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## RESEARCH ARTICLE

# Effect of the Re-Emergence of Militancy on Small and Medium Enterprises (SMES) in the Niger Delta Region of Nigeria

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**Abstract:** Small and medium scale enterprises are the forces that help in the development of any economy and society at large. As such, any threat to its operations will impact negatively on society. In the Niger Delta region, the re-emergence of militancy has had dire consequence on the living standard of the people. Though, there have been studies on insecurity and its impact on SMEs elsewhere, however, none have really looked at the effect of the re-emergence of militancy on small and medium scale enterprises in the Niger Delta region of Nigeria. The rear absence of studies on this topic justifies the relevance of this study. Consequently, the study is designed to investigate among others, the effect of the re-emergence of militancy on small and medium enterprises in the Niger Delta region of Nigeria. The results of the study provide a better understanding of the impact the Niger Delta militant has on SMEs in the region, the extent to which the costs of re-emergence identified are present in the study. The findings suggest that SMEs especially the oil and gas related businesses, and petite traders in the Niger Delta have suffered from both direct and indirect costs of the militant such as kidnapping, bombing, assassination, robbery, and road blocking. The lack of alignment of militant interests by programme leaders explains why some beneficiaries have returned to insurgency in the Niger Delta Region. Therefore, for post amnesty programme, there is need to strengthen the legitimacy of the leadership through better management, openness and accountability, monitoring and coordination, lowering the expense of governance, and putting ex-militants' interests at the forefront of concerns are all needed to increase the legitimacy of the leadership

**Keywords:** Militancy, Small and medium scale enterprises (SMEs), Re-emergence.

## 1. Introduction

Small and medium-scale enterprises are vital and remain a critical tool for the development of any economy. It is an important source of employment generation; it helps in the



development of local technology, indigenous or local entrepreneurs, and the alleviation of poverty (Erdem & Erdem, 2011). It is the engine room of economic growth and development. Small and medium-scale enterprises play a vital role for nations going through development transition. In Nigeria, SMEs account for 90 percent of business organizations that operates outside the agricultural sector. According to Peterise (2003), businesses such as SMEs account for over 60 percent of the labor force employment in Nigeria. More so, more than 70 percent of the daily needs of Nigerians are not high tech products, but basic commodities manufactured with little or no technology and are products of small-scale manufacturers. In the Niger Delta region of Nigeria, the current insecurity, as a result of the re-emergence of militancy in the region portrays grave implications to economic activities and by extension, the growth, development, and operations of small and medium enterprise.

Although the problem posed by the re-emergence of militancy on small and medium enterprises in particular and the Nigeria economy, in general, has dominated public discourse, the subject has not attracted sufficient academic attention. The re-emergence of militancy has posed serious insecurity issues, especially in the industrial environment and it has engineered unimaginable upheaval to business operatives in the Niger Delta region. It has created a gap between SMEs vision and mission and foretold the accomplishment of their goals as being unrealistic. The re-emergence of militancy in the region does not only hinder the petroleum industry, but also have a greater implication on the living conditions of the people. It makes trading difficult, as most markets are unsafe for business activities

The gap in the study of militancy on SMEs has been further demonstrated by the absence of empirical studies. This prevailing situation has denied policy makers and security agencies data required for formulating policies that will enhance the security of the Niger Delta region and improve the operations of SMEs. This study therefore aims at bridging this knowledge gap by gathering empirical data from stakeholders on the effect of re-emergence of militancy on SMEs in the region. The following are the research questions that will guide this study:

- a) Does the re-emergence of militant activities such as kidnapping, bombing, assassination, robbery, road blocking, etc, affect the income of SMEs in the Niger Delta region?
- b) To what extent does the resurgence of militant activities such as kidnapping, bombing, assassinations, robbery, road blocking, etc, affect the trading/transaction of SMEs in the Niger Delta region of Nigeria?
- c) Does the resurgence of militancy affect the emergence of new SMEs in the Niger Delta region?
- d) What is the impact of the re-emergence of militancy on manpower growth and skill development of SMEs in the Niger Delta region?

## 2. Literature Review

The re-emergence of militant groups in the Niger Delta has become a national security issue. Their activities have crippled the socio-economic life of the people of the Niger Delta region and their activities have rubbished the image of Nigeria in general. Most scholars have unanimously agreed that the problem of insecurity such as militancy, insurgency, and terrorism have had negative impact on the growth of economic activities (Bloomberg, Brick, Hess & Orpanides, 2004; Sandler & Enders, 2005; Johan, 2013). Bloomberg, Brock, Hess, Gregory, and Orphanides (2004) empirically studied the impact of militancy on 177 nations over a period of 32 years and found that the impact of militancy on economic growth is negative. The findings further shows that militancy results in a shift in economic resources from investment spending to wasteful spending. Enders and Sandler (2012) also in a different study argued that developed nations have vast economic and any activities of terrorists, militants, and insurgents may result in the reallocation and waste of resources. Nafiu, Okpanachi, and Nurudeen (2014) investigated the impact of terrorism on mortality

rates and standard of living. The study revealed that terrorism leads to high mortality rate and poor living standards

### *2.1. The General Effects of Re-Emergence of Militancy on SMEs in the Niger Delta Region*

In order to protect operators' lives and business property, the Nigerian insecurity situation can, and in many cases has, halted business operations during periods of violence and also resulted in the outright closure of many enterprises, particularly in areas or zones where insecurity is rife and occurs on a daily basis. Businesses find it exceedingly difficult to exist when there is no peace and security. Ordinary people with small and medium-sized companies are unable to open stores for commercial transactions. Insecurity is a risk element that many business owners and managers fear and seek to avoid by moving their operations abroad. In the case of Nigeria, there is evidence that certain businesspeople and industrial enterprises have been forced to migrate, notably from the north, to more calm regions of the nation in recent years (Nwagboso, 2012). Furthermore, some companies may relocate their activities to other nations, such as Ghana, which is considered to be more tranquil. Aside from the outright closure of a business, existing SMEs can be harmed in the four functional areas of the business.

The impact of the crisis on SMEs was also influenced by the industry in which they worked. The violent agitations of the Niger Delta militants have mostly impacted SMEs in the oil and gas industry, while other sectors and generic groups have also incurred some minor or indirect consequences. According to Columbian conflict research, firms in the mining, gas, power, agricultural, and transportation sectors reported the greatest direct expenses associated with armed conflict, while financial services and investors reported the least (Rettberg, 2008). According to Nwogwugwu, Alao, and Egwuonwu (2012), the position of the companies in relation to the 'core' Niger Delta area, namely Bayelsa, Delta, and Rivers states, was also a key predictor of the costs of the war. As a result, companies outside of these key industries were not immediately impacted by the conflict's expenses. According to earlier research, cities in the country's conflict-affected area had the largest direct costs to the private sector, whilst the capital looked to be a comparatively tranquil oasis for economic activity (Rettberg 2008; Getz & Oetzel, 2010; Dai, Eden, & Beamish, 2013).

The Niger Delta crisis, which resulted from the actions of several militant groups operating in the region, has had some negative consequences for SMEs in the region in terms of foreign direct investments. Kidnappings of foreigners and other types of violence have deterred potential foreign investors, robbing the region, and indeed the Nigerian state, of the advantages of such investments and possibilities that small companies and entrepreneurs may profit from (Nwogwugwu, Alao & Egwuonwu, 2012). According to Rettberg (2008), these behaviors result in a loss of commercial prospects and opportunity costs. Although the direct costs of war have never been quantified, evidence shows that assaults on highways, bridges, electricity lines, pipelines, public transportation, state buildings, police stations, and stores have impacted most enterprises, whether in major cities or tiny rural villages (Abdelnour & Banzei, 2009). Companies are also hampered by threats from illegal armed organizations and their influence on local government and politics, which can alter how local markets operate (Guagueta, 2006). The re-emergence of militancy in the Niger Delta region has impacted entrepreneurs in a variety of ways; both directly and indirectly, as they have been abducted, extorted, and attacked (Banzei & Abdelnour, 2010). They have also had to deal with high transaction costs and the loss of products as a result of damaged transportation infrastructure, foreign partners as a result of an unfavorable business climate, and resources as a result of large investments in corporate security and insurance (Rettberg, Leiteritz & Nasi, 2010; Guagueta, 2006).

The actions of militants in Nigeria's Niger Delta area have alarmed not only the Nigerian government, but also the host communities, multinational companies, and small and medium enterprises (SMEs) operating in the region. In recent years, there have been several

reports of hijackings of vessels (including small craft transporting people), abductions of employees of all kinds as hostages, maritime piracy, and various types of damage (Renner, 2004). The situation became worse after the creation of the Movement for Niger Delta Emancipation (MEND), which began organizing assaults in February 2006 (Eze, 2011). Paul and Dierdre (2011) agreed with the aforementioned viewpoints, stating that while Niger Delta residents have valid complaints, important elements have taken advantage of the anarchy to engage in criminal activity and violence. Between 1990 and 2009, the Niger Delta's deteriorating security situation manifested itself in the interruption of oil production by militant organizations and criminal gangs, as well as massive oil theft and the kidnapping of both foreigners and Nigerian elites. In addition, piracy, drug trafficking, gunrunning, and petty crime are all on the rise, adding to the sense of fear.

### *2.2. The effects of Resurgence of Militant Activities on Income of SMEs in the Niger Delta Region*

Small and medium scale enterprises (SMEs) have been recognized as indispensable components of national development in both developed and developing economies (Abrie & Doussy, 2006; Lai & Arifin, 2011). This economic sub-sector is widely acknowledged as having a significant impact on job creation, poverty alleviation, equitable resource distribution, income redistribution, technical and technological innovation, entrepreneurial skills development, more uniform industrial and economic dispersal, and overall improvement in people's living standards. They have also been hailed as crucial for guaranteeing food security, promoting fast industrialization, and reversing rural-urban migration (Oyekanmi, 2003; Osalor, 2012). Despite the aforementioned SMEs, the dreams of SMEs in the Niger Delta have not been actualized due to the incessant attacks by militant groups on businesses, kidnappings, hostage-taking, and loss of income. According to Omeje (2013), the Managing Director of Shell Nigeria claimed in 2006 that the loss of income owing to instability and violence was \$61 million per day (an 800,000 barrels-per-day shut-in), totaling \$9 billion since January 2006.

Bot (2007) discovered that foreign partner firms are breaking their agreements, which is related to militant actions, which creates a hostile atmosphere that discourages capital investment. According to Ebienfa (2010), a \$30 million oil deal with China's national offshore oil has stalled due to insecurity in the region; additionally, oil services firms, which handle the majority of oil and gas production, have been declining new business, fearing that their employees will be kidnapped by militants. Bot (2007) also noted that these companies are increasingly looking to Angola, Gabon, and other Gulf of Guinea countries deemed to be less volatile for business; the Nigerian government, as the majority shareholder in the joint ventures with the oil companies, now pays out for more escalating costs, including picking up the bill for foreign security companies hired by the firms to protect them; and the Nigerian government, as the majority shareholder in the joint ventures with the oil companies, now pays out for more escalating costs, including Ebienfa (2010) went on to say that the militants' actions resulted in the abandonment of road construction in the area, exacerbating the situation of oil marketers and other carriers who rely heavily on pothole-infested highways to deliver their goods.

### *2.3. The Impact of Militancy on Manpower Growth and Skills Development of SMEs*

Small and medium-sized businesses (SMEs) are widely regarded as having enormous potential for creating jobs and income in any economy. As a result, interest in their development remains at the center of policy discussions. However, in terms of contribution to manpower growth and skill development in the Niger Delta area, the industry remains modest. The advent of militancy in the Niger Delta region to a lack of manpower growth and skill development among SMEs in the region.

Small and medium companies (SMEs) in the agricultural, hotel, tourist and entertainment, food and catering, education, and transportation sectors, according to the NBS (2018), are the primary employers of labor in Nigeria and the Niger Delta. Despite the fact that these industries are thriving, they are not completely developed due to the Niger Delta militancy's

constant onslaught (Ebiede, 2018). Ebiede went on to say that service delivery in the SMEs sector in the Niger Delta is still inadequate and primarily restricted to the closure of most SMEs. It is difficult for private sector players to prosper in rural parts of the Niger Delta due to a lack of security.

Natural resource conflicts have a detrimental influence on SMEs' expansion in unstable and conflict-affected nations, which has serious consequences for manpower and skill development. Small businesses face unique challenges in fragile and conflict-affected states, which are often marked by a weak regulatory and judicial environment, difficult-to-enforce property rights, a lack of policy and fiscal frameworks, criminality and corruption, a lack of basic infrastructure and services such as electricity, high business risks, and security threats, all of which make it difficult for SMEs to thrive (Eriksson Baaz, Olsson & Verweijen, 2018; Mac Sweeney, 2009; Peschka, Emery & Martin, 2011; Enamhe, Tangban, Omang, & Ojong-Ejoh, 2021).

#### 2.4. *Rational Choice Theory:*

Like many other social theories, George Homan's rational choice theory (RCT) developed in 1967 continues to inform and explain social occurrences. The value of the reward and the likelihood of the actor's perceived result are the two basic premises of Homan's RCT. According to Dietrich and List (2013), people choose a course of action after weighing the cost-benefit of the best possible outcome. RCT helps us comprehend human beings as short-term self-maximizers, according to Ostrom (1998) in his studies on social issues and collective action. That is, short-term self-benefit is the most important factor to consider while making a decision.

The size of the group, the heterogeneity of the participants, the reliance on benefits received, the reciprocity of participation, the predictability of transformational outcomes, the monitoring and information available to participants, and not just rationality, as some scholars propose, all influence behavior in social dilemmas (Ostrom, 1998). Social dilemmas, according to Ostrom, are situations in which individuals make autonomous decisions in an interdependent context. RCT, according to Ostrom, sees humans as complicated, imperfect learners who try to accomplish as much as they can give the restrictions they confront by employing heuristics, norms, rules, and values to better results. Emphasizing the value of reciprocity in social dilemmas, Ostrom made the following propositions:

- a) In an effort to identify who else is involved,
- b) an assessment of the likelihood that others will cooperate on condition,
- c) a decision to cooperate with others initially if they can be trusted to be conditional cooperators,
- d) A refusal to cooperate with those who do not reciprocate, and
- e) punishment of those who betray trust

Ostrom claimed that reciprocity in action and reward are at the foundation of individual decision making in a communal action scenario, while agreeing with the broad concept of people as rational agents who would always make a logical decision based on self-conviction. The RCT utilized in this study was Ostrom's, which lends itself to the broad principles of RCT as advocated by academics.

Individual decisions are founded on preexisting ideas in RCT, which guide behaviours in each scenario (Dietrich & List, 2013). They will act on these ideas in ways that meet their needs, based on what they believe are the probable results of various options (Dietrich & List). According to Dietrich and List, in such a circumstance, the individual is continually assessing possibilities, weighing the costs and advantages of options, and adopting unique actions based on the best results. According to Kaya and Kale (2016), revolt or violence is only feasible when the benefits and possibilities surpass the costs of pursuing alternative sources of income. It is argued that in an environment like the Niger Delta, where the cost of organizing rebellion is low, there is a large youth population (making recruitment into

youth groups cheaper), there is a high level of poverty and illiteracy, and there are easily loot-worthy resources, youth inclination to violence is greater (Kaya & Kale, 2016). Mafimisebi and Thorne (2015) discovered that people participating in resistance and violent actions in the Niger Delta are rational agents making logical decisions in their research into oil terrorism. Kaya and Kale, as well as Mafimisebi and Thorne, established a foundation for examining the motivation for post-amnesty violence in the Niger Delta.

According to Ajala (2016), the study of violent conflicts has mostly concentrated on the structural factors that raised the likelihood of conflict, with little emphasis paid to the rational choices made by individual players involved in violence. Ajala went on to say that the study of these structural circumstances is based on the interests and requirements of the state and other institutions, not on individual concerns or demands. Young men who are dissatisfied with the limitations on their economic and political opportunities for a better life as a result of activities that are not considered their fault, engage in violent confrontations in the Niger Delta and with armed organizations (Ajala, 2016). Poverty, worsened by environmental degradation, has been at the foundation of most conflicts and wars in Africa, South Asia, and Latin America in the previous decade (Ajala, 2016). As a result of their increasing vulnerability in the poverty index, protests, resistance, and conflicts among diverse actors and young people in the Niger Delta have grown.

RCT has been chastised for failing to offer a knowledge of the context in which these decisions are made (Boyle, 2016; Burns & Roszkowska, 2016; Enamhe, Tangban, Ojong-Ejoh, Kenneth, Agba, & Ejoh, 2022). Gurr's (1970) relative deprivation theory, which analyzes the social, political, and economic environment in which rational judgments are formed, would narrow this gap. The research of motivation for re-emergency of militancy in the Niger Delta was relevant since it offered a foundation for understanding individual choices engaged in violent behaviours. It assisted in identifying the incentives that drive people to act violently and examining how these motivations may be altered to achieve a more desirable outcome through policy options and actions. Gurr's (1970) relative deprivation theory along with RCT offered an explanation for what motivates re-emergency militancy in the Niger Delta among Postamnesty Programme (PAP) recipients.

The reason for the re-emergence of youth militancy in the Niger Delta is based on a sense of being denied the advantages of oil, as well as the region's underdevelopment as a result of government neglect and harsh policies (Koos, 2014; Tobor, 2016). As a remedy for the Niger Delta's neglect and lack of human capital development, amnesty was declared for the region's young. As long as youth violence exists, this does not alleviate the sense of lack. These ideas are important in determining the answer to the study's core question.

### 3. Research Method and Materials

#### 3.1. The study area

This study will be carried out in the Niger Delta region of Nigeria. The region comprises of nine mandate states namely – Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Imo, Edo, Ondo, and Rivers States. It extends over 70,000km<sup>2</sup> and some more than 40 ethnic groups including the Annang, bini, Efik, Esan, Ibibio, igbo, Ijaw, Ikwere, Itsekiri, Isoko, Kalabari, okirika, Ogoni, Oron, Urhobo, and Yoruba. The Niger Delta region is densely populated with over 30 million inhabitants. It is the commercial nerves and the mainstay of the Nigeria's economy. The region contributes to over 90 percent of the country's foreign earnings. It is the pillar in which the country's economy stands. No wonder, the crisis (militancy) in the region is bringing the country's economy and other sectors of the society to a standstill.

As the source of Nigeria's oil wealth, the Niger Delta region contributes about 80% of the country's revenue, and 74% of export earnings. The region contains the world's third largest wetland, with an extensive freshwater swamp forest and rich biological diversity. Over half of the area is criss-crossed with creeks and dotted with small islands, while the



remainder is a lowland rainforest zone. This topography encourages people to gather in small communities of the estimated 13, 329 settlements in the region, 94% have populations of less than 5,000. The Delta region's economy is dominated by the oil industry, although it accounts nationally for only 0.15% of employment. The region contributes 80% of the country's revenue and 74% of export earnings. Rivers, Akwa Ibom, Bayelsa, and Delta States are the predominant producers of oil and therefore the main contributors to Nigeria's GDP. Other key sectors in the Delta region include agriculture, wholesale and retail, manufacturing, fish, transportation, and construction.

The region (Niger Delta) is divided into four ecological zones namely coastal Inland zone, Mangrove swamp zone, freshwater zone and low forest zone (ANEE, 2004). The region is with 25% of the Nigerian population of total of about 140 million people (2006 Census). The Niger Delta region land mass represents 12% of Nigeria's total surface area (NPC, 2006). The Niger Delta has been described as heterogeneous, multi-cultural and ethnically diverse region (Akoroda, 2000). The Niger Delta lie predominantly in the tropics having two seasons-the wet and dry seasons. The wet season begins from May to September, while the dry season begins in October and ends in April. The Niger Delta is located on latitude 4°15'N and 4°50'N and longitude 5°25'E and 7°37'E. The Niger Delta states are the oil producing states in Nigeria which comprises of all the 6 states in the South South geopolitical zone as well as one from the south west (Ondo) and two from south east (Abia and Imo). This area occupies about 70,000kmsq of the landmass of Nigeria. This means the Niger Delta Region occupies only 7.5% of the land area in Nigeria.

### 3.2. Population of study

The population of the study comprises of people from two out of the nine states they are Cross river and Akwa-Ibom state. The reason for the selection of this population is based on the assumption that, the states in these categories have more experience of the subject matter and have indigenes that are in a better position to supply reliable information on the activities of militancy in the study area. The population of study would further involve fifteen (15) local government area from the two states they include Calabar Municipality, Calabar South, Bakassi, Biase, Akpabuyo, Odukpani, Akamkpa from Cross River and Udung Uko, Oron, Oruk Anam, Uruan, Ukanafun, Onna from Akwa-Ibom respectively.

The sampling technique adopted in this study is purposive sampling. The technique was adopted because it is "very useful in explorative studies of this nature as it encourages the researcher to go directly to respondents who have useful information that would aid the research work. Here the researcher purposively selects seven (7) Local Government from Cross river state and eight Local Government from Akwa-Ibom state for the study. A total of fifteen (15) Local Government Areas were selected they include Calabar Municipality, Calabar South, Bakassi, Biase, Akpabuyo, Odukpani, and Akamkpa from Cross river and Udung Uko, Oron, Oruk Anam, Uruan, Ukanafun, Onna from Akwa-ibom respectively. Respondents were selected through purposive sampling procedure from the selected Local Government Area.

## 4. Results and Discussion

### 4.1. Result

In terms of patronage of SMES: results as presented in table 1 revealed R-value of .262<sup>a</sup>, R<sup>2</sup> = .068, adjusted R<sup>2</sup> = .067; p < .05 for relationship between re-emergence of militancy (kidnapping, assassination) and operations of SMES (in terms of patronage). The R-value (Correlation coefficient) of .262<sup>a</sup> shows a positive relationship between re-emergence of militancy (kidnapping, assassination) and operations of SMES (in terms of patronage) it represents a standardized measure of an observed degree of relationship between variables, it is a commonly used measure of the size of an effect, and that values of ±.1 represent a small effect, ±.3 is a medium effect and ±.5 is a large effect. However, the R<sup>2</sup>-value of .068



imply that 6.8% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that the  $F(2, 882) = 15.55; p < .05$ , is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between predictor variable (re-emergence of militancy) and operations of SMES (in terms of patronage) in Niger Delta region, Nigeria. The adjusted  $R^2$  (.067) shows some shrinkage of the unadjusted value (.068) indicating that the model could be generalized on the population.

**Table 1.** Summary simple linear regression: re-emergence of militancy (kidnapping, assassination) and operations of SMES (in terms of transactions, income, growth and overall SMES operations) in the Niger Delta region.

Variables									
SMES transactions	Sum of Squares	Df	Mean Square	F	R	R square	Adjusted R Square	Sig.	
Regression	4.421	2	4.421	15.550	.262 <sup>a</sup>	.068	.067	.000 <sup>a</sup>	
Residual	4582.493	882	8.039						
Total	4586.914	884							
SMES income									
Regression	5.615	2	5.615	15.033	.218 <sup>a</sup>	.047	.046	.000 <sup>a</sup>	
Residual	5105.607	882	8.957						
Total	5111.222	884							
SMES growth									
Regression	.314	2	.314	16.627	.253 <sup>a</sup>	.064	.063	.000 <sup>a</sup>	
Residual	5377.295	882	9.434						
Total	5377.608	884							
Overall SMES operation									
Regression	87.893	2	87.893	19.990	.281 <sup>a</sup>	.078	.077	.000 <sup>a</sup>	
Residual	50607.932	882	88.786						
Total	50695.825	884							

As for income of SMES; results revealed R-value of .218<sup>a</sup>,  $R^2 = .047$ , adjusted  $R^2 = .046$ ,  $p < .05$  re-emergence of militancy (kidnapping, assassination) and operations of SMES (in terms of SMEs income). The R-value (Correlation coefficient) of .218<sup>a</sup> shows a positive between re-emergence of militancy (kidnapping, assassination) and operations of SMES (in terms of income), it represents a standardized measure of an observed degree of relationship between variables, it is a commonly used measure of the size of an effect, and values of  $\pm 0.1$  represent a small effect,  $\pm 0.3$  is a medium effect and  $\pm 0.5$  is a large effect. However, the  $R^2$  – value of .047 imply that only 4.7% of total variance is accounted for by predictor variable (re-emergence of militancy-kidnapping, assassination). The regression ANOVA revealed that the  $F(2, 882) = 15.033; p < .05$ , is significant, thus the null hypothesis was retained for re-emergence of militancy (kidnapping, assassination) and operations of SMES (in terms of income) in the Niger. This implies that there is a linear association (relationship) between predictor variable (re-emergence of militancy) and operations of SMES (in terms of income) in the Niger. The adjusted  $R^2$  (.046) shows some shrinkage of the unadjusted value (.047) indicating that the model could be generalized on the population.

Also, in terms of re-emergence of militancy (kidnapping, assassination) and operation of SMES (in terms of growth of SMES) in Niger Delta region: the results of data analysis as presented in table 1 revealed R-value of .253<sup>a</sup>,  $R^2 = .064$ , adjusted  $R^2 = .063$ ,  $p < .05$  for relationship between re-emergence of militancy (kidnapping, assassination) and operation of SMES (in terms of growth of SMES). The  $R^2$ -value of .064 imply that 6.4% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that the  $F(2, 882) = 16.627$ ;  $p < .05$  is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between the predictor variable (re-emergence of militancy) and operation of SMES (in terms of growth of SMES) in the Niger Delta. The adjusted  $R^2$  (.063) shows some shrinkage of the unadjusted value (.064) indicating that the model could be generalized on the population.

Finally, for overall operations of SMES; results of data analysis as presented in table 1 revealed R-value of .281<sup>a</sup>,  $R^2 = .078$ , adjusted  $R^2 = .077$ ,  $p < .05$  for relationship between re-emergence of militancy (kidnapping, assassination) and operation of SMES (in terms of overall operations of SMES). The  $R^2$ -value of .078 imply that 7.8% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that  $F(2, 882) = 19.990$ ;  $p < .05$  is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between the predictor variable (re-emergence of militancy-kidnapping, assassination) and operation of SMES (in terms of overall operations of SMES). The adjusted  $R^2$  (.077) shows some shrinkage of the unadjusted value (.078) indicating that the model could be generalized on the population. Based on the results, it was concluded that re-emergence of militancy (kidnapping, assassination) significantly contribute to operation of SMES (in terms of patronage, income, growth and overall operations of SMES) in Niger Delta region of Nigeria.

In terms of transactions of SMES: results as presented in table 2 revealed R-value of .308<sup>a</sup>,  $R^2 = .095$ , adjusted  $R^2 = .094$ ;  $p < .05$  for relationship between re-emergence of militancy (robbery and road blocks) and operations of SMES (in terms of transactions). The R-value (Correlation coefficient) of .233<sup>a</sup> shows a positive relationship between re-emergence of militancy (robbery and road blocks) and operations of SMES (in terms of transactions), it represents a standardized measure of an observed degree of relationship between variables, it is a commonly used measure of the size of an effect, and that values of  $\pm 1$  represent a small effect,  $\pm 3$  is a medium effect and  $\pm 5$  is a large effect. However, the  $R^2$ -value of .059 imply that 5.9% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that the  $F(2, 882) = 46.394$ ;  $p < .05$ , is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between predictor variable (re-emergence of militancy) and operations of SMES (in terms of transaction) in Niger Delta region, Nigeria. The adjusted  $R^2$  (.094) shows some shrinkage of the unadjusted value (.095) indicating that the model could be generalized on the population.

As for income of SMES; results revealed R-value of .244<sup>a</sup>,  $R^2 = .059$ , adjusted  $R^2 = .057$ ,  $p < .05$  re-emergence of militancy (robbery and road blocks) and operations of SMES (in terms of SMEs income). The R-value (Correlation coefficient) of .218<sup>a</sup> shows a positive between re-emergence of militancy (robbery and road blocks) and operations of SMES (in terms of income), it represents a standardized measure of an observed degree of relationship between variables, it is a commonly used measure of the size of an effect, and values of  $\pm 1$  represent a small effect,  $\pm 3$  is a medium effect and  $\pm 5$  is a large effect. However, the  $R^2$ -value of .059 imply that only 5.9% of total variance is accounted for by predictor variable (re-emergence of militancy-robbery and road blocks). The regression ANOVA revealed that the  $F(2, 882) = 28.062$ ;  $p < .05$ , is significant, thus the null hypothesis was retained for re-emergence of militancy (robbery and road blocks) and operations of SMES (in terms of income) in the Niger. This implies that there is a linear association (relationship) between predictor variable (re-emergence of militancy) and operations of SMES (in terms of income)

in the Niger. The adjusted  $R^2$  (.057) shows some shrinkage of the unadjusted value (.059) indicating that the model could be generalized on the population.

**Table 2.** Summary simple linear regression: re-emergence of militancy (robbery and road blocks) and operations of SMES (in terms of transactions, income, growth and overall SMES operations) in the Niger Delta region

Variables									
SMES transactions	Sum of Squares	Df	Mean Square	F	R	R square	Adjusted R Square	Sig.	
Regression	3623.454	2	3623.454	46.394	.308 <sup>a</sup>	.095	.094	.000 <sup>a</sup>	
Residual	164021.057	882	185.965						
Total	167644.510	884							
SMES income									
Regression	3278.453	2	3278.453	28.062	.244 <sup>a</sup>	.059	.057	.000 <sup>a</sup>	
Residual	149496.737	882	169.497						
Total	152775.190	884							
SMES growth									
Regression	15377.930	2	15377.930	25.586	.233 <sup>a</sup>	.054	.053	.000 <sup>a</sup>	
Residual	125820.830	882	142.654						
Total	141198.760	884							
Overall SMES operation									
Regression	3623.454	2	3623.454	49.429	.282 <sup>a</sup>	.080	.078	.000 <sup>a</sup>	
Residual	164021.057	882	185.965						
Total	167644.510	884							

Also, in terms of re-emergence of militancy (robbery and road blocks) and operation of SMES (in terms of growth of SMES) in Niger Delta region: the results of data analysis as presented in table 2 revealed R-value of .233<sup>a</sup>,  $R^2 = .054$ , adjusted  $R^2 = .053$ ,  $p < .05$  for relationship between re-emergence of militancy (robbery and road blocks) and operation of SMES (in terms of growth of SMES). The  $R^2$ -value of .054 imply that 5.4% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that the F (2, 882) 25.586;  $p < .05$  is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between the predictor variable (re-emergence of militancy) and operation of SMES (in terms of growth of SMES) in the Niger Delta. The adjusted  $R^2$  (.053) shows some shrinkage of the unadjusted value (.054) indicating that the model could be generalized on the population.

Finally, for overall operations of SMES; results of data analysis as presented in table 2 revealed R-value of .282<sup>a</sup>,  $R^2 = .080$ , adjusted  $R^2 = .078$ ,  $p < .05$  for relationship between re-emergence of militancy (robbery and road blocks) and operation of SMES (in terms of overall operations of SMES). The  $R^2$ -value of .080 imply that 8.0% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that F (2, 882) 49.429;  $p < .05$  is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between the predictor variable (re-emergence of militancy - robbery and road blocks) and operation of SMES (in terms of overall operations of SMES). The adjusted  $R^2$  (.078) shows some shrinkage of the unadjusted value (.080) indicating that the model could be generalized on the population.

Based on the results, it was concluded that re-emergence of militancy (robbery and road blocks) significantly contribute to operation of SMES (in terms of transactions, income, growth and overall operations of SMES) in Niger Delta region of Nigeria

**Table 3.** Summary simple linear regression: re-emergence of militancy (bombing and destruction of properties) and operations of SMES (in terms of transactions, income, growth and overall SMES operations) in the Niger Delta region

Variables									
SMES transactions	Sum of Squares	Df	Mean Square	F	R	R square	Adjusted R Square	Sig.	
Regression	8154.337	2	8154.337	17.729	.264 <sup>a</sup>	.070	.069	.000 <sup>a</sup>	
Residual	159490.173	882	180.828						
Total	167644.510	884							
SMES income									
Regression	4848.378	2	4848.378	26.547	.271 <sup>a</sup>	.073	.072	.000 <sup>a</sup>	
Residual	147926.812	882	167.717						
Total	152775.190	884							
SMES growth									
Regression	10470.245	2	10470.245	37.641	.272 <sup>a</sup>	.074	.073	.000 <sup>a</sup>	
Residual	130728.515	882	148.218						
Total	141198.760	884							
Overall SMES operation									
Regression	3050.888	2	3050.888	44.573	.284 <sup>a</sup>	.081	.080	.000 <sup>a</sup>	
Residual	124484.744	882	141.139						
Total	127535.632	884							

In terms of transactions of SMES: results as presented in table 3 revealed R-value of .264<sup>a</sup>, R<sup>2</sup> = .070, adjusted R<sup>2</sup> = .069;  $p < .05$  for relationship between re-emergence of militancy (bombings and destruction) and operations of SMES (in terms of transactions). The R-value (Correlation coefficient) of .264<sup>a</sup> shows a positive relationship between re-emergence of militancy (bombings and destruction) and operations of SMES (in terms of transactions), it represents a standardized measure of an observed degree of relationship between variables, it is a commonly used measure of the size of an effect, and that values of  $\pm 1$  represent a small effect,  $\pm 3$  is a medium effect and  $\pm 5$  is a large effect. However, the R<sup>2</sup>-value of .069 imply that 6.9% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that the F (2, 882) 17.729;  $p < .05$ , is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between predictor variable (re-emergence of militancy) and operations of SMES (in terms of transaction) in Niger Delta region, Nigeria. The adjusted R<sup>2</sup> (.069) shows some shrinkage of the unadjusted value (.070) indicating that the model could be generalized on the population.

As for income of SMES; results revealed R-value of .271<sup>a</sup>, R<sup>2</sup> = .073<sup>a</sup>, adjusted R<sup>2</sup> = .072,  $p < .05$  re-emergence of militancy (bombings and destruction) and operations of SMES (in terms of SMEs income). The R-value (Correlation coefficient) of .271<sup>a</sup> shows a positive relationship between re-emergence of militancy (bombings and destruction of properties) and operations of SMES (in terms of income), it represents a standardized measure of an

observed degree of relationship between variables, it is a commonly used measure of the size of an effect, and values of  $\pm 1$  represent a small effect,  $\pm 3$  is a medium effect and  $\pm 5$  is a large effect. However, the  $R^2$ -value of .073 imply that only 7.3% of total variance is accounted for by predictor variable (re-emergence of militancy- bombings and destruction). The regression ANOVA revealed that the  $F(2, 882) 26.547$ ;  $p < .05$ , is significant, thus the null hypothesis was retained for re-emergence of militancy (bombings and destruction) and operations of SMES (in terms of income) in the Niger. This implies that there is a linear association (relationship) between predictor variable (re-emergence of militancy) and operations of SMES (in terms of income) in the Niger. The adjusted  $R^2$  (.072) shows some shrinkage of the unadjusted value (.073) indicating that the model could be generalized on the population.

Also, for re-emergence of militancy (bombings and destruction) and operation of SMES (in terms of growth of SMES) in Niger Delta region: the results of data analysis as presented in table 3 revealed R-value of .272<sup>a</sup>,  $R^2 = .074$ , adjusted  $R^2 = .073$   $p < .05$  for relationship between re-emergence of militancy (bombings and destruction) and operation of SMES (in terms of growth of SMES). The  $R^2$ -value of .074 imply that 7.4% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that the  $F(2, 882) 37.641$ ;  $p < .05$  is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between the predictor variable (re-emergence of militancy) and operation of SMES (in terms of growth of SMES) in the Niger Delta. The adjusted  $R^2$  (.073) shows some shrinkage of the unadjusted value (.074) indicating that the model could be generalized on the population.

Finally, for overall operations of SMES; results of data analysis as presented in table 3 revealed R-value of .284<sup>a</sup>,  $R^2 = .081$ , adjusted  $R^2 = .080$ ,  $p < .05$  for relationship between re-emergence of militancy (bombings and destruction) and operation of SMES (in terms of overall operations of SMES). The  $R^2$ -value of .081 imply that 8.1% of total variance is accounted for by predictor variable (re-emergence of militancy). The regression ANOVA revealed that  $F(2, 882) 44.573$ ;  $p < .05$  is significant, thus the null hypothesis was rejected. This implies that there is a linear association (relationship) between the predictor variable (re-emergence of militancy - bombings and destruction) and operation of SMES (in terms of overall operations of SMES). The adjusted  $R^2$  (.080) shows some shrinkage of the unadjusted value (.081) indicating that the model could be generalized on the population. Based on the results, it was concluded that re-emergence of militancy (bombings and destruction) significantly contribute to operation of SMES (in terms of transactions, income, growth and overall operations of SMES) in Niger Delta region of Nigeria

#### 4.2. Discussion

The findings of hypotheses one revealed the re-emergence of militancy significantly affect the (kidnapping, assassination) and operation of SMEs (in terms of transactions, income, growth and overall SMEs operations) in the Niger Delta region. The study identifies the militant direct costs, which include threats, direct attacks on the company, and sales and closures, as well as the indirect costs, which include lost business opportunities, demand fluctuations, and transportation network interruptions. This finding is line with the findings of Omeje (2006) that the Managing Director of Shell Nigeria claimed in 2006 that the loss of income owing to instability and violence was \$61 million per day (an 800,000 barrels-per-day shut-in), totaling \$9 billion since January 2006. Ujomu and Folarin (2017) hold the same findings that Nigeria's economy had been devastated by insurgency in the Niger Delta since January 2009. The amount of money flowing into the oil industry's upstream sub-sector has decreased. Foreign investors who were irritated began shifting their funds to Angola and Ghana. Angola has surpassed Nigeria as Africa's most impressive crude oil production at that time. Nigeria's ability to develop its crude oil reserves as anticipated was challenged by a drop in investments in the key oil and gas industry. Clearly, instability in the Niger Delta was a major factor in investors fleeing to Africa in search of more stable economic opportunities. For example, owing to terrorist operations in the Niger Delta, Royal Dutch

Shell's production fell from one million barrels per day (bpd) to about 250,000 bpd by early 2009. Harm, oil siphoning rackets, and kidnappings of oil experts by suspected militants' further harmed operations with oil companies, putting a strain on the Nigerian economy (p.460). Commercial sub-sector, which includes small and medium-sized businesses, local markets, roadside shops, and stores in the impacted states, has been shut down as a result of the region's ongoing insurgency operations.

Differential effects of the militant in the Niger Delta on entrepreneurial activity are suggested by company-specific variables such as size, sector, and location. Larger businesses were among those who said the impact was severe. These types of SMEs were more likely to be targeted for extortion and other types of attacks. These activities resulted in the closure of business units, losses, and the insolvency of businesses. Larger enterprises were likewise more likely than smaller ones to record costs linked with armed conflict, according to Rettberg (2008). Smaller SMEs and microbusinesses, on the other hand, were not subjected to the same level of militant activity as their larger counterparts. This is not to say that the tiny size served as a deterrent to militant strikes (Rettberg, 2010). This backs up Eze's (2011) claim that market women, tiny traders, fast food vendors, and other small companies have seen a drop in business. When asked whether the re-emergency of militancy impact negatively on SMEs in the Niger Delta region, a discussant opined that:

*Youth militancy has reduced growth in the business sector in our region in the over years. The situation has deteriorated to the point that around 80% of firms in Rivers State have ceased operations as expatriates have either returned to their home countries or sought refuge in other locations. As a result of this trend, the young unemployment rate has risen. "Rivers State has become a carcass of itself; go to Trans-Amadi and you will see that about 80% of companies have closed down, not because of their inability to manage businesses properly, but because of the demonic activities of our youth. The male participant further said that Indorama Petrol Chemicals has ceased operations, resulting in the loss of over 3,000 young people and worsening the unemployment crisis (IDI, A Contractor, Rivers state).*

The findings of hypotheses two revealed that there is a significant relationship between re-emergence of militancy (robbery and road blocks) and operations of SMEs in Niger Delta. The militant activities such as kidnapping, bombing, robbery, road blocking has adversely affect the income of SMEs in the Niger Delta region, In addition, the re-emergency of militancy has led to job cuts in the oil and gas industry. The militancy has also led to reduction in terms of investments, as potential foreign and local investors are scared by the unending militancy in the region based on the finding of the study.

The information gathered also indicated that kidnapping and hostage taking is one of the social problems that are endemic in the Niger Delta region and it has adverse effect on the operations of small and medium enterprise in the region and the country at large. The issue of kidnapping and hostage taking has affected the income of SMSEs, social life of people and the even the government have lost huge amount of money and properties as a result of the practice. Consequently, both local and foreign enterprises have lost the will to invest in the country because no investor will like to invest in a porous security environment. This view is equally corroborated by Chukuigwe and Albert (2015) who noted that the act of kidnapping pose serious security and development challenges to the people, residents and businesses in Ogba/Egbema/Ndoni local government area and the Rivers State at large. For some time now many persons and businesses have continued to suffer in the hands of

the kidnapers. This social milieu has remained unabated and is now a threat to the sustainability of economic activities in the local government

The militant activities such as kidnapping, bombing, assassination, robbery, road blocking amongst others has shown that there is significant, positive and high correlation between those variables. This means that the degree of militant activities has a significant influence on the transaction of SMEs in the Niger Delta region of Nigeria. As such, the more the militant activities on kidnapping, road blocking, assassination, the more the transaction of SMEs are negatively affected. For trading/transaction, SMEs rely on the availability and consistency of raw materials. Supply of such raw materials might be cut off due to security concerns. When a company is unable to get raw materials for production owing to source insecurity, it might cause production to be disrupted. If the insecurity situation worsens, firms whose raw material sources are in the north would undoubtedly face that threat. This is in agreement with Guagueta (2006) and Rettberg, Leiteritz and Nasi (2010) who noted that militant in the Niger Delta region have also had to deal with high transaction costs and the loss of products as a result of damaged transportation infrastructure, foreign partners as a result of an unfavorable business climate, and resources as a result of large investments in corporate security and insurance.

Responding to the impact of the reduced foreign investment on SMEs in the region, the owner-manager of a supplies and logistics company stated:

*There is too much insecurity in the region and therefore foreign investment has reduced drastically. This place [region] has virtually become a 'no-go' area for foreign investments. Small businesses like ours are suffering as a result. There is no money and there is no business opportunity (IDI Supplies and logistics, Oil Sector/Akwa Ibom)*

In line with the sub-objective of the study which was to identify the impact of the re-emergence of militancy on manpower growth and skill development of SMEs in the Niger region. The finding showed that there is positive significant relationship between the two variables. This implies that the Nigeria insecurity situation can, and in many cases, actually halted business operations during the periods of violence and also caused the outright closure of many enterprises especially in the areas or zones where incidences of insecurity is rife and are on daily occurrence, in a bid to protect lives of operators and business property. Generally, if there is no peace and security, it is extremely difficult for businesses to survive. Ordinary citizens having small and medium scale businesses cannot open shops for business transactions. Insecurity everywhere is a risk factor which business owners and managers dread and wish to avoid by relocating their businesses elsewhere. With respect to location, business owners indicated that the 'core Niger Delta States were mostly affected. They emphasized that both the upland and riverine areas of the 'core' region have been equally affected by the militants' actions.

In the case of Niger Delta region, there is also evidence of some businessmen and manufacturing companies has been relocated. In addition, the study found that some firms shift their operations to other countries like Ghana which is deemed to be more peaceful. This view is equally corroborated by Achumba, Ighomereho and Akpor-Robaro (2013) who noted that apart from outright closure of a business enterprise, an existing business can also be affected in the four functional areas of business. These include production, marketing, finance and human resource.

Small and medium scale enterprises (SMEs) are generally acknowledged as having huge potentials for employment generation and wealth creation in any economy. This sub-sector of the economy is globally acknowledged to contribute substantially in enhancing employment creation or generation, poverty alleviation, equitable distribution of resources,

income redistribution, technical and technological innovation, entrepreneurial skills development, more uniform industrial and economic dispersal, and general improvement in the living standard of the populace within an economic region. In the Niger Delta region of Nigeria however, the sector remains relatively small in terms of its contribution to manpower growth and skill development due the negative impact of the re-emergence of militancy in the area. The advent of militancy in the Niger Delta region to a lack of manpower growth and skill development among SMEs in the region. As a result of the instability, the volume of manpower growth and money skill development of SMEs into the region has decreased.

The owner-manager of Company 1 confirmed that the larger the SMEs the greater the costs of militancy. This was captured in the quote from the owner-manager of Company 1 below:

*We are not a micro business by any description and so the cost of the re-emergence of militancy on us is unbearable. Our business development has been badly affected by the militants' actions. For instance, in our nature of business, we lease out small crafts to oil companies to ease their transportation problems but due to these attacks, the oil companies now involve the military in their transport needs rather than using our boats which are not armed. And constitutionally we are not allowed to carry arms. You know, it is like pushing us away from the business line. So, our income and operations have dropped so much that we barely survive (IDI Marine Transport, Oil Sector/Cross River)*

Findings have also revealed that resurgence of militant activities such as kidnapping, assassination, robbery among others has shown there is significant, positive and high correlation between resurgence of militant activities and the emergence of new SMEs in the Niger Delta. This means that the degree of Nigerian insecurity situation can, and in many cases has, halted business operations during periods of violence and also resulted in the outright closure of many enterprises, particularly in areas or zones where insecurity is rife and occurs on a daily basis. Businesses find it exceedingly difficult to exist when there is no peace and security. Ordinary people with small and medium-sized companies are unable to open stores for commercial transactions. Militancy is a risk element that many business owners and managers fear and seek to avoid by moving their operations abroad. This backs up Eze's (2011) claim that market women, tiny traders, fast food vendors, and other small enterprises have seen a drop in business. The economic cost of militancy has been enormous, in addition to the losses (not just the dead, but also the injured, handicapped, bereaved, or impoverished). In the case of Niger Delta Region, there is evidence that certain business people and industrial enterprises have been forced to migrate, to more calm regions of the nation in recent years. It is therefore means that resurgence activities affect the emergency of new SMEs in the Niger Delta region greatly.

## 5. Conclusion and Policy Recommendations

The key findings emerging in the study are the forms of militants' activities such as kidnapping, bombing, assassination, robbery, and road blocking and its effect on the income, trade/transaction, the emergence of new SMEs and the impact of re-emergence of militancy on manpower growth and skill development of SMEs in the Niger Delta region, the ways SMEs development has been affected by these activities. The results of the study provide a better understanding of the impact the Niger Delta militant has on SMEs in the region, the extent to which the costs of re-emergence identified are present in the study. The findings suggest that SMEs especially the oil and gas related businesses, and petite traders in the Niger Delta have suffered from both direct and indirect costs of the militant

such as kidnapping, bombing, assassination, robbery, and road blocking. The costs of the militant were concentrated in the 'core Niger Delta states' such as Bayelsa, Delta, Akwa-Ibom, Cross River and Rivers states.

Based on the findings of the study; the following recommendations are made:

The lack of alignment of militant interests by programme leaders explains why some beneficiaries have returned to insurgency in the Niger Delta Region. Therefore, for post amnesty programme, there is need to strengthen the legitimacy of the leadership through better management, openness and accountability, monitoring and coordination, lowering the expense of governance, and putting ex-militants' interests at the forefront of concerns are all needed to increase the legitimacy of the leadership. The procedure for paying monthly stipends should be open and clear. Payment should be paid directly to ex-militants rather than through their commanders as is currently the case.

The path for a major programme beyond Post Amnesty Programme (PAP) to resolve the Niger Delta situation had already been recognized. A recovery and development programme for the economy must be formed, allowing for the establishment of inclusive training and skills development, as well as inclusive economic empowerment as a foundation for generating broad opportunities for all. In addition, to drive the process of substantial infrastructure and social service development and industrialisation, a wide development framework involving public-private partnerships and synergies, particularly between governments, oil corporations, and communities, must be formed. In order to effectively implement PAP and the recommended post-Amnesty development programmes, there is a need for collaboration with oil companies, oil and gas communities, state and local governments, and international organizations, as well as better governance systems based on greater transparency, accountability, and responsiveness

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