram and other insurgent groups Ibrahim (2024). This persistent insecurity has had profound and far-reaching effects on various aspects of life in the region, particularly on the economy. Among the most affected are Small and Medium Scale Enterprises (SMEs), which form the backbone of local economies Garba, Balogun, Kalejaiye-Matti, & Maku (2024).

### **2.5.1 Effects on Business Operations**

Insecurity has led to the disruption of business operations in several ways. The constant threat of violence, including bombings, kidnappings, and armed assaults, has forced many business owners to close their shops temporarily or permanently. The fear of attacks makes it unsafe for both business owners and customers to engage in daily commercial activities, leading to a significant reduction in business hours and operational efficiency Nzubechukwu, Zain, Halim, Ismail, & Ismail, (2022).

Additionally, the destruction of infrastructure, such as roads, markets, and power supplies, hampers the ability of SMEs to function effectively. The transportation of goods becomes risky and expensive due to the threat of ambushes and roadblocks by insurgents. This disruption in the supply chain results in delays, increased costs, and loss of perishable goods, thereby affecting the profitability of businesses.

### **2.5.2 Financial Constraints**

The financial effect of insecurity on SMEs in North-Eastern Nigeria cannot be overstated. Many business owners face significant losses due to looting and destruction of property. Insurance companies often avoid high-risk areas, leaving SMEs without financial protection against these losses. This lack of insurance coverage exacerbates the financial strain on business owners who must bear the brunt of rebuilding and restocking from their limited resources John (2022).

Moreover, the general economic downturn caused by insecurity reduces the purchasing power of consumers. As local economies weaken, disposable incomes decline, leading to reduced demand for goods and services offered by SMEs. This reduction in sales revenue makes it difficult for businesses to sustain themselves, pay wages, and cover operational costs.

### **2.5.3 Human Capital and Workforce Challenges**

The insecurity in the region has also led to significant displacement of populations. Many people have been forced to flee their homes and seek refuge in safer areas, including Internally Displaced Persons (IDP) camps. This displacement results in a shrinking workforce as skilled and unskilled laborers move away from the affected areas. SMEs struggle to find and retain employees, leading to reduced productivity and a loss of business continuity Suleiman (2023).

The psychological impact of living in an insecure environment also affects the workforce. Anxiety and trauma from witnessing or experiencing violence can reduce worker efficiency and increase absenteeism. The lack of a stable and motivated workforce further hampers the ability of SMEs to operate effectively and grow.

### **2.5.4 Investment and Development**

Insecurity deters investment in the region, both from local entrepreneurs and external investors. The high risk associated with operating in North-Eastern Nigeria discourages new business ventures and the expansion of existing ones. Potential investors prefer to direct their capital to safer regions, leading to a stagnation of economic growth in the affected areas Olatunde, Baban'umma & Luka (2023).

The absence of investment means that SMEs miss out on opportunities for innovation, expansion, and modernization. This lack of development keeps businesses small and prevents them from achieving economies of scale, which are crucial for competitiveness and sustainability.

## **3.1 Methodology**

The current study adopted a quantitative research method. Primary data were collected from the sampled SMEs owners to observe the effect of insecurity on the performance of SMEs in the North Eastern Nigeria. Structured questionnaire was used to collect primary data. Questionnaires were administered to 321 sampled respondents, with the help of research assistants to the owners of sampled SMEs within the six states of the North Eastern Nigeria. Out of 321 administered questionnaires, 315 were correctly filled and returned. The items on the questionnaire were measured on five-point Likert scale. In this study validity and reliability content test were conducted to ensure that the measuring instruments are valid and reliable.

#### 4.0 Analysis and Results

The study administered a total of 321 questionnaires out of which 315 were collected from the various respondents. This return constituted a response rate of 98.1% while the unreturned copies of questionnaire are about 1.9%. The rate of the return is greater than the minimum mark specified by Rogelburg and Stanton (2007), who opined that a response rate 35% - 40% is appropriate for studies conducted at the organizational level and 50% for studies that are conducted at individual level using survey design. Based on this recommendations; the response rate is therefore considered to be perfect for this study.

#### Descriptive Statistics

**Table 1: Demographic Characteristics of Respondents**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Age</b>		
20 years below	21	6.7
21-35 years	156	49.5
36-45 years	114	36.2
46-60 years	24	7.6
<b>Total</b>	<b>315</b>	<b>100.0</b>
<b>Gender</b>		
Male	248	78.7
Female	67	21.3
<b>Total</b>	<b>315</b>	<b>100.0</b>
<b>Marital Status</b>		
Married	210	66.7
Single	81	25.7
Widow/widower	9	2.9
Divorced	15	4.8
<b>Total</b>	<b>315</b>	<b>100.0</b>
<b>Occupation</b>		
Civil servant	21	6.7
Farmer	40	12.7
Business	221	70.2
Student	33	10.5
<b>Total</b>	<b>315</b>	<b>100.0</b>
<b>Years of occupation</b>		
1-5 years	87	27.6
6-10 years	167	53.0

11-20 years	52	16.5
21-35 years	9	2.9
<b>Total</b>	<b>315</b>	<b>100.0</b>

**Educational qualification**

Postgraduate	10	3.2
HND/Degree	18	5.7
ND/NCE	74	23.5
Primary/SSCE	212	67.3
<b>Total</b>	<b>315</b>	<b>100.0</b>

**Source: Field Survey, (2024).**

The demographic characteristics of respondents reveal important insights into the sample composition and potential influences on the study’s outcomes. Starting with the age distribution, a substantial portion of respondents (49.5%) falls within the 21-35 years range, followed closely by the 36-45 years group at 36.2%. This indicates that the study primarily captures the perspectives of younger to mid-career adults, who are likely active contributors to the workforce and at a stage where career advancement or job satisfaction may be priorities. Only 7.6% of respondents are between 46-60 years, suggesting limited representation from those nearing retirement age.

In terms of gender, males form the majority with 78.7% of the sample, while females comprise only 21.3%. This significant imbalance could suggest a gendered nature in the study’s context, where male participation or employment in the area of focus is more prevalent. Such a disparity may influence the study's outcomes, especially if gender differences play a role in job satisfaction, access to resources, or opportunities. Additionally, the findings reflected male-dominated viewpoints, potentially limiting a comprehensive understanding of female perspectives.

Looking at marital status, the majority of respondents (66.7%) are married, with singles making up 25.7%. The smaller groups include widows/widowers at 2.9% and divorced individuals at 4.8%. The high percentage of married respondents may indicate that family-oriented perspectives and responsibilities could be prominent among the responses. This factor might shape attitudes toward work-life balance, job stability, and benefits, all of which can be influenced by family commitments and responsibilities. Thus, marital status is an essential factor in understanding the workforce dynamics within this sample.

The occupation distribution highlights that the largest group of respondents (70.2%) are in business, while civil servants and farmers make up only 6.7% and 12.7%, respectively. Students represent a minor 10.5% of the sample. This heavy representation from business professionals suggests that private sector and



entrepreneurial views will likely dominate the study’s insights, potentially reflecting priorities such as growth, profitability, and job flexibility. The limited participation from civil servants may reduce perspectives on public sector stability or formal employment benefits, while the small farmer representation suggests minimal insights from the agricultural sector.

Regarding years of occupation, most respondents have 6-10 years of experience (53%), followed by those with 1-5 years (27.6%). Only 2.9% have over 20 years of experience, indicating that the sample is mostly composed of early- to mid-career professionals. This concentration suggests that respondents are likely still developing in their professions, bringing perspectives that reflect ambition, growth, and adaptability rather than long-term stability or retirement planning. Fewer insights from highly experienced professionals means that perspectives tied to seniority or expertise are less influential in the findings.

Educational qualification shows that the majority of respondents (67.3%) have primary or secondary education, with only a small percentage holding postgraduate (3.2%) or degree/HND qualifications (5.7%). This distribution may shape the study’s insights by emphasizing practical, rather than academic, knowledge. A lower educational background could influence responses on topics requiring specialized knowledge or understanding, as well as affect access to certain types of jobs or career advancement opportunities. This educational breakdown reflected broader socio-economic contexts and contribute to shaping the workforce profile in the study area.

The demographic composition reflects a predominantly young, male, business-oriented, and moderately educated sample, which could affect the study’s findings by highlighting certain occupational perspectives and age-related priorities.

**Table 2: Descriptive Analysis of effect of insecurity on the Performance of Small and Medium Enterprises in Selected States in the North-East Nigeria**

<b>Variables</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. D</b>
Insurgency constitutes an attack on defenseless citizens.	315	2	5	4.92	0.387
Insurgency has made people lose their properties.	315	2	5	4.95	0.283
Insurgency has contributed to the untimely death of many people in the North East Nigeria.	315	2	5	4.94	0.324
Insurgency has posed greatest threat to Small and Medium Enterprises in the North East Nigeria.	315	1	5	4.88	0.634
Insurgency has led to Internally Displaced Persons (IDPs) in the North East Nigeria.	315	1	5	4.90	0.435
Many Small and Medium Enterprises in the North East Nigeria have closed due to insurgency	315	2	5	4.90	0.391

Kidnapping in the North East has created adverse effects on Small and Medium Enterprises.	315	1	5	4.63	0.992
Many Small and Medium Enterprises lost their customers in the North East because of the fear of kidnappers.	315	1	5	4.43	0.909
Kidnappers have posed a serious threat to the Business Atmosphere of Small and Medium Enterprises	315	2	5	4.69	0.631
Continuing rising of communal/Ethnic clashes in the North East Nigeria have led to the closure of many Small and Medium Enterprises.	315	1	5	4.80	0.500
Communal/Ethnic clashes in the North East have left many people homeless	315	1	5	4.94	0.324
Many people left their villages because of Communal/Ethnic clashes	315	1	5	4.94	0.328
Armed Robbery in the North East makes the supply of goods and services very difficult	315	1	5	4.84	0.608
There has been a decline in foreign and indigenous investors in the North East due to fear of attack from armed robbers.	315	1	5	4.92	0.365
<b>The average item score scale</b>				<b>4.83</b>	
<b>Variables total score (5-70)</b>				<b>67.68</b>	

**Source: Field Survey, (2024).**

The findings in Table 2 indicate a profound and pervasive impact of insecurity on the performance of Small and Medium Enterprises (SMEs) in North-East Nigeria. The analysis reveals that insurgency constitutes a major threat, with variables like “Insurgency constitutes an attack on defenceless citizens” (Mean = 4.92, Std. D = 0.387) and “Insurgency has made people lost their properties” (Mean = 4.95, Std. D = 0.283) scoring high mean values and low standard deviations. These results demonstrate a strong consensus among respondents that insurgency not only threatens personal safety but also causes substantial material losses, thus directly affecting the operational capacities of SMEs. The severe economic consequences of these attacks are evident as businesses face asset losses, disruptions, and even closures, rendering many unable to function or sustain livelihoods.

Kidnapping further compounds the adverse effects of insecurity on SMEs. Statements like “Kidnapping in the North East has created adverse effects on SMEs” (Mean = 4.63, Std. D = 0.992) and “Many SMEs lost their customers in the North East because of the fear of kidnappers” (Mean = 4.43, Std. D = 0.909) show relatively high mean scores with notable standard deviations, indicating variability in respondents'

experiences. This may be due to differences in how kidnapping impacts various businesses, possibly based on location or industry. The pervasive fear of kidnapping deters customers, who avoid public spaces, affecting customer footfall and, ultimately, business revenue. The high variability suggests that while all respondents perceive a negative impact, the degree may vary across the region depending on the kidnapping frequency or proximity to affected areas.

Communal and ethnic clashes are also highlighted as significant obstacles to SME performance, particularly with statements like “Communal/Ethnic clashes in the North East have left many people homeless” (Mean = 4.94, Std. D = 0.324) and “Many people left their villages because of Communal/Ethnic clashes” (Mean = 4.94, Std. D = 0.328). These high scores reflect near-unanimous agreement on the severe repercussions of such clashes, with entire communities displaced, leading to workforce and customer shortages that SMEs rely upon for survival. The displacement not only affects the immediate business environment but also has lasting impacts on economic activity as businesses lose access to both customers and employees, challenging their ability to sustain operations.

Armed robbery is another significant threat to the performance of SMEs, with responses indicating that “Armed robbery in the North East makes the supply of goods and services very difficult” (Mean = 4.84, Std. D = 0.608). This reflects a consensus that robberies disrupt supply chains, making it difficult for businesses to operate smoothly and consistently. Additionally, there is a decline in investor confidence due to fears associated with these crimes, highlighted by “a decline in foreign and indigenous investors in the North East due to fear of attack from armed robbers” (Mean = 4.92, Std. D = 0.365). The cumulative effects of these security issues diminish economic opportunities in the region as both foreign and local investors are reluctant to risk capital in a volatile environment, reducing financial inflows essential for local business development and growth.

The overall average score across all items, at 4.83, and the total cumulative score of 67.68 out of a possible 70, underline the significant and widespread agreement that insecurity in the North-East critically threatens SMEs.

**Table 3: Descriptive Analysis of effect of insecurity on profitability of small and medium scale enterprises**

<b>Variables</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. D</b>
Insecurity has negatively affected the profitability of SMEs	315	1	5	4.97	0.275
Insecurity has positively affected the profitability of SMEs	315	1	5	1.40	0.858
Insecurity has led to the high cost of production.	315	1	5	4.87	0.522
Insecurity has reduce sales turnover of SMEs	315	2	5	4.74	0.527
Insecurity has led some SMEs to operate at lose	315	1	5	4.57	0.919
<b>The average item score for the scale</b>				<b>4.11</b>	
<b>Variables total score (5-25)</b>				<b>20.55</b>	

**Source: Field Survey, (2024).**

The descriptive analysis presented in Table 3 explores the impact of insecurity on the profitability of small and medium enterprises (SMEs) through various indicators. The first variable, "Insecurity has negatively affected the profitability of SMEs," holds the highest mean score of 4.97, with a low standard deviation of 0.275. This result reflects a strong consensus among respondents, who overwhelmingly agree that insecurity has significantly harmed SME profitability. The low standard deviation suggests little variance in opinions, meaning the negative impact is widely felt and consistent across participants.

In stark contrast, the variable "Insecurity has positively affected the profitability of SMEs" shows a low mean score of 1.40, with a higher standard deviation of 0.858. This score indicates a strong disagreement among respondents about any potential positive outcomes from insecurity on profitability. While there is slightly more variability in responses for this item, the general consensus remains that insecurity is detrimental, with very few respondents seeing any benefit to business profitability under these conditions.

The high mean score of 4.87 for "Insecurity has led to a high cost of production" implies that most respondents agree insecurity drives up production expenses for SMEs. Increased security costs, disrupted supply chains, or higher transportation expenses are likely factors contributing to this rise in production costs. The moderate standard deviation of 0.522 indicates that opinions are still relatively uniform, underscoring that the majority of businesses feel financially pressured by the need to mitigate insecurity risks.

Similarly, the statement "Insecurity has reduced the sales turnover of SMEs" has a mean score of 4.74, indicating widespread agreement that insecurity negatively affects sales turnover. This result suggests that factors such as limited customer access, reduced operational hours, or declining demand have a direct impact on revenue. The standard deviation here is slightly higher (0.527), but the overall response pattern implies that businesses are grappling with reduced sales due to ongoing insecurity.

Lastly, the statement "Insecurity has led some SMEs to operate at a loss" received a mean score of 4.57, signaling that a significant number of SMEs are experiencing losses due to insecurity. However, the higher standard deviation of 0.919 suggests greater variation in responses, meaning that while some SMEs are operating at a loss, the severity of financial distress may vary depending on factors like location, industry, or specific business strategies.

The average item score of 4.11 across all statements and the total score of 20.55 out of 25 reinforce the finding that insecurity has a predominantly adverse effect on SMEs' financial health. Collectively, these results highlight a consistent and strong perception of insecurity as a barrier to profitability, pushing businesses toward increased operational costs, reduced sales, and sustained financial losses for some.

**Table 4: Descriptive Analysis of effect of insecurity on the growth of small and medium scale enterprises**

<b>Variables</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. D</b>
Insecurity has led to the closure of many SMEs in the North East	315	1	5	4.86	0.460
Expansion of SMEs in the North East is difficult because of insecurity	315	1	5	4.87	0.411
Insecurity has stagnated many SMEs in the North East	315	1	5	4.87	0.532
Insecurity in the North East has discouraged entrepreneurs from new investment.	315	1	5	4.90	0.427
<b>The average item score for the scale</b>				<b>4.88</b>	
<b>Variables total score (5-20)</b>				<b>19.5</b>	

**Source: Field Survey, (2024).**

The descriptive analysis reveals a strong consensus among respondents regarding the negative impact of insecurity on the growth of Small and Medium Scale Enterprises (SMEs) in the North East. The mean scores for each item are remarkably high, all close to the maximum of 5 on a 1–5 scale, reflecting widespread agreement on these issues. With an average item score of 4.88, the data suggests that

respondents overwhelmingly perceive insecurity as a major barrier to SME growth, impacting various aspects of business stability and expansion in the region.

Each statement about insecurity's impact on SMEs received similar levels of agreement, with mean scores ranging from 4.86 to 4.90. Respondents strongly agreed that insecurity has led to the closure of many SMEs (mean = 4.86), made expansion difficult (mean = 4.87), and caused stagnation among existing businesses (mean = 4.87). Notably, the item on discouraging new investments due to insecurity received the highest mean score (4.90) with a low standard deviation of 0.427, indicating that respondents feel particularly strongly about insecurity's deterrent effect on new entrepreneurial initiatives. This high level of agreement highlights the widespread recognition of insecurity as a significant obstacle to SME growth and economic progress in the North East.

The standard deviations across all items are relatively low, each below 0.6, indicating limited variability in responses. This suggests a strong, unified perspective among respondents that insecurity is indeed a considerable hindrance to SME operations. The consistency in responses reinforces the notion that the adverse effects of insecurity are broadly felt and widely acknowledged, with little disagreement or variation in opinion on this issue.

Lastly, the total score for these variables is 19.5 out of a possible 20, further emphasizing the severity of insecurity's impact on SME growth. This nearly maximum score implies that insecurity has profoundly hindered SME development in the North East, leading to closures, limiting expansion opportunities, causing stagnation, and deterring new investments.

**Table 5: Descriptive Analysis of effect of insecurity on the employees turnover of small and medium scale enterprises in the in the North-East**

<b>Variables</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. D</b>
Fear of insecurity has made the SMEs to lose their expertise.	315	1	5	4.87	0.526
Fear of insecurity affected the employee turnover of SMEs negatively	315	1	5	4.93	0.401
Insecurity affected the employee turnover of SMEs positively	315	1	5	2.00	1.261
Fear of insecurity made many people to leave the North-East zone.	315	1	5	4.92	0.395
<b>The average item score for the scale</b>				<b>4.18</b>	
<b>Variables total score (5-20)</b>				<b>16.72</b>	

Source: Field Survey, (2024).

The descriptive analysis presented in Table 5 highlights the profound impact of insecurity on employee turnover among small and medium enterprises (SMEs) in the North-East region. One of the key findings is the consensus among respondents that insecurity has led to a significant loss of expertise in these businesses. With a mean score of 4.87 and a relatively low standard deviation of 0.526, it's evident that employees feel a strong compulsion to leave their positions due to safety concerns, resulting in SMEs struggling to retain skilled workers. This loss of expertise is critical for SMEs, as it hinders their ability to maintain quality, efficiency, and growth, particularly in a region where human capital is already challenged by socioeconomic factors.

The statement that “fear of insecurity affected the employee turnover of SMEs negatively” has the highest mean score of 4.93 and a low standard deviation of 0.401. This finding reflects near-universal agreement among respondents that insecurity is a significant driver of turnover. The very high mean highlights that insecurity is not only present but a dominant factor in pushing employees to leave. With such a consistent response, it is clear that addressing security concerns could be essential for reducing turnover and stabilizing the workforce within SMEs. Without addressing these fears, SMEs may continue to lose employees at a pace that threatens their survival.

In contrast, the statement that insecurity affected employee turnover “positively” has a lower mean of 2.00, with a standard deviation of 1.261, indicating a prevailing disagreement with the idea that insecurity could have any beneficial effect on turnover. This variation in responses suggests that while some may see limited positive effects, perhaps in terms of filtering less committed employees, the dominant perspective is that insecurity largely harms turnover, driving capable and experienced employees away rather than selectively improving workforce quality.

Furthermore, there is almost unanimous agreement that insecurity has led people to leave the North-East region altogether. This statement's mean score of 4.92 and low standard deviation of 0.395 illustrate that respondents believe insecurity impacts not only employee turnover within SMEs but also influences broader migration patterns. This out-migration has serious implications, as it exacerbates the challenge for SMEs to recruit and retain talent in an already difficult environment. As the fear of insecurity drives individuals away, the talent pool shrinks, and SMEs find themselves competing in a limited labor market.

The average item score of 4.18 and a total scale score of 16.72 reflect a strong perception that insecurity profoundly affects employee turnover in SMEs. These high scores suggest that the challenges posed by insecurity are not isolated but rather widespread and deeply felt across SMEs in the North-East. As

insecurity continues to prompt an outflow of talent and expertise, the sustainability of SMEs in the region is at risk.

### **5.1 Findings:**

The following findings were derived from the above analysis:

1. The demographic composition reflects a predominantly young, male, business-oriented, and moderately educated sample, which could affect the study's findings by highlighting certain occupational perspectives and age-related priorities.
2. The overall average score across all items, at 4.83, and the total cumulative score of 67.68 out of a possible 70, underline the significant and widespread agreement that insecurity in the North-East critically threatens SMEs. These insights emphasize the need for targeted interventions to improve security conditions.
3. In table 3, the average item score of 4.11 across all statements and the total score of 20.55 out of 25 reinforce the finding that insecurity has a predominantly adverse effect on SMEs' financial health. Collectively, these results highlight a consistent and strong perception of insecurity as a barrier to profitability, pushing businesses toward increased operational costs, reduced sales, and sustained financial losses for some.
4. The finding also revealed the total score for these variables is 19.5 out of a possible 20, further emphasizing the severity of insecurity's impact on SME growth. This nearly maximum score implies that insecurity has profoundly hindered SME development in the North East, leading to closures, limiting expansion opportunities, causing stagnation, and deterring new investments.
5. The average item score of 4.18 and a total scale score of 16.72 reflect a strong perception that insecurity profoundly affects employee turnover in SMEs. These high scores suggest that the challenges posed by insecurity are not isolated but rather widespread and deeply felt across SMEs in the North-East.

### **5.2 Discussion of Findings**

The significant average score of 4.83 regarding insecurity's impact on SMEs highlights a pervasive consensus among respondents. This aligns with the findings of Olaniyi (2023), who asserts that security challenges in the North-East severely undermine business operations, prompting a reevaluation of investment strategies. In a similar vein, Adeyemo and Olatunji (2023) point out that insecurity not only threatens the physical safety of businesses but also engenders a climate of fear that discourages entrepreneurial activities. This fear is further compounded by the economic implications of insecurity, as



noted by Abdullahi (2023), who argues that increased operational costs and reduced sales are direct outcomes of unstable environments, leading to a vicious cycle of business decline in affected regions.

The adverse effect of insecurity on the financial health of SMEs, reflected in the average item score of 4.11, indicates a pressing need for intervention strategies. As highlighted by Okoro and Ifeanyi (2021), financial instability resulting from insecurity not only affects profitability but also stifles growth opportunities for SMEs. This is echoed by Lawal (2022), who emphasizes that SMEs are often the backbone of the economy, and their failure to thrive due to insecurity has broader implications for national economic stability. Furthermore, Udom (2021) discusses the cascading effects of financial distress on employment and innovation, indicating that a secure environment is essential for SMEs to flourish and contribute effectively to the economy.

The nearly maximum score of 19.5 concerning insecurity's impact on SME growth emphasizes the urgent need for a comprehensive response to security challenges. In line with this, Nwankwo (2023) argues that the detrimental effects of insecurity extend beyond immediate business losses to long-term repercussions on economic development. Furthermore, Adebayo (2022) asserts that the inability of SMEs to expand or attract new investments stifles job creation, particularly in regions where unemployment rates are already high. Additionally, Olagunju (2022) posits that a multifaceted approach, including government policy reform and community engagement, is critical to mitigate the impacts of insecurity and foster an environment conducive to SME growth.

Finally, the findings regarding employee turnover, with an average score of 4.18, suggest that insecurity significantly affects workforce stability in SMEs. According to Eze and Ogundipe (2021), high turnover rates can lead to increased costs and loss of institutional knowledge, further hampering the growth potential of businesses. Additionally, Adedayo (2023) highlights that insecurity creates an unstable work environment, leading employees to seek more secure employment elsewhere. This sentiment is echoed by Alabi (2022), who notes that companies operating in high-risk areas struggle to retain talent, making it imperative for business owners and policymakers to prioritize security measures that will enhance employee retention and organizational performance.

### 5.3 Conclusion

With an overall average score of 4.83 and a cumulative total of 67.68 out of a possible 70, there is significant and widespread agreement that insecurity in the North-East poses a critical threat to SMEs. As shown in Table 3, the average item score of 4.11 and a total score of 20.55 out of 25 reinforce the conclusion that insecurity adversely affects the financial health of SMEs. This consistent and strong

perception indicates that insecurity acts as a barrier to profitability, resulting in increased operational costs, decreased sales, and sustained financial losses for many businesses.

Additionally, the total score for the relevant variables is 19.5 out of a possible 20, emphasizing the severity of insecurity's impact on SME growth. This nearly maximum score indicates that insecurity has significantly hindered SME development in the North-East, leading to business closures, limiting expansion opportunities, causing stagnation, and deterring new investments. The average item score of 4.18 and a total scale score of 16.72 reflect a strong consensus that insecurity profoundly affects employee turnover in SMEs. These high scores suggest that the challenges posed by insecurity are widespread and deeply felt across the SME sector in the North-East.

## 6.0 Recommendations

1. Based on the demographic composition of a predominantly young, male, business-oriented, and moderately educated sample, it is recommended that awareness of negative effect of insecurity and protective measure that need to be taken to mitigate against the effect on SMEs performance should be created across all demographic composition.
2. The study recommend that local governments and policymakers should consider offering security-backed incentives to support these businesses in high-risk areas, enabling them to continue contributing to the state's economy despite the challenging security landscape.
3. The study also recommend the need for enhanced security measures and policies to stabilize the business, which would allow SMEs to thrive without the heavy burden of insecurity on their operations and profitability.
4. In addition, the study further recommend the critical need to address insecurity to foster an environment where SMEs can thrive and contribute to the region's economic growth.
5. Lastly, as insecurity continues to prompt an outflow of talent and expertise, the sustainability of SMEs in the states is at risk. The study strongly recommend the need for policy interventions focus on improving security, which could help stabilize workforce retention, reduce turnover, and allow SMEs to flourish despite regional challenges.

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