

EFFECT OF INSECURITY ON BUSINESS DEVELOPMENT IN THE TRANSPORTATION SECTOR IN IBADAN, OYO STATE.

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Abstract

This study explores the effect of insecurity on business development in the transportation sector in Ibadan, Oyo State. The objectives of this study were to identify the main types of insecurity that affect the transportation sector in Oyo state, find out the key challenges faced by transportation companies in managing insecurity in Oyo State; and examine how the identified challenges affect the ability of the transport sector to grow and develop in Oyo state. A descriptive survey research design was adopted for this study and the target population for this study include drivers and managers in five transport companies in Ibadan. A sample size of Twenty-five (25) respondents were selected using simple random sampling technique. Questionnaire was used as the research instrument to gather data as regarding the subject matter. The data collected were analysed using descriptive statistics of simple frequency count, percentage for the demographic information and the research questions. The study revealed that 25(100%) of the respondent all affirm that the various insecurity activities faced by transport company which hinders their development include robbery, vandalism, informal transportation and unregulated operators, kidnapping and abduction and attacks on transportation vehicles on road; lack of adequate security measures and infrastructure has hindered the growth of the sector.

This study highlights the urgent need for enhanced security measures, collaboration with law enforcement agencies, public awareness campaigns, training and capacity building.

Keyword: *Insecurity, Business Development, Entrepreneurial development, transport sector*

INTRODUCTION

Nigeria has witnessed an unprecedented level of insecurity recently and this has threatened national security and has prompted huge allocation of the national budget to security (Achumba & Akpor, 2013). The 1999 Constitution of the Federal Republic of Nigeria specifically states that “The security and welfare of the people shall be the primary purpose of government”. But the government has failed on this constitutional responsibility to provide a secured and safe environment for lives, properties and the conduct of business and economic activities. The alarming level of insecurity in Nigeria has increased the crime rate and terrorist’s attacks in different parts of the country, leaving unpalatable consequences for the nation’s economy and business development. In order to ameliorate the incidence of crime, the federal government has embarked on criminalization of terrorism by passing the Anti-Terrorism Act in 2011. Despite the

government efforts, the level of insecurity in the country is still high, and a confirmation of this has led to the low ranking of Nigeria in the Global Peace Index (GPI, 2012).

Security challenges started in the early years of military rule when large quantities of arms and ammunitions were imported into the country for the use of the military during and after the Nigerian civil war, some of which got into the hand of the civilians. Soon after the civil war these arms were used by civilians and ex-military men for mischievous purposes such as armed robbery, banditry (Olabanji and Ese, 2014). The inability of government to provide a secure and safe environment for lives, properties and the conduct of business and economic activities has led to resentment and disaffection among business investors. This has resulted in communal clashes, and religious violence and crime in different parts of the country that has destroyed lives and properties, disrupted businesses and economic activities, and retarded economic growth and development in Nigeria. No business investors whether local or foreign will be motivated to invest in an unsafe and insecure environment. In a globalized world investors are not only looking for high returns on their investments but also safe environment for their investments. Thus, the alarming level of insecurity in Nigeria has made the economy unattractive to foreign investors and has slowed down the level of business activities, and this has impacted negatively on economic growth and development. Consequently, the purpose of this paper is to examine the implications of insecurity on business activities.

Development is important and essential to the sustenance and growth of any nation, the development of transport in the overall activities of a nation is the ability to deliver an improved, efficient, effective, affordable, accessible, safe, reliable and an integrated transport system which will prosper the economic, social and political segments of the nation (Adeniran & Yusuf, 2016). Transport systems are closely related to socioeconomic changes. The movement of people and freight and levels of territorial accessibility are at the core of this relationship. Economic opportunities arises where transportation infrastructures answers mobility needs and insure access to markets and resources. Many scholars have delved into the study of transportation as an essential sector which its development is required for moving an economy forward. This is because transportation is crucial to national and international competitiveness. It is believed that the sector plays significant role in ensuring economic growth and development, and the life wire of any society (Somuyiwa *et al.*, 2011; Ellis *et al.*, 2012).

Economic activity in a country requires easy movement of resources like manpower, raw materials, capital assets and other variable inputs from one point to the other. It equally includes evacuation of outputs and food items from point of production to both domestic and foreign markets; from place of abundance to place of scarcity and other points of need. Transportation involves motor transport with good road network, railway with functional railway lines, water transport with well dredged water channel, and Airways with standard aviation facilities. Besides, effective transportation enhances efficient distribution of resources and proper management of commerce, government business and international transaction (Uma *et al.*, 2014).

Transportation is the medium through which finished goods are moved by air, land or by water from the manufacturer to the final consumers and the transportation medium are by Aeroplanes, Ship, Cars, Lorries and Train (Cole, 2017).

The growth of insecurity on the road has been a major concern for business development. This trend has resulted to reduced trade flows, income of transportation companies and leading countries to readjust, reallocate spending to make room for security as the case in Nigeria with the multinational force along the northeast region. Nigeria with the attendant economic hardship accelerated the rate of insecurity in the road transport sector as the roads became centers of illegal activities such as smuggling of contraband, robbery, kidnapping, prostitution and child trafficking (Otu et al., 2018).

Statement of Problem

The transportation sector is a vital component of any economy, enabling the movement of goods, services, and people. However, the persistent issue of insecurity poses a significant challenge to the business development and overall growth of the transportation industry. Insecurity, characterized by various forms of threats such as theft, vandalism, terrorism, and piracy, creates an environment of uncertainty and instability, which directly impacts the operations and profitability of businesses within the sector. One of the primary concerns stemming from insecurity is the physical risk faced by transportation companies. In regions or areas with high crime rates or active conflict zones, transportation infrastructure and vehicles become targets for criminals or armed groups. This puts the safety of drivers and passengers at risk. Incidents of hijacking, armed robbery, and attacks on transport routes have become all too common, leading to loss of life, injuries, and damage to property.

These risks not only endanger human lives but also result in substantial financial losses for transportation businesses, including insurance claims, vehicle repair or replacement costs, and medical expenses. Insecurity also has a detrimental effect on investor confidence within the transportation sector. Uncertainty and instability created by insecurity discourage potential investors from allocating funds to transportation projects or ventures. Investors are wary of investing in regions with a reputation for insecurity, as it poses significant risks to their capital and returns on investment. This lack of investment hampers the development of new transportation infrastructure, which are crucial for expanding trade and facilitating economic growth. Based on the premise above, this study therefore investigate how insecurity has contributed to entrepreneurial development in the transport sector in Oyo State. The study will answer the following research questions

1. What are the main types of insecurity that affect the transportation sector in Oyo State
2. What are the key challenges faced by transportation companies in managing insecurity in Oyo State?
3. How does the identified challenges impact the ability to grow and develop the business in transport sector?

Objective of the study

The main objective of this study is to investigate how insecurity has contributed to entrepreneurial development in the transport sector in Oyo State. Specifically, the objectives of the study is to

1. Identify the main types of insecurity that affect the transportation sector in Oyo state
2. Find out the key challenges faced by transportation companies in managing insecurity in Oyo State; and
3. Examine how the identified challenges affect the ability of the transport sector to grow and develop in Oyo state.

LITERATURE REVIEW

Ugwuoke, (2011), examined the origins and motivations of kidnapping in Nigeria. Although the primary function of the Nigeria police is to protect lives and property, as stated in section 214 of the 1999 constitution of the Federal Republic of Nigeria, the effectiveness of this function has been hampered by a number of factors, including corruption, bad roads, repressive policing, and manpower shortages, according to this study. The obvious outcome is an increase in criminal activity, as evidenced by the recent spike in kidnapping rates in several sections of the country, particularly in the south east. This report proposed the use of capital penalty for convicted perpetrators and a modified type of community policing as a long-term solution to this endemic security problem. These measures, among others, are expected to give an effective solution to the country's dreadful kidnapping problem. In Nigeria, Ojugbanaet *et al.*, (2018), did a study on minimizing road user kidnappings on hazardous road sections of highways. On a main roadway between Auchi, Edo State, and Okene, Kogi State, a distance of around 60 kilometers, ten problematic road portions were detected. 200 roadside residents, road safety officers, community vigilante members, and security officials on patrol were given questionnaires.

Ten prominent newspaper reporters who had reported relevant incidents on this particular highway were interviewed. On the 60-kilometer stretch of road reviewed, five locations were located where at least three kidnappings had occurred in the previous six months. Failed road portions account for 80 per cent of the places investigated. Kidnapping has become a major traffic hazard for commuters, according to 98 per cent of respondents. The presence of bad roads is largely connected with kidnapping events, according to 88 per cent of respondents. Bad road parts are a big draw for criminality, according to 80 per cent of journalists polled. The cause of these criminal acts, according to 60 per cent of journalists polled, is growing youth unemployment, the state of the nation's economy, and a weak security environment. To analyze passenger safety and security actions by public transportation operators in Ghana, Sam & Abane, (2017), used a triangulation study design using routine activities theory. To collect data for analysis, the study used questionnaire administration and in-depth interviews. The study's findings revealed that there are insufficient security measures in public parks and on roads, putting travelers at risk of purposeful criminal and antisocial activities like robbery, assault, and baggage theft while using public transportation.

In Nigeria's public transportation system, Omidiji & Ibitoye, (2010), researched crime and road crash prevention. Drivers from commercial transportation businesses and government-owned corporations were among the participants. Participants included passengers traveling from the states of Ekiti, Kogi, and Kwara to Abuja and Lagos. The passenger manifest form was also used in the research. The majority of drivers and passengers agreed that armed robbers routinely strike on their routes during journeys, resulting in road traffic crashes, according to the survey. As a result, the participants concluded that chaos follows, leading to drivers losing control of their vehicles and, eventually, road traffic collisions. Finally, respondents agreed that, in addition to generating road traffic crashes, mechanically weak vehicles, potholes, and other road conditions let hoodlums operate on roads.

Usman, (2014), investigated the state of road transport in rural parts of Nigeria's Kwara State. Rural road transport was seen as a comprehensive complex of available roads, transportation services, and Intermediate Means of Transportation in this study. A total of 993 people were polled across the state's three senatorial districts. Frequency counts, percentages, mean rankings, and histograms were used to analyze the data. The road network connectivity in the studied LGAs was also determined using four topological parameters. In rural sections of the state, overall road network connection, quality of road accessibility, and transportation services are generally low and inadequate. However, geographical variances in the area were discovered. Among the studied LGAs, Kaiama LGA has the lowest level of road accessibility, road network connection, and transportation services. Poor road surface conditions, high transportation costs, overloading, and frequent highway robberies are among the transportation issues that rural communities in the area face. At the county level in Georgia, USA, James *et al.*, (2015), investigated the association between interstate highways and robbery.

The study also looked into whether differences between urban and rural areas have an impact on this link. The study found that the number of inter-states exits in a county had a significant impact on crime, specifically robbery. Through a review of current trends in Highway Armed Robbery occurrences in Nigeria from 2009 to 2014, Onatere - Ubrurhe, (2015), suggested a model for predicting future highway armed robbery episodes. Highway armed robbery incidences in Nigeria are on the rise, according to the study. In addition, regression analysis was performed, and the model with the highest R square value was chosen as the best match for the data and used as the prediction model. The study discovered that terrible roads are one of the factors that influence highway robbery.

In South Africa, Wright & Ribbens, (2016), investigated the link between crime and road safety, as well as the influence of criminal activity on the road environment. The study found that illegal actions on the road go well beyond simply committing traffic violations, and that they can have a severe impact on the road network's and broader road environment's safety, as well as risking the lives of road users and innocent bystanders. In the Gushegu District of Ghana's Northern Region, Andrews *et al.*, (2018), investigated the consequences of substandard roads on the transportation system, as well as its maintenance and service costs. For the study, both primary and secondary data were gathered. The core data was collected primarily through questionnaires from 150 drivers, driver mates, and transport owners. The findings revealed that substandard roads had an impact on

the transportation system, as they caused frequent vehicle breakdowns and raised maintenance costs.

METHODOLOGY

A descriptive survey design was used to investigate the effect of insecurity on business development in the transportation sector in Ibadan, Oyo State. Quantitative design was undertaken in order to ascertain the effect on insecurity to the development of business in transportation sector. Descriptive statistics was used to assess the qualitative factors thus provision, interpretation and analysis of data. The target population of this study comprises of drivers and managers from each of the transportation businesses used in this study in Ibadan, Oyo State. 25 respondents 4 drivers and 1 manager were randomly selected from 5 transportation companies in Ibadan, Oyo State (Peace Mass Transit, Tribel Global Motors, Eagles, Calculux and AKTC). Simple random sampling technique was used to give every participant equal chance to participate. Simple random sampling was used because it is cheaper to study a sample than the entire population. Questionnaire was used as the research instrument and it was designed to answer the research questions. The collected data was analyzed using descriptive statistics of simple frequency count, percentage for the demographic information and to analyse the research questions.

RESULT AND INTERPRETATION

Demographic Characteristics

Table 1: Demographic Information of Respondents

	Frequency	Percentage
Male	23	92
Female	2	8
Total	25	100
Educational qualification		
Master's	2	8
Degree	2	8
Diploma	7	28
O' level	14	56
Total	25	100
Age		
20-30	1	4
30-40	10	40
40-50	10	40
50 -Above	4	16
Total	25	100
Years of experience		
<1 year	0	0
<1-4 years	13	52
<4-7 years	12	48
>9 years	0	0

Total	8	100
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The table above shows the distribution of the respondents by their demographic information, the total number of the respondents are 25 where 23(92%) are males and 2 (8%) are female. The following educational level are Master's, Degree, Diploma and O'level recorded 2(8%) of 25 respondents, Degree recorded 2(8%), Diploma 7(28%) while O'level recorded the highest frequency 14(56%). From the result on the table above, the frequency of 20-30 of the respondents is 1(4%), 30-40 and 40-50 frequency are 10(40%) while 50-above recorded 4(16%). The recorded number of years spent in the organization by the respondents it ranges from <1year recording 0, <1-4years 13(52%), <4-7years 12(48%), while >9years 0

Analysis of Research Questions

Research Question 1: What are the main types of insecurity that affect the transportation sector in Oyo state

Table 2: Percentage Distribution of responses on the main types of insecurity that affect the transportation sector in Oyo state

S/N	Strongly Disagree Frq / %	Disagree Frq / %	Not Sure Frq / %	Agree Frq / %	Strongly Agree Frq / %
					Strongly Agree Frq / %
a. Highway Robbery	0	0	0	5(20%)	20(80%)
b. Vandalism and Theft	0	0	0	10(40%)	15(60%)
c. Road Accidents and Safety Concerns	0	0	0	14(56%)	11(44%)
d. Informal Transportation and Unregulated Operators	0	0	0	12(48%)	13(52%)
e. Kidnapping and Abduction	0	0	0	14(56%)	11(44%)
f. Intercommunal Conflicts	0	0		11(44%)	14(56%)
g. Inadequate Security Measures	0	0	4(16%)	8(32%)	13(52%)

This table shows the percentage distribution of the main types of insecurity that affects transportation in Oyo state. Types of the insecurity are highway robbery 5 (%) agreed and 20(%) strongly agreed, vandalism and theft 10 (40%) agreed and 15(60%) strongly agreed, road accidents and safety concerns

14 (56%) agreed and 11 (44%) strongly agreed, Kidnapping and abduction 14 (56%) agreed and 11 (44%) strongly agreed, inadequate security measures 4 (%) not sure, 8(%) agreed and 13 (%) strongly agreed.

Research Question 2: What are the key challenges faced by transportation companies in managing insecurity in Oyo State?

Table 3: Percentage Distribution of the key challenges faced by transportation companies in managing insecurity in Oyo State

S/N	Strongly Disagree Frq / %	Disagree Frq / %	Not Sure Frq / %	Agree Frq /%	Strongly Agree Frq / %
a. All-weather, safe, and reliable road network can reduce the amount of insecurity	0	0	0	15(60%)	10(40%)
b. Low-quality road infrastructure can stimulate economic growth	0	0	0	10(40%)	15(60%)
c. There is no technology involved in the road to help reduce the insecurity on the road	1(4%)	2(8%)	7(28%)	14(56%)	1(4%)
d. Has Law Enforcement agents help reduce the insecurity on the road through road patrol	0	0	0	12(48%)	13(52%)
e. Has Government managed road infrastructure and security better than the private sector	3(13%)	2(8%)	2(8%)	14(56%)	4(16%)
f. Low rate of investors in Transportation sector	0	0	0	11(44%)	14(56%)
g. Low income and profit in Transportation sector	0	0	4(16%)	8(32%)	13(52%)
h. Financial losses in Transportation sector	0	0	2(8%)	10(40%)	13(52%)
i. Operational disruption has affected the smooth flow of transportation operation	0	0	0	10(40%)	15(60%)
j. Insecurity incidents erode customers confidence	0	0	10(40%)	6(24%)	9(36%)

Table 3 shows the key challenges faced by transportation companies in managing insecurity in Oyo State. The safety and road network affect the reduction of insecurity shows 15(60%) Agreed, 10(40%) Strongly Agreed. The stimulation of economic growth of high road infrastructure was Agreed by 10(40%) of the respondents and 15(60%) Strongly Agreed.

Research Question 3: How does the identified challenges impact the ability to grow and develop the business in transport sector

Table 4: Identified challenges that has impact on the ability to grow and develop the business in transport sector

S/N	Strongly Disagree FRQ / %	Disagree FRQ / %	Not Sure FRQ / %	Agree FRQ / %	Strongly Agree FRQ / %
a. Financial losses for transportation businesses	0	2(8%)	2(8%)	11(44%)	10(40%)
b. Loss in profit and low income	0	5(20%)	10(40%)	5(20%)	5(20%)
c. Discouragement of potential investors for allocating funds to transportation companies	0	3(12%)	3(12%)	14(56%)	5(20%)
d. Reliability and efficiency of transport services provided by the transportation companies	0	0	4(16%)	15(60%)	6(24%)
e. Ability of transportation companies to invest in new technologies, infrastructure, and human resources	0	0	10(40%)	5(20%)	10(40%)
f. Influence the decision-making process of transportation companies regarding market expansion	0	3(12%)	3(12%)	14(56%)	5(20%)
g. Negative effects on customer satisfaction or retention as a result of these challenges	0	5(20%)	8(32%)	10(40%)	2(4%)
h. Affect the ability of transportation companies to attract and retain skilled personnel	0	0	10(40%)	12(48%)	3(12%)

Discussion

The study shows the effect of insecurity on Business Development in the Transportation Sector in Ibadan, Oyo state.

From the results, data were generated by primary sources through the questionnaire and respondents responded to how insecurity impact on Business Development in Transportation Sector and How do the insecurity challenges impact their ability to grow and develop their Business.

Gierszewski, (2013), stated that security has been connected with man's natural feelings of anxiety and fear of danger. The feelings of danger are largely experienced by many Nigerians who commute from one place to another because it was reported that there are still concerns among travelers, road users, transporters, and indeed most Nigerians about the dilapidated state of most federal roads where terrorists and kidnappers have now turned into their operational areas (This Day, 2022). The Nigerian Transportation Commissioners Forum was reported to have said that the level of insecurity on the country's roads, may spell doom for road transport in the country. And it has a great effect on the distribution of agricultural produce and logistics (Akomolafe 2021).

They further report that insecurity on the roads has led to the massive loss of human and material resources.

Similar to Ugwoke, (2011), Ojugbana, Oba & Maxwell (2018), Kidnappers carry out their activities on the road and abduct people on the road. This observation is recorded in the questionnaire filled by the respondents where most of them and a higher percentage of them agreed and strongly agreed to highway robbery and kidnapping.

The use of other routes by drivers to avoid robbery and kidnapping is supported by the study of Purokayo, (2015), citing that commuter decides on location choices which is to navigate through various routes for safety. And this increases the transport price and increment in the use of resources by the vehicle.

Conclusion

Insecurity has had a significant negative impact on the business development in the transportation sector in Ibadan, Oyo State. The prevalence of crime and violence has created an environment of fear and uncertainty, deterred investment, and hindered the growth of businesses in the transportation sector. The lack of adequate security measures and infrastructure has made it difficult for businesses to operate effectively, leading to financial losses and reduced economic activity.

Recommendations

Some of the recommendations are tended towards structural issues, while others are individualistic by nature. Below are the identified recommendations based on the correlations between literature review, theories and findings of this study.

- 1. Improve security infrastructure:** The government and relevant authorities should invest in improving security infrastructure in the transportation sector. This includes the installation of surveillance cameras, street lighting, and the deployment of security personnel at key transportation hubs and routes. Enhancing security measures will create a safer environment for businesses to operate and attract more customers.
- 2. Collaborate with law enforcement agencies:** Close collaboration between transportation businesses and law enforcement agencies is crucial. Establishing regular communication channels and sharing information on security threats can help prevent criminal activities and apprehend perpetrators. Joint security operations and patrols should be conducted to deter criminals and provide a sense of safety to businesses and customers.
- 3. Public awareness campaigns:** It is important to raise public awareness about the impact of insecurity on the transportation sector. Educating the local community about the economic consequences of criminal activities can foster a collective responsibility for security. Engaging with local media, community leaders, and schools to disseminate information and promote vigilance will contribute to creating a safer environment.
- 4. Training and capacity building:** Provide training and capacity building programs for transportation businesses and their employees. This should include security awareness, crisis management, and self-defense techniques. Equipping businesses with the necessary

skills and knowledge to handle security threats will enhance their resilience and ability to respond effectively.

5. **Public-private partnerships:** Encourage public-private partnerships to address the security challenges in the transportation sector. Collaboration between the government, businesses, and relevant stakeholders can lead to innovative solutions, resource-sharing, and coordinated efforts in combating insecurity. This will facilitate a more comprehensive and sustainable approach to security in the transportation sector.

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