
ENTREPRENEURIAL VENTURES AND INSECURITY IN NIGERIA: A CASE OF SELECTED ENTERPRISES IN KADUNA STATE, NIGERIA

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ABSTRACT

This study examined the relationship between insecurity and entrepreneurial ventures in Kaduna state, Nigeria. The broad objective of the study was to examine how insecurity affects the creation of new venture, growth of existing ventures and rate of failure of existing ventures in Kaduna Metropolis. The study adopted a survey research design. The population of the study comprised 2670 registered small businesses in the Kaduna metropolis. However, the study randomly selected 225 top managers of small businesses business in Kaduna metropolis. The study used structured questionnaire for data collection, while data were analyzed using Pearson Product Moment Correlation and linear regression. The study found that insecurity in Kaduna state significantly reduced rate of establishment of new ventures. The study also found that insecurity retards business growth and causes business failure. The study thus concludes that insecurity is freezing life out of business venture in Kaduna metropolis; and recommends that proactive measure should be taken by the Central and State Government to curb insecurity in Kaduna State.

Keywords: Entrepreneurial ventures, insecurity, venture growth, new ventures and venture failure

INTRODUCTION

Businesses all over the world react sensitively to factors and forces in their immediate environment, such as government policies, economy climate, competition and security. However, insecurity is one of the most impactful factors that capable of crumbling entrepreneurship activities in a short span of time. Entrepreneurial venture implies the activities of opening or setting up new business in response to needs or opportunity seen in the society (Opusunju et al., 2019). Also, there are other aspects of entrepreneurial ventures such as growth

and enterprise sustainability. Successful entrepreneurship requires businesses to record consistent operation and steady growth.

However, many factors that disturb entrepreneurial growth have been identified, one of them is insecurity. Insecurity is taking different dimensions in Nigeria, and changing from one form to another; while security outfits jump from one strategy to another to curb the menace. The security challenges currently bedeviling Nigeria spares no entity; and businesses and business operators continue to count their losses (Yusuf, 2018). Nigeria has been battling with various internal crises, social unrest and crimes for decades. However, the last decade has witnessed the metamorphosis of common social unrest into insurgency, kidnapping, armed robbery, assaults, religious conflicts, among others (Owolabi & Ayenakin, 2015); and have affected different aspects of our daily lives and entrepreneurial activities.

Insecurity is not a new phenomenon in Kaduna State, it has only taken unprecedented dimensions in recent times, and has affected people's lives and livelihood; shuttering businesses and throwing people out of jobs. Evidences show that commercial activities grind to halt in war ravaged areas. In Kaduna State however, there are still day-time commercial activities. Some towns and parts of the city still open for commercial activities, albeit, with fears and uncertainty. Despite being open for business, the persistent fear of insecurity could take a toll on commercial activities in terms of opening new venture; as well as growth and sustainability of existing ones. It is based on this background that the current study attempt to examine the effect of insecurity on the entrepreneurial ventures in Kaduna state, with particular focus on ventures in Kaduna metropolis. The study sought specifically, to determine the effect of insecurity on the establishment of entrepreneurial ventures; growth of existing businesses and business failure in Kaduna metropolis; and is guided by the following hypotheses:

- Ho₁: There is no significant relationship between insecurity and rate of establishment of entrepreneurial ventures in Kaduna metropolis.
- Ho₂: There is no significant relationship of insecurity on business growth among enterprises in Kaduna metropolis.
- Ho₃: There is no significant relationship between insecurity and rate of business failure in Kaduna metropolis.

LITERATURE REVIEW

Theoretical Review

This study is hinged on structural functionalism theory propounded by August Comte (1857). Structural functionalism theory state that within human society, there exist some structures such as political, economic, religious, educational, technological and social structures that work together in an interrelated and interdependent manner to promote solidarity and stability. Hence, any flux in one part of society causes flux in other parts. Functionalists like Herbert Spencer (1903) and Robert Merton (2003) maintained that our society is a living organism that has interacting and interdependent parts, such that failure in one part affects others. Thus, like other living organism whose parts work together for its survival, the different parts of society must work together enable or enhance its survival. These parts are regarded as social institutions, which are strongly related to form functional social structures and perform specific roles towards maintaining the whole.

Thus, all structures in a society must work to contribute to its safety, orderliness and development. Malfunctioning in any part of society or its structures has consequence on the other

parts of the society. This applies to the cases of entrepreneurial venture and insecurity. If some set of individuals make society insecure, business venture and operators that form the other part suffer. This study is thus, anchored on structural functionalism based on the conviction that insecurity has the propensity to determine the performance of entrepreneurial venture.

Concept of Insecurity

Insecurity is a common feeling that nearly most people will experience at some point, and it can stem from numerous sources. Yusuf (2015) noted generally that insecurity can be regarded as a lack of confidence, anxiety, and uncertainty. Insecurity is multifaceted, it pertains to an overall sense of uncertainty or anxiety about individual worth, abilities, skills, and value as a person, conveying the message that one is at risk or in danger of something or someone. The negative impact of insecurity could be physical, mental, or emotional. Without security, one cannot accomplish full trust or function to the fullest potential (Adeleke, 2018).

In the views of Akin (2008), security relates to the presence of peace, safety, happiness and protection of human and physical resources or the absence of crisis. Security is any laid down procedures toward the protection of persons and property against hostile persons; a situation where by a conducive atmosphere is created within which people in the state can go about their normal daily activities without threat to either their lives or properties (Akin, 2008). Thus, security encompasses all approach toward safeguarding human as well as material resources in the state against all forms of aggressions or violent conduct.

In Nigeria today, cases of insecurity abound, despite all efforts from government, citizens and non-governmental organisations. One among the prominent insecurity is farmers-herdsmen conflict that has registered Nigeria in the comity of insecure States in the world. The conflict has been persistent for many decades. Boko Haram insurgency is ordinarily supposed to awaken Nigeria to the gains of peaceful coexistence, high level of alertness and security consciousness, but the reality of the current situation in Nigeria, especially, due to insecurity has shown that neither government nor citizens learn anything from Boko-Haram (Achumba et al., 2016). Some authorities have argued that it is the same Boko-Haram group that metamorphosed into various crimes against Nigerians and Nigeria, which have impacted negatively on business activities.

Businesses depend largely on people patronage. However, the patronage is likely to drop drastically when people feel insecure in their homes, at works and social gatherings. Nurdan and Rivenburgh (2016) note that even online transactions suffer from insecurity. Situations that cause unrest for consumers, delays purchase decision, and results in low patronage for businesses. Besides, insecurity also, implies non-guarantee of stock products as thieves could raid warehouses and shops and cart away goods. Violent unrest following insecurity, such as could lead to razing of market palaces and government properties, hence; put unsold goods at risk of being stolen.

Entrepreneurial Ventures

Entrepreneurial venture imply new businesses formed with a plan and expectation that financial gain will follow. Often, this kind of business is referred to as a small business, as it typically begins with limited financial resources (Opusunju et al., 2019). A business venture is usually formed out of a need for product that is lacking in the market. After the need is determined, an investor with the time and resources to develop and market the new product can start a business venture. Most likely, the development will be funded in its early stage by the investor, who is

often the business owner or creator of the idea. Often, business ventures may be funded by more than one investor, with the expectation that the plan will be profitable in time. Tobora (2014) noted that ventures differ in their capacities to achieve dramatic leaps in growth. Entrepreneurial ventures can achieve radical growth in a short span of time relative to their existing positions. The venture characteristics, managerial skills and entrepreneurial needs differ throughout the stages of the venture's development.

Concept of venture growth

According to Nurdan and Rivenburgh (2016), there is always a need to develop and every human activities needs to develop, so also the entrepreneurship. Thus, the needs for entrepreneurship growth influenced good business intent as well as overall entrepreneurial behaviour with particular attention to social (skill and knowledge gaining), societal (economic and political climate), and personality factors. Nakayama (2016) maintained that entrepreneurs with good intention to develop businesses usually hold positive behavior towards their enterprise. It is argued that good entrepreneurial intents propel optimism, innovative thinking as well as risk-taking among entrepreneurs (Nakayama, 2016). Studies established that a statistically significant relationship exist between the personality attributes of optimism, innovativeness, risk-taking propensity and entrepreneurial intent (Nurdan & Rivenburgh, 2016). Ojo et al. (2017) maintained that the intent of any new business is to grow. Business growth however, requires devotion and attention from the entrepreneurs, in addition to skills and strategies needed by the entrepreneur. Authors identify different steps in entrepreneurs could adopt to achieve business growth. These include:

Conception stage: This is the step in growing a business. Tende (2014) argued that “conceiving an idea one thing but transforming the idea into action and a reality another.” The conception stage is an obvious stage of creating a dream along with level of planning, developing initial partners. One of the behaviour that can guarantee successful conception of business is surpassing self-doubt. There must be real-feeling to substantiate fears to guide decision making. Then entrepreneur need to guide against challenge of over-optimism. There is need to share idea with existing players. The positive behaviour has to be demonstrated toward aiming at profitability and sustainability. The conception stage is not complete if estimation of is not done. Tobora (2014) argued that there must be estimated risks that can guarantee not stepping back when business commences. Roberta et al. (2019) indicates that it is at inception that roles and responsibility has to be designated.

Birth or Startup stage: At birth, things begin anew. An organization that has just begun may not experience business hitches. The machines might be new; the equipment might still be automatic. The services might be undisturbed. Nakayama (2016) argue that whenever the business is on, the entrepreneurs have just created a legal entity. Success at this level requires a positive behavior when interpreting emerging challenges. Rutiyomba (2015) expressed that some challenge at startup are to fashion the business and position the entrepreneur properly. A positive entrepreneurial behaviour enables thinking, planning and acting ahead of issues. An important aspect of startup businesses is financial management. All entrepreneurs want money and profits, but there is always challenges of cash management (Nakayama, 2016). Tobora (2014) pointed at ego management.

Growth stability stage: According to Amadi et al. (2018) business growth may be relatively easy, but sustaining the growth rate is an issues. Once the start-up stage is passed, consistent performance is required. True entrepreneurial success comes from starting a new business, generating revenue, developing brand awareness and acquiring new customers. To sustain business growth, the entrepreneur need to begin learning what works in the business plan, and what does not. To sustain business growth, there must be means of creating loyalty among customers and there is need for financial stability. There are challenges of building trust among customers, sustaining cash flows. There is also a need to find means of distinguishing the business from others (Inyang & Enoch, 2010).

Maturity stage: At this stage, the business has been established and survival is no longer the main question. At this stage the business has recorded stable customers through awareness that builds loyalty. At maturity, the business has built marketing gravity which affords the business the avenue to generate more revenue. Tobora (2014) argued that there is a high likelihood of rigidity, as the hunger for creativity and struggle to survive might have died. It takes visionary leadership to take the business to next stage at this stage. Achieving expansion may come through utilizing existing strengths to either expand into new markets or offer new lines of products to current customers (Sambo et al., 2015). Inyang and Enoch (2010) argued that at maturity, the effective growth only occurs with the development of predictable systems and structure.

Arriving and thriving stage: Kokcharov (2015) argued that the bottleneck at maturity stage prevent many organization to reach the arriving stage. To most organisations, the arriving stage is similar to maturity stage. Sambo et al. (2015) identified that the only difference between the maturity and arriving stage includes organizational influence, recognition, and potential impact. After a successful expansion, the organization may now be at the top of its industry. There is maturity in the market, systems, and processes. It has a dominant presence. It could still be growing. The business may again be at cross-road of determining whether to stabilize or to expand.

Business Failure

Running a business is not for the “faint of heart.” Entrepreneurship is inherently risky. Successful business owners must possess the ability to mitigate company-specific risks while simultaneously bringing a product to market at a price that meets consumer demand. Business failure simply implies inability of business to continuing its operations following inability to make a profit or to bring in enough revenue to cover expenses. A profitable business can fail if it does not generate adequate cash flow to meet expenses (Roberta et al., 2019). Factors responsible for business failure include war, insecurity, recession, high taxation, high interest rate, excessive regulation, poor management decision, insufficient marketing effort, inability to compete, or a lack of interest from the public in the business’ offerings. Some businesses may choose to shut down prior to an expected failure. Owolabi and Ayenakin (2015) show that though there are a number of small businesses in a broad range of industries that perform well and are continuously profitable, 20% of small businesses fail in the first year, 50% go belly up after five years, and only 33% make it to 10 years or longer.

Empirical Review

Achumba et al. (2016) adopting an ex post facto research design to examine security challenges in Nigeria and their impact on business activities and sustainable development. The study reviewed how insecurity in Nigeria is affecting business activities as well as attainment of sustainable development. The study analyzed data thematically and found that the insecurity challenge in the country is enormous and complex and would continue to be, if the situation remains unabated. The study therefore emphasized the need to evolve a safe business environment that is conducive for business activities and sustainable development.

In a related study, Abbas and Sani (2016) assessed the effect of insurgency on operations of small and medium business enterprises in Nigeria; found that insecurity seriously affects small business operations and negatively impacts socio-economic development. The study concluded that small businesses are in dire need of support and security for business growth and sustainability. Similarly, Owolabi and Ayenakin (2015) examine the effect of insecurity on foreign direct investment (FDI) in Nigeria, and found that a negative relationship between Foreign Direct Investment (FDI) and insecurity. The study concludes that insecurity prevents foreign business from investing in Nigeria.

Also, Opusunju et al. (2019) examined the effect of insecurity on the performance of small business and observed a positive significant effect of insecurity on small business performance. The study also reports a significant relationship between operation management challenge and small business performance. Yusuf (2018) on the other hand examined the effect of insurgency on economic activities. The study found that insurgency has negative impact on crop production and animal production, which are argued to be the bedrock of economic activities in rural areas. In addition, Mohammed and Ahmed (2015) assessed the effect of insurgency on the economy of Borno State from 2008-2014. The study reveals that insurgency has claimed lives, truncated business activities and reduced agricultural activities. Furthermore, Durotoye (2015) examined the economic consequences and management of Boko Haram insurgency in Nigeria. The study found that socio-economic activities in the regions affected by the Boko Haram insurgency significantly reduced and inferred that the insurgency impoverished the affected regions and have made them Nigeria's poorest.

METHODOLOGY

This study focused on examining the link between insecurity and entrepreneurial activities in Kaduna Metropolis, Nigeria. The study adopted descriptive research design. The population of the study comprises 2670 registered small businesses in Kaduna metropolis, registered with Kaduna State Ministry of Commerce as at 2020. However, the study randomly selected 225 top managers across new businesses in Kaduna metropolis. The study used structured questionnaire for data collection, while data were analyzed using Pearson Product Moment Correlation (PPMC) and linear regression analysis at 0.05 significance level.

RESULTS AND INTERPRETATION

Table 1: Correlation Analysis on Rate of Insecurity and Rate of Establishment of Entrepreneurial Ventures

Stat	Value	Asymp. Std. Error	T	Approx. Sig.
Pearson's R	-.725	.026	-15.703	0.000
N of Valid Cases	225			

Source: Output of data analysis (2022)

Table 1 shows the outcome of correlation analysis on the relationship that exists between rate of insecurity incidences and rate of venture establishment in Kaduna metropolis. The results show correlation value of -0.725, t-value of -13.703, a p-value of 0.000, which implies that a significant but negative relationship exists between insecurity and business establishment. Suggesting that as insecurity cases increase the rate of establishing new business venture reduces.

Table 2: Regression Analysis on Effect of Insecurity on Business Growth

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.590	.207		22.215	.000
Insecurity Rating	-.577	.062	-.530	-9.329	.000

a. Dependent Variable: Business growth. ANOVA =87.513, sig =0.001

Source: Output of data analysis (2022)

Table 2 presents the result of regression analysis on the effect of insecurity on business growth. The result showed a standardized coefficient (Beta) of -0.530, t-value of 9.329, and P-value of $0.000 < 0.005$. Therefore, insecurity has a significant but negative effect of on business growth. Specifically, the standardized coefficient of -0.530 revealed that insecurity is limiting the growth of business by about 53.0%.

Table 3: Correlation Analysis on Insecurity and Rate of business failure

Stat	Value	Asymp. Std. Error	T	Approx. Sig.
Pearson's R	.642	.064	6.945	.000 ^c
N of Valid Cases	225			

Table 3 shows the outcome of Correlation analysis on the relationship between insecurity and rate of business failure. The results show correlation value of 0.642, t-value of 6.945, a p-value of 0.000, which implies that a significant positive relationship exists between insecurity and rate of business failure in Kaduna metropolis, Kaduna State, Nigeria.

DISCUSSION OF FINDINGS

Our finding that insecurity inversely relates to rate of establishment of new ventures. This shows that insecurity in Kaduna state negatively impact the rate at which the business operators are willing to open new ventures. The concern for safety of both business and personnel could account for this willingness of entrepreneurs to establish new ventures in Kaduna. This finding supports that of Mohammed and Ahmed (2015) insecurity in the business environment prevent

new entrants; and that of Opusunju et al. (2019) and Tende (2014) that poor and unsecure business environment inhibit thinking in new business lines. Our findings also align with Lister (2018) that security is a prominent concern for business startup and that investing in an insecure environment is an unwise business decision. Abbas and Sani (2016) note investing in a war zone could be catastrophic to businesses and business operators.

The finding of this study that business growth is restricted insecurity in the study area may be explained by the fact that most existing businesses operate with caution as no one knows their faith in the next moment. Thus, fear of uncertainty could prevent patronage and curtail both physical and strategic growth, and hurt investors. Though, Rutiyomba (2015) notes that insecurity weaken competition as most business close-up, and reduce pressure on a few. Meanwhile, Ojo et al. (2017) and Durotoye (2015) showed that even without competitors, businesses in hostile regions performed below average, due to other factors such as extortion and fear of insecurity.

The finding insecurity relates to business failure in Kaduna metropolis suggests that the more the level of insecurity in Kaduna metropolis, the more businesses will close up. It is logically possible that once business is recording negative growth the chances to get to unbearable business situation is high. This finding is in accordance with the findings by Chinedu et al. (2018) and Tende (2014) which show high rate of business closure as level of insecurity increases. Also, Inyang and Enoch (2010) maintained that businesses are likely to foldup when growth is not certain and environment is too hostile to allow fresh investment. Thus, businesses are more likely to fail if uncertainty in business environment is high.

CONCLUSION AND RECOMMENDATIONS

This study has shown that insecurity is unfavorable to entrepreneurial ventures; and entrepreneurial activities are sensitive to environmental situations. Thus, increase in insecurity will lead to a reduction in the establishment of new ventures, the halting of growth of existing businesses and increased chances of failure or closure of existing business. The truncation of business growth due to insecurity affirms the roles of the business environment to the survival of businesses. Therefore, a secure environment allows creativity and innovative management, establishment of new businesses and growth of existing ones. On the other hand, insecure environment retard growth, prevent new entrants and kills existing businesses. In view of the forgoing, the study recommends that business operators in Kaduna metropolis should monitor the environment before taking step toward investment and opening of new ventures; that the Kaduna State government should ensure security of lives and properties to curtail closure of businesses in the state; and that special security attention should also be given to commercial areas to sustain the livelihood of people in Kaduna state.

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