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Entrepreneurship Development and Challenges of Insecurity in Nigeria

Valentine Afamuefuna Nwankwor. MaryAnn N. Igbodika & Lawrence Uchenna Okoye
Department of Banking and Finance, Chukwuemeka Odumegwu Ojukwu University
Igbariam Campus, Anambra State, Nigeria.

**Corresponding Email: mikevalex@yahoo.com*

Abstract

This study investigated the impact of insecurity on entrepreneurial development in Nigeria over the period 2002–2022. The analysis focused on how insecurity, proxied by the Nigerian Terrorism Index and refugee inflows, influenced entrepreneurship using self-employment rates and loans to small-scale enterprises as indicators. To ensure robustness, governance and corruption variables were incorporated as control factors. The Autoregressive Distributed Lag (ARDL) framework was employed to capture both the short-run dynamics and the long-run equilibrium relationships among the variables. The results reveal that insecurity, particularly terrorism, exerts a statistically significant negative effect on entrepreneurial development. Terrorism reduces self-employment opportunities and limits access to credit facilities for small-scale enterprises, thereby undermining entrepreneurial growth. Refugee inflows also impose additional pressures on the entrepreneurial environment, although their short-run effect is relatively modest compared to the long-run. Governance, on the other hand, demonstrates a positive influence, as improvements in institutional quality enhance entrepreneurial outcomes. Conversely, corruption consistently exerts a negative effect, eroding trust in economic systems and constraining business opportunities. The error correction term confirms the presence of a long-run equilibrium relationship, indicating that shocks to the system gradually return to stability. Based on these findings, the study recommends strengthening security measures to reduce terrorism, implementing effective policies for integrating refugees into productive sectors of the economy, improving governance structures, and reinforcing anti-corruption frameworks. Such interventions are essential for creating a stable and enabling environment that supports sustainable entrepreneurial development in Nigeria.

Keywords: Insecurity, Entrepreneurship, Terrorism, Small-Scale Enterprises, Governance

INTRODUCTION

1.1 Background to the Study

Entrepreneurship has long been recognized as a crucial driver of development and economic growth. Entrepreneurs play a pivotal role as agents of change, generating employment opportunities and serving as valuable national assets. Their ability to seize new opportunities, take risks, and launch new business ventures is essential for stimulating the economy and ensuring societal welfare in the long term. Entrepreneurship is also widely regarded as an effective solution for reducing unemployment, alleviating poverty, and enhancing overall well-being, particularly in developing economies (Acs et al., 2008). Entrepreneurs are often seen as initiators of business ventures, but they are also key contributors to transforming the economic development of a nation from survival to growth.

However, insecurity significantly undermines entrepreneurship, and by extension, the potential for economic growth. Fear, manifesting in various forms such as political instability, criminal activities, terrorism, and social unrest, creates an unfavorable environment for entrepreneurial endeavors. In regions where insecurity prevails, particularly at a national or regional level, businesses face numerous challenges, including higher costs, restricted access to markets, and limited resources (Naudé, 2010).

In Nigeria, for instance, terrorism and other security threats have drastically impacted the scale and nature of business ventures. For the past decade, terrorism has been a major source of insecurity in Nigeria. According to the 2024 *Global Terrorism Index*, Nigeria ranks eighth globally in terms of vulnerability to terrorism (Institute for Economics & Peace [IEP], 2024). Boko Haram and ISWAP's sustained terrorist activities have claimed thousands of lives, especially in northern Nigeria, and severely affected the country's economy (IEP, 2024). This level of insecurity escalates business risks, discouraging potential entrepreneurs from embarking on ventures (Okechukwu & Nwekwo, 2020).

In addition to terrorism, political instability and crime further complicate Nigeria's business environment. Crime risks such as kidnapping, armed robbery, and extortion threaten the safety of entrepreneurs and increase operational costs, thereby hindering economic growth (Ekoja, 2022). Therefore, addressing these challenges is crucial to realizing the full potential of entrepreneurship in driving sustainable economic development (Naudé, 2010; IEP, 2024).

METHODOLOGY

2.1 Research Design

This study adopted an ex-post facto research design. The design was considered appropriate because the variables of interest, insecurity and entrepreneurship, had already occurred and could not be manipulated by the researcher. Ex-post facto research allowed the analysis of historical data to establish relationships between variables, particularly in contexts where experimental manipulation was not feasible. The study relied on secondary data drawn from institutional sources covering the period 2002 to 2022.

2.2 Nature and Sources of Data

The study employed annual time-series data spanning 2002 to 2022. Data on insecurity were obtained from the Global Terrorism Index, while entrepreneurship indicators such as self-employment and loans to small-scale enterprises were sourced from the World Bank Development Indicators. Control variables, including governance and corruption, were drawn from the World Governance Indicators. These data sources were selected because of their credibility, consistency, and international comparability.

2.3 Model specification

To analyze entrepreneur and challenges of insecurity in Nigeria, a regression model was used. The model is specified in general term as:
Entrepreneur = f(Insecurity), which is econometrically transformed as:
Entrepreneur = $\beta_0 + \beta_1 *$ Insecurity + ε
The study adopted a model presented in the work of Adegoriola and Adolphus (2021), which was expressed as SME = f(INS, BAS), where SME represents Small and Medium Enterprises, INS represents the Insecurity Index, and BAS represents Budgetary Allocation on Security. This model has been modified to reflect the variables of the current study, as outlined below.
Model One
SER = f(NTI + RUU + GR + CS), econometrically transformed to read, LSER = $\beta_0 + \beta_1$ LNTI + β_2LRUU + β_3LGR + β_4 LCS + ε
Model Two
LSSE = f(NTI + RUU + GR + CS), econometrically transformed to read, LIGDP = $\beta_0 + \beta_1$ LNTI + β_2LRUU + β_3LGR + β_4 LCS + ε
Where;
LogSER = Logarithm of Self Employment Rate, LogRUU = Logarithm of Refugees under UNHCR, LogNTI = Logarithm of Nigeria Terrorism Index, LogGR = Logarithm of Governance Ranking, LogCS = Logarithm of Corruption Score

2.4 Descriptive Statistics

Descriptive statistics were used to summarize the dataset's key features. Mean: the average value, calculated by dividing the sum of observations by the number of observations. Median: the middle value when observations were ordered; the median was less affected by outliers than the mean. Mode: the most frequently occurring value in the distribution. Standard deviation: a measure of variability; larger values indicated greater dispersion. Variance: the square of the standard deviation, reflecting the average squared deviation from the mean. Skewness: an indicator of distribution asymmetry; positive skewness signified a right tail and negative skewness a left tail. Kurtosis: a measure of tail heaviness; high kurtosis indicated heavy tails and a sharp peak, while low kurtosis indicated a flatter distribution. Jarque-Bera test: a test that assessed whether skewness and kurtosis jointly aligned with a normal distribution.

2.5 Econometric Model

Econometric tests were used to determine the relationships among the variables. The Autoregressive Distributed Lag (ARDL) model and the Error Correction Model were employed to analyze short-run and long-run dynamics. For ARDL analysis, the data ideally were stationary at level I(0) or at first difference I(1). When a series was integrated of order I(2), it was differenced until I(1) stationarity was achieved. ARDL could then be applied if the transformed series attained I(1) stationarity (Pesaran et al., 2001). This method of analysis was based on the results of the Augmented Dickey-Fuller (ADF) test, which assessed the presence of unit roots in the data.

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

3.0 Preamble

The data were presented and analyzed to obtain key statistical results using econometric tests, including descriptive statistics, the unit root test, and the Autoregressive Distributed Lag (ARDL) model. These tests provided a comprehensive understanding of the characteristics and dynamics of the data, ensuring the robustness of the findings.

3.1 Data Presentation

Table 1

Data Input

Year	Self-Employment Rate (Percentage to Total Employment)	Loan to Small Scale Enterprises (₦ Billion)	Nigeria Terrorism Index	Refugees Under UNHCR	Governance Ranking (Percentile of all Countries)	Corruption Score (Percentile of all Countries)
2002	82.42	82.37	3.86	3,319	15.14	16
2003	82.20	90.18	4.36	2,960	20.54	14
2004	81.98	54.98	4.39	2,274	17.41	16
2005	81.80	50.67	4.22	6,594	20.59	19
2006	81.65	25.71	5.83	3,637	18.05	22
2007	81.50	41.10	5.71	2,417	16.02	22
2008	81.36	13.51	5.79	2,247	16.99	27
2009	81.33	16.37	6.44	3,453	8.61	25
2010	81.22	12.55	6.31	3,325	8.61	24
2011	81.15	15.61	7.479	3,358	8.61	24
2012	81.59	13.86	8.103	3,557	8.61	27
2013	82.01	15.35	8.342	4,358	8.61	25
2014	82.44	16.08	8.927	1,678	8.61	27
2015	82.89	12.95	9.118	1,897	8.61	26
2016	83.31	10.75	8.761	2,114	8.61	28
2017	84.78	10.75	8.645	5,136	8.61	27
2018	85.31	44.82	8.482	8,158	8.61	27
2019	85.70	123.93	8.382	10,159	8.61	26
2020	86.00	62.51	8.421	11,336	8.61	25
2021	85.99	83.74	8.323	12,971	8.61	24
2022	85.85	93.45	8.065	12,941	8.61	24

3.2 Logged Data Presentation

Table 2:

Logged Data

Year	LSER	LLSSE	LNTI	LRUU	LGR	LCS
2002	4.411828	4.411221	1.350667	8.107419	2.71734	2.772589
2003	4.409155	4.501808	1.472472	7.999495	3.022374	2.639057
2004	4.406475	4.006969	1.474928	7.729296	2.857094	2.772589
2005	4.404277	3.925334	1.439835	8.793915	3.024806	2.944439
2006	4.40248	3.246808	1.353968	8.19918	2.893146	3.091042
2007	4.400595	3.716008	1.742219	7.790282	2.773838	3.091042
2008	4.398931	2.60343	1.257132	7.717353	2.833257	3.295837
2009	4.398553	2.79545	1.265229	8.146999	2.152924	3.218876
2010	4.397109	2.529721	1.812136	8.109225	2.152924	3.178054
2011	4.396316	2.79155	1.229924	8.10511	2.152924	3.178054
2012	4.401699	2.629007	2.092234	8.176673	2.152924	3.295837
2013	4.40686	2.731115	2.123132	7.282048	2.152924	3.218876
2014	4.411967	2.774554	2.0508	7.425358	2.152924	3.295837
2015	4.417525	2.566096	2.291239	7.540829	2.152924	2.772589
2016	4.422564	2.374096	2.07196	7.656337	2.152924	3.332205
2017	4.440069	2.337406	2.150667	7.566537	2.152924	3.295837
2018	4.446257	3.802654	1.879468	9.006754	2.152924	3.295837
2019	4.450798	4.819177	2.350748	9.220321	2.152924	3.850148
2020	4.454318	4.135327	2.301659	9.33579	2.152924	3.218876
2021	4.454215	4.427777	1.970471	9.470471	2.152924	3.178054
2022	4.452642	4.537427	2.087534	9.468156	2.152924	3.178054

Source: EViews 12

3.3 Descriptive Statistics

Table 3

Descriptive Statistics

Statistic	LSER	LLSSE	LNTI	LRUU	LGR	LCS
Mean	4.418315	3.412169	1.916705	8.278285	2.393434	3.143199
Median	4.409155	3.24688	2.087534	8.119101	2.152924	3.218876
Maximum	4.454347	4.819717	2.21025	9.470471	3.024806	3.332205
Minimum	4.396299	2.374906	1.350667	7.284821	2.152924	2.659057
Std. Dev.	0.021535	0.851103	0.282249	0.685584	0.354343	0.196782
Skewness	0.736269	0.225516	-0.780378	0.511135	0.810564	-1.405516
Kurtosis	1.890439	1.447367	2.182914	2.04827	1.798041	3.7934
Jarque-Bera	2.974558	2.287336	2.715642	1.706974	3.563667	7.464959
Probability	0.225987	0.318648	0.257221	0.425927	0.168329	0.023939
Sum	92.7846	71.65556	40.2508	173.844	50.26211	66.00718
Sum Sq. Dev.	0.009275	14.48753	1.593294	9.400518	2.511182	0.774467

Observations	21	21	21	21	21	21

Sourec: Eview 12

The descriptive statistics indicated that most variables were relatively stable over time, with low to moderate variability. LSER and LCS were slightly skewed, with LCS showing a significant deviation from normality. LLSSE, LNTI, LRUU, and LGR had distributions close to normal, as suggested by their Jarque-Bera probabilities. Overall, the variables exhibited a mix of symmetrical and skewed distributions, with some deviations from normality, particularly in LCS.

3.4 Unit Root Test

Table 4

Summary of Unit Root Test for Stationarity

Variables	At Level 1(0)	At First Difference 1(1)	At Second Difference	Order of Integration	Probability
LSER			-5.695225	1(2)	0.0002
LLSSE		-5.528522		1(1)	0.0003
LNTI			-3.165546	1(2)	0.0430
LRUU		-3.986426		1(1)	0.0072
LGR		-7.053739		1(1)	0.0000
LCS		-5.222916		1(1)	0.0005

4.5 Econometric Analysis

3.5.1 Insecurity and Self-Employment Rate (LSER)

Model: LSER = $\beta_0 + \beta_1$ LNTI + β_2LRUU + β_3LGR + β_4 LCS + ε

```
Dependent Variable: D(LOG(SER))
Method: ARDL
Date: 09/15/24   Time: 12:09
Sample (adjusted): 2006 2022
Included observations: 17 after adjustments
Maximum dependent lags: 3 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): D(LOG(NTI)) D(LOG(RUU))
      LOG(GR) LOG(CS)
Fixed regressors: C
Number of models evaluated: 243
Selected Model: ARDL(3, 2, 2, 2, 1)
```

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
D(LOG(SER(-1)))	-0.781711	0.056130	-13.92689	0.0051
D(LOG(SER(-2)))	-0.959875	0.060045	-15.98583	0.0039
D(LOG(SER(-3)))	-0.518090	0.045643	-11.35096	0.0077
D(LOG(NTI))	0.019990	0.002746	7.280878	0.0183
D(LOG(NTI(-1)))	-0.079724	0.005734	-13.90384	0.0051
D(LOG(NTI(-2)))	-0.126553	0.007153	-17.69200	0.0032
D(LOG(RUU))	-0.010008	0.001000	-10.00459	0.0098
D(LOG(RUU(-1)))	-0.006994	0.000626	-11.16576	0.0079
D(LOG(RUU(-2)))	0.001798	0.000364	4.935393	0.0387
LOG(GR)	0.087410	0.003601	24.27169	0.0017
LOG(GR(-1))	-0.041873	0.002156	-19.42313	0.0026
LOG(GR(-2))	-0.002809	0.001107	-2.536740	0.1266
LOG(CS)	0.077313	0.004855	15.92504	0.0039
LOG(CS(-1))	0.163208	0.006435	25.36355	0.0016
C	-0.852068	0.035556	-23.96412	0.0017

R-squared	0.998864	Mean dependent var	0.002845
Adjusted R-squared	0.990914	S.D. dependent var	0.004956
S.E. of regression	0.000472	Akaike info criterion	-12.85273
Sum squared resid	4.46E-07	Schwarz criterion	-12.11754
Log likelihood	124.2482	Hannan-Quinn criter.	-12.77965
F-statistic	125.6360	Durbin-Watson stat	2.089882
Prob(F-statistic)	0.007923		

Source: Eview 12

Long Run Form and Bound Test

F-Bounds Test — Null Hypothesis: No levels relationship

Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	189.1958	10%	2.2	3.09
k	4	5%	2.56	3.49
		2.5%	2.88	3.87
		1%	3.29	4.37

Source: Eview 12

Error Correction Model (ECM)

ARDL Error Correction Regression
Dependent Variable: DLOG(SER,2)
Selected Model: ARDL(3, 2, 2, 2, 1)
Case 2: Restricted Constant and No Trend
Date: 09/15/24 Time: 12:11
Sample: 2002 2022
Included observations: 17

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DLOG(SER(-1),2)	1.477964	0.033113	44.63451	0.0005
DLOG(SER(-2),2)	0.518090	0.018387	28.17740	0.0013
DLOG(NTI,2)	0.019990	0.000860	23.23588	0.0018
DLOG(NTI(-1),2)	0.126553	0.002027	62.43911	0.0003
DLOG(RUU,2)	-0.010008	0.000248	-40.32015	0.0006
DLOG(RUU(-1),2)	-0.001798	0.000139	-12.89217	0.0060
DLOG(GR)	0.087410	0.001448	60.37583	0.0003
DLOG(GR(-1))	0.002809	0.000421	6.670430	0.0217
DLOG(CS)	0.077313	0.001386	55.79395	0.0003
CointEq(-1)*	-3.259676	0.051714	-63.03262	0.0003

R-squared	0.998705	Mean dependent var	3.68E-05
Adjusted R-squared	0.997039	S.D. dependent var	0.004641
S.E. of regression	0.000253	Akaike info criterion	-13.44096
Sum squared resid	4.46E-07	Schwarz criterion	-12.95084
Log likelihood	124.2482	Hannan-Quinn criter.	-13.39224
Durbin-Watson stat	2.089882		

Source: Eview 12

Interpretation of ARDL Results for LSER:

The ARDL estimates indicated that past values of LSER had significant negative effects on current LSER, suggesting strong carryover effects. LNTI showed both positive short-term and negative lagged effects, implying that while insecurity might initially push individuals into self-employment, persistent insecurity reduced entrepreneurial activity. LRUU had mostly negative effects, indicating that refugee inflows reduced employment creation. LGR generally had a positive effect on LSER, while LCS also showed a positive relationship, though its interpretation requires caution.
The model had very high explanatory power, with an R-squared of 0.998864 and an adjusted R-squared of 0.990914, indicating excellent fit. The ECM results confirmed strong adjustment towards long-run equilibrium, with the error correction coefficient highly significant. The F-Bounds test also provided strong evidence of cointegration, confirming the existence of a long-run relationship among the variables.

3.5.2 Insecurity and Loans to Small-Scale Enterprises (LLSSE)

Model: $LLSSE = \beta_0 + \beta_1 LNTI + \beta_2 LRUU + \beta_3 LGR + \beta_4 LCS + \varepsilon$

Dependent Variable: LOG(LSSE)
Method: ARDL
Date: 09/15/24 Time: 12:03
Sample (adjusted): 2005 2022
Included observations: 18 after adjustments
Maximum dependent lags: 3 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): D(LOG(NTI)) D(LOG(RUU)) LOG(GR) LOG(CS)
Fixed regressors: C
Number of models evaluated: 243
Selected Model: ARDL(3, 1, 1, 2, 2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LOG(LSSE(-1))	0.679161	0.263844	2.574103	0.0617
LOG(LSSE(-2))	-0.790642	0.401465	-1.969395	0.1203
LOG(LSSE(-3))	0.229765	0.285203	0.805617	0.4656
D(LOG(NTI))	-5.360095	2.638157	-2.031757	0.1120
D(LOG(NTI(-1)))	1.641290	1.916879	0.856231	0.4401
D(LOG(RUU))	0.109028	0.401181	0.271769	0.7993
D(LOG(RUU(-1)))	0.428761	0.298668	1.435576	0.2245
LOG(GR)	-1.235067	1.690152	-0.730743	0.5054
LOG(GR(-1))	6.713706	2.122753	3.162735	0.0341
LOG(GR(-2))	-4.213216	1.198854	-3.514368	0.0246
LOG(CS)	-11.53969	3.510086	-3.287580	0.0303
LOG(CS(-1))	-4.286798	3.726907	-1.150229	0.3141
LOG(CS(-2))	8.132611	3.085018	2.636163	0.0578
C	25.17924	12.21665	2.061059	0.1083

R-squared	0.929393	Mean dependent var	3.263087
Adjusted R-squared	0.699922	S.D. dependent var	0.824203
S.E. of regression	0.451493	Akaike info criterion	1.298964
Sum squared resid	0.815383	Schwarz criterion	1.991475
Log likelihood	2.309328	Hannan-Quinn criter.	1.394451
F-statistic	4.050154	Durbin-Watson stat	2.487291
Prob(F-statistic)	0.093567		

Source: EViews 12

Long-Run Form and Bound Test

F-Bounds Test — Null Hypothesis: No levels relationship

Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	2.728192	10%	2.2	3.09
k	4	5%	2.56	3.49
		2.5%	2.88	3.87
		1%	3.29	4.37

Source: EViews 12

Error Correction Model (ECM)

ARDL Error Correction Regression
Dependent Variable: DLOG(LSSE)
Selected Model: ARDL(3, 1, 1, 2, 2)
Case 2: Restricted Constant and No Trend
Date: 09/15/24 Time: 12:08
Sample: 2002 2022
Included observations: 18

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DLOG(LSSE(-1))	0.560878	0.180961	3.099441	0.0362
DLOG(LSSE(-2))	-0.229765	0.156114	-1.471772	0.2151
DLOG(NTI,2)	-5.360095	0.972583	-5.511194	0.0053
DLOG(RUU,2)	0.109028	0.126764	0.860089	0.4382
DLOG(GR)	-1.235067	0.616049	-2.004818	0.1155
DLOG(GR(-1))	4.213216	0.742607	5.673551	0.0048
DLOG(CS)	-11.53969	1.774383	-6.503493	0.0029
DLOG(CS(-1))	-8.132611	1.648340	-4.933818	0.0079
CointEq(-1)*	-0.881717	0.145286	-6.068822	0.0037

R-squared	0.859684	Mean dependent var	0.029470
Adjusted R-squared	0.734959	S.D. dependent var	0.584660
S.E. of regression	0.300995	Akaike info criterion	0.743408
Sum squared resid	0.815383	Schwarz criterion	1.188594
Log likelihood	2.309328	Hannan-Quinn criter.	0.804793
Durbin-Watson stat	2.487291		

Source: EViews 12

Interpretation of ARDL Results for LLSSE:

The ARDL estimates revealed that past values of LLSSE generally had positive but often insignificant effects on current LLSSE. LNTI had a negative effect, confirming that insecurity discouraged financial institutions from lending to small-scale enterprises, although not all effects were statistically significant. LGR showed mixed results, with some lagged values positively influencing LLSSE, while LCS had a strong negative impact, significantly reducing credit availability.
The model explained 92.94% of the variation in LLSSE (R-squared = 0.929393), with an adjusted R-squared of 0.699922. Although the overall F-statistic was not significant at the 5% level, the Durbin-Watson statistic of 2.487291 suggested no autocorrelation.
The ECM and F-Bounds test indicated that insecurity, particularly through LNTI and LCS, significantly reduced LLSSE in the short term. However, the absence of a long-run cointegration relationship suggested that these effects were less persistent over time.

3.6 Hypothesis Testing

Hypothesis 1

H_0: Insecurity does not have a significant effect on self-employment trends in the entrepreneurial ecosystem.
H_1: Insecurity has a significant negative effect on self-employment.
Based on the significant negative long-term effects of LNTI and LRUU, the null hypothesis was rejected, and the alternative hypothesis accepted. Insecurity had a significant negative effect on LSER, with short-term positive effects outweighed by the adverse long-term consequences.

Hypothesis 2

H_0: Insecurity does not significantly reduce loans to small-scale enterprises.
H_2: Insecurity significantly reduces loans to small-scale enterprises.
Given the significant short-term negative coefficient for LNTI, the null hypothesis was rejected in favor of the alternative. Insecurity significantly reduced LLSSE in the short term, although the absence of long-term cointegration suggested that the effects were not sustained over extended periods.

3.7 Discussion of Findings

The results of this study are consistent with the entrepreneurial development framework advanced by Collier and Hoeffler (2004), which emphasizes that entrepreneurship is contingent on the presence of an enabling environment characterized by security, institutional stability, and access to finance. The ARDL estimations reveal that while short-term shocks associated with insecurity may stimulate self-employment as a survival response, the long-run impact is negative, constraining entrepreneurial activities and undermining financial intermediation. This finding accords with theoretical expectations that persistent insecurity erodes the conditions necessary for productive entrepreneurship.

The study's results are broadly aligned with the empirical evidence reviewed in Chapter Two. The observed long-run decline in self-employment resonates with Okpalaojiego (2021) and Goni et al. (2022), who demonstrated that insecurity increases operational costs, disrupts markets, and reduces business survival rates in Nigeria. Similarly, the short-run increase in self-employment is consistent with the observations of Onuoha et al. (2024), who noted that households and individuals often resort to informal entrepreneurial activities as coping mechanisms when formal employment opportunities diminish due to insecurity.

The finding that insecurity negatively affects loans to small-scale enterprises is supported by Ekoja et al. (2022) and Ndubuisi-Okolo and Onuzulike (2022), both of whom reported that financial institutions restrict credit access in contexts of insecurity owing to heightened risk perceptions and governance weaknesses. This outcome also mirrors Achumba et al. (2013), who highlighted how insecurity erodes investor confidence and disrupts financial intermediation, thereby reducing access to credit for small businesses.

Furthermore, the moderating influence of governance and the adverse role of corruption observed in the present study reinforce the conclusions of Omeje et al. (2023), Salami et al. (2022), and Afolabi (2024), which emphasized that good governance and effective anti-corruption measures can mitigate the negative consequences of insecurity for entrepreneurial development. These findings also resonate with Alowonle (2021) and Salami et al. (2022), who underscored the disproportionate challenges that corruption and weak governance pose to vulnerable groups, including women entrepreneurs. The study's findings provide robust support for the rejection of both null hypotheses. Insecurity significantly influences self-employment and access to loans to small-scale enterprises, confirming that entrepreneurship in Nigeria is highly sensitive to security dynamics and institutional quality. By situating these findings within both the theoretical framework and the empirical evidence, this study contributes to a deeper understanding of how insecurity interacts with governance and financial systems to shape entrepreneurial outcomes.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.

4.1 Summary of Findings

The study revealed that insecurity had a detrimental long-term effect on access to loans and on self-employment, although it could temporarily increase self-employment out of necessity. The presence of refugees disproportionately harmed self-employment relative to access to loans. Governance improvements positively influenced access to loans and levels of self-employment, but past reforms exhibited diminishing effectiveness. Corruption presented a major obstacle: it reduced access to loans while paradoxically promoting self-employment. These findings emphasized the need for enhanced security, governance reforms, and robust anti-corruption measures to support entrepreneurship.

Main findings:

1. Insecurity had a negative long-term impact on access to loans and on self-employment, although it could temporarily increase self-employment out of necessity.
2. Refugees had a more significant negative effect on self-employment than on access to loans.
3. Good governance positively impacted both access to loans and self-employment, while past reforms exhibited diminishing returns.
4. Corruption significantly hindered access to loans while simultaneously promoting self-employment, highlighting the need for strengthened anti-corruption measures.

4.2 Conclusion

Insecurity negatively impacts entrepreneurship in Nigeria by hindering access to financial resources and constraining overall business growth.

4.3 Recommendations

Based on the findings, the following recommendations are proposed:

1. Implement comprehensive security measures and support community-based initiatives aimed at enhancing safety. This will reduce the long-term negative impact of insecurity on access to loans and on self-employment.
2. Develop programs to integrate refugees into the local economy, thereby mitigating their adverse effects on self-employment and providing balanced support.
3. Prioritize governance improvements to enhance both access to loans and self-employment. Past reforms should be reassessed to ensure their continued effectiveness and to adapt strategies as needed.
4. Strengthen anti-corruption efforts to improve access to loans and to minimize the unintended promotion of self-employment driven by corrupt practices.

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