COST OF INTERNAL SECURITY AND SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA

OJEIFO, OSWALD ERALE[1], UGWOKE ROBINSON ONUOHA[2], AKPAN, EKOM ETIM[3] and NWANGWU, CHIBUIKE EMMANUEL[4]

[1,2,4]Department of Accountancy, University of Nigeria, Enugu Campus.
[3]Department of Management, University of Nigeria, Enugu Campus.
[4]Department of Accountancy, Coal City University, Enugu.

Abstract

The study examined the cost of internal security and socio-economic development in Nigeria. The cost of managing and controlling insurgency and cost rehabilitating ex-militant were adopted as proxies of cost of internal security, while socio-economic development was examine using total expenditure for education and total expenditure for health. The study deplored an ex-post facto research design with time series data collected from the annual budget reports of the Ministry of Budget and National Planning, the annual reports of the Ministry of Defense, and the World Bank statistical database for period 2001-2020. The study utilized the Ordinary Least Square (OLS) regression techniques, among other tools, to test the postulated hypotheses, and analyses were done via Eviews 9. The finding revealed that cost of managing internal security has significant effect on socio-economic development in Nigeria. Specifically, the study found that the cost of managing insurgency has a statistically significant effect on total expenditure for education. Also, cost of rehabilitation of ex-militants has significant effect on total expenditure for health. The study advanced that new policies be adopted to address Nigeria's security situation in order to boost socio-economic development. Also, Government must be proactive and intensify measures in dealing with security issues, challenges and threats, through modern methods which include use of information communication technology for intelligence gathering, and sharing information among security agencies. Government should provide adequate training of security personnel, logistics, motivation, and deployment of advanced technology in order to manage security challenges.

Keywords: Socio-economic Development, Cost of Internal Security, Cost of Managing Insurgency, Cost of Militants Rehabilitation, and Government Expenditure.

1. INTRODUCTION

Nigeria is blessed with human, natural and economic resources and intends to be among the world's developed countries and most economically advantaged nation in Africa (Abbas, 2013; Shobande, & Enemona, 2021). To actualize her dream, the government sets the process for exploiting resources and attracting local or internal and foreign or external investors. Despite this commendable aim and plan, Nigeria has no substantial efforts to show for that. Currently, majority of its population indulge in hardship and cannot proudly have accessibility to a modern healthcare delivery system, pipe-borne water system, top-quality education sector and work possibility and cannot afford 3 (three) square meals on daily basis (Abbas, 2013). When faced with this circumstance, people and teams react differently relying on contingent aspects and ability. These responses are elaborated and are obviously expressed in different anti-social behaviours, which include banditry, armed robbery, kidnapping, oil theft and insurgency. Hence, as a result

of the above assertions, Nigeria is saddled with overwhelming security challenges like banditry, armed robbery, ethnic crisis, assassination, militancy, kidnapping, oil theft and terrorism (Achumba, Ighomereho & Akpor, 2013).

These security problems have become a threat to both economic prosperity and peaceful coexistence of Nigeria. Accomplishing tranquility has, therefore, stayed a tough job for previous and succeeding federal governments due to the massive monetary and worldly sources funnelled to areas confronted with safety tests (James & Anke 2015). As an example, physical violence in Enugu in 2014, including farmers and also pastoralists) have damaged neighbourhood areas by significantly dropping both protection and also financial tasks (Mercy, 2014), violence and pipeline bombing in the Niger Delta region and terror sects (Boko Haram) in the Northern part (Fidelis & Egbere, 2013; Abubakar, 2015), in recent time, the cases of banditry, kidnapping and violent killing in Zamfara State, Sokoto State, Kaduna State, Kogi State, Benue State, and several other parts of the country and the attack of public facilities by unknown gunmen in the South-East has conspicuously challenged national security and harmony. This has resulted the government into mapping out considerable resources to guarantee national security and peace. An estimate of about 2,000 lives were said to be lost to the bomb explosions from 2010. Based on the level of insecurity in the nation, many business entities are shutting down their operations in the Northern part of Nigeria and relocating their businesses in nearby African countries for fear of insecurity of lives and properties, while the few remaining business entities operate on skeletal forms. Security challenges in the nation impacts FDI - foreign direct investment and business operations and confidence because many business entities have lost faith and confidence in commencing businesses in some parts of the country (Ali, 2018).

The Niger Delta region had observed serious economic and social challenges despite the region's massive wealth. Environmental decay, poor infrastructural facilities, dilapidated educational system, and low socioeconomic measure reflect in the area despite the outrageous wealth moved away by the foreigners working in the area, most especially the expatriate that also live in luxury, as against to the abject poverty ravaging the indigenes and also deprivation of the indigenes on whose soil the foreign workers acquired their wealth. There had been environmental degradation, pollution and forced unemployment due to land and water pollution from oil spillage (Anke, & James, 2015).

Despite some studies like those of Mercy (2014); Fidelis and Egbere (2013); Abubakar, (2015); Jurgen, and Paul (2010); Justino, (2012); Stiglitz and Bilmes (2012); Anke and James (2015); who studied militancy activities, peacekeeping mission, inequality, evaluation of the cost of wars, and importance of peace and conflicts cost on accounting in Nigeria, the nation is still saddled with a lot of security challenges which seems to have affected her socio-economic wellbeing. It is against these backdrops that this study was carried out to evaluate the effect the cost of internal security on socio-economic development in Nigeria.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Internal Security in Nigeria

Igbuzor, (2011); Oche, (2001); Nwanegbo and Odigbo, (2013) opine that security lays emphasis on a situation characterized by a lack of threats to peace, stability, national cohesion, political and socio-economic objectives. Hence, there is an agreement in the recent literature that security is important for national unity, peace and sustainable economic development. Therefore, it is obvious that national security is a factor, and sine qua non for any country's economic growth and enhancement (Oladeji and Folorunso, 2007). Among the intelligence agencies, there is an agreement that security is not just the mere absence of threats to peace or security issues but the presence of a fortified mechanism and structure to respond proactively and rapidly to the issues that emanate as a result of these threats with great expertise.

The ideology of instability depicts different significances: lack of safety and security, threat; threat; unpredictability; absence of security, and safety. Beland (2005) asserts that instability is a condition of concern, stress, and anxiety resulting from lack of security. Specifically, instability is from two viewpoints. First of all, instability is open or based on threat or hazard of danger. The danger is the problem of being vulnerable to hurt. Second, instability is the situation of being revealed to take the chance of or anxiousness, where stress and anxiety are obscure undesirable feelings experienced in anticipation of some bad luck (Achumba, Ighomereho, and Akpan-Robaro, 2013). These interpretations of instability emphasize a substantial factor that those impacted by instability doubt or are not aware of what would certainly take place. Nonetheless, they are likewise prone to dangers and risks when they take place. Based on this study, instability is specifically referred to as a breakdown of peace, order and also safety, whether it is historical, spiritual, ethnic-regional, civil, social, financial, as well as political, that adds to re-occurring problems as well as results in wanton damage of lives as well as building (Hazen & horner 2007).

The Niger Delta region had observed serious economic and social challenges despite the region's massive wealth. Environmental decay, poor infrastructural facilities, dilapidated educational system, and low socioeconomic measure reflect in the area despite the outrageous wealth moved away by the foreigners working in the area, most especially the expatriate that also live in luxury, as against to the abject poverty ravaging the indigenes and also deprivation of the indigenes on whose soil the foreign workers acquired their wealth. There had been environmental degradation, pollution and forced unemployment due to land and water pollution from oil spillage (Anke, & James, 2015).

Since 2009, Boko Haram insurgency and its affiliated crisis have claimed a loss of at least 50,000 lives, destroyed properties worth billions of dollars, over 1.6 million people were displaced with both physical and mental challenges are staying in IDP – Internally Displace People camps and cut down socioeconomic activities/operations in the North-

Eastern part of Nigeria. Therefore, this is sanctioned on the following important issues: Peace-building is different from other elements to peace: making of peace and keeping of peace. It is a post-conflict scenario, which involves reconstruction, rehabilitation, and peace-building to sustain peace and unity, considered an emerging concepts in the peace process (Agbiboa 2007).

Socio-Economic Development

Economic development depicts enhanced provision of livelihood on a level that is sustainable, access to quality education, and primary healthcare delivery for most populations (Clark 2005). The meaning of "development" becomes more transparent with understanding of the concept of "economic growth". Economic growth basically refers to an increase over time in a nation's actual production per capita. Even though there are other measures that can be used, the outcome is most basically measured by the GNP - gross national product. This reveals that the growth of the economy is measured by increasing a country's per capita GNP - gross national product. Economic growth is perhaps a sustained expansion of production capabilities which is measured as a rise in the real GDP - gross domestic product over a given period of time. Economic growth that is rapidly maintained over time can be transformed in a developing nation into a developed one, as has been observed or experienced in Taiwan, Hong Kong, South Korea, and other Asian economies (Clark 2005).

Clark (2005) states that growth and development complements each other because one creates the other. Growth refers to a significant rise in output. Development is a change in structure or what is referred to a structural change, for instance, structural change in technology or law. Growth enhances the economy, while development must result into a proportionate distribution of income and wealth. Generally, growth and development result into a more perfect range of economic choices. A basic alternative for determining economic development has been implying the level of growth of income per capita or capita GNP, which shows the capability of a nation to enlarge its output at a growth rate higher than the growth rate of its population (that is, monetary growth of GNP per capita less the inflation rate) (Clark 2005).

Theoretical Framework

The study used as its analytical construct the Marxist political economy approach. The selection of this approach is necessitated by the fact that it evaluates the society scientifically as a unit and considers the interrelation of the class conflict, social relations, and the natural relationship between the substructure (the economy) and the superstructure (politics). The approach is viewed as a linkage to understanding the laws and rules that control the economic wellbeing of a nation. It expresses the connection between the output of man and how he he takes advantage of the surplus. Ake (1981) asserts that the "major advantage of this approach is that it emphasizes the relatedness of social phenomena, exposing the links between the substructure and the superstructure."

The study advocates an integrative internal security approach that connects costs that emanates from internal security and accounting approach. The accounting approach handles and examines the aggregate amount of assets destroyed during crisis, the preventive approach covers all expenditures and financial sacrifices made by different units of the federation in order to give them a sense of inclusion to the national entity and prevent (Asuquo et al. 2016).

Hypotheses Development

Jurgen and Paul (2010), in their work on the cost of violence and the benefits of peace in Africa, stated that it has enormous adverse effects on their economies in the form of misallocation of resources, opportunity costs associated with non-realized GDP and trillions of dollars from un-tapped business opportunities. They observed that the cost of violence could be directly on the general state of affairs of specific countries engulfed in the violence or indirect on near-by countries. Fidelis and Egbere (2013), while studying the effect of the cost of militancy and unrest or peace accounting on the productivity of the private organization in Nigeria, utilized the conventional least square method of analysis. They found that peacekeeping cost has a significant negative influence on productivity and economic growth in Nigeria. Abubakar (2015) examined the cost and benefits of Nigeria's peace mission in Sierra Leone with descriptive statistics. One of the study's costs implications showed that Nigeria's GDP dropped from 8.2% in 1991 to 1% in 1994. However, the study highlighted that Nigeria's involvement in the peace mission also had its right side. For instance, it helped to re-establish Nigeria as a giant of Africa while solidifying its bilateral affiliations with those countries. Stiglitz and Bilmes (2012), in their work, estimating the costs of war: methodological issues, with applications to Iraq and Afghanistan, opined that wars have both micro and macro-economic cost implications. They argued that while microeconomic costs of war include costs suffered by particular individuals and firms, macro-economic costs affect the aggregate economy. This, therefore, implies that wars ravage the economy from two distinct perspectives and invariably retard the growth and development of countries involved in it. In a study, mercy (2014) titled the economic cost of conflict and the benefits of peace: efforts of farmer-pastoralist conflict in Nigeria's middle belt on state, sector, and national economies expressed consequences of conflicts in these areas in terms of opportunity costs in tax revenue. The study explicitly stated that Plateau, Nasarawa, Benue, and Kaduna states lost 75%, 45%, 44%, and 22% respectively, of their state revenues due to clashes between farmers and pastoralists. The actual and potential effects of revenue loss of that magnitude on the region's overall development are significant but indeed stifling. Hoeffler, and Fearson (2015) investigated the benefits and costs of the conflict and violence targets for the post-2015 development agenda. Several forms of violence that may threaten national security, costs and GDP were identified to include collective violence ($167.19) as a cost in per cent of world GDP 19% interpersonal violence ($1,245.27: 1.44%), homicides ($700.5: 0.82%), child abuse ($3,594: 4.21%), reported child sexual violence ($36.8: 0.043%), intimate partner violence ($4,423: 5.18%) and reported sexual violence against women ($66.7: 0.078%). Interestingly, Hoeffler and

Fearson's study evidenced that violence is degenerating. The falloff in violence in ensuring national security is connected with high-income countries, suggesting that countries with low and middle income may experience a massive cost of peace accounting and violence that can threaten national security. From the empirical studies reviewed, this study proposed that:

$H0_1$: The cost of managing insurgency has no effect on the total expenditure for education in Nigeria.

$H0_2$: The cost of rehabilitation of ex-militants and militancy activities has no effect on the total expenditure for health in Nigeria.

3. METHODOLOGY

The study employed the ex-post-facto research design to examine the effect of cost of insurgency and militancy on socio-economic development in Nigeria. This is because the researcher has no control over the data and variables used in the investigation. Ex post facto research method as stated by Ezeoha (2002), cited in Ikpor (2015) is a realistic approach to solving business and social science problems which involve gathering records of past events, analysing the records and using the outcome of the analysis to predict future events.

The data that was used in this research were from secondary sources. The representative data for the dependent variables (socio-economic infrastructural development) and the representative data for the independent variable (cost of insurgency and militancy) was extracted from the annual budget reports of the Ministry of Budget and National Planning, the annual reports of the ministry of defense, and the World Bank statistical Database.

The population of the study comprised of data on the cost of managing insurgency, cost of rehabilitation of ex-militants and militancy activities (All proxies for cost of insurgency and militancy), and the total expenditure for education, total expenditure for health (all proxies for Socio-economic development), covering a period of twenty years (2001 - 2020).

This population is chosen because they represent the Dependent and Independent variables in this study. They showed the effect of internal security cost on Nigeria's socio-economic development. The sample size was selected using census sampling, which led to the study's entire population.

Measures of Variables

The study variables comprise the cost of insurgency and militancy and socio-economic development in Nigeria. As for internal security, the study used the data on the cost of managing insurgency, cost of rehabilitation of ex-militants and militancy activities, while the total expenditure for education, total expenditure for health was used as proxies for socio-economic development. This is in line with Fidelis & Egbere (2013), Edesiri, Egbunike, & Amaechi (2016), Ali (2018), Aderoju (2007), Oghoghomeh, & Ironkwe

(2012), Sergius, James, & John (2017), and Paul, & Luper (2012) Socio-economic development in the context of this work was measured by total expenditure for education, total expenditure for health, foreign direct investment and total domestic investment.

Model Specification

The study the effect of cost of insurgency and militancy on socio-economic development in Nigeria adopted the model of Mbah, Agu and Aneke's model (2021). They investigated the short- and long-run impact of internal security expenditure on economic growth in Nigeria using quarterly data spanning through 1999-2019 using the autoregressive distributed lagged model (ARDL).

Their model is stated below;

$$GDPGR_t = \alpha_0 + \alpha_1 INTESEC_t + \alpha_2\ GEX_t + \alpha_3\ POPGR_t + \alpha_4\ GCAP_t + \alpha_5\ INFR_t + \alpha_6\ FDI_t + \mu_t$$

Where;

GDPGR = Gross domestic product growth rate

$INTESEC$ = Internal security expenditure as percentage of GDP

GEX = Non-defense government expenditure as a percentage of GDP

$POPGR$ = Population growth rate

$GCAP$ = Share of gross capital formation as a percentage of GDP

$INFR$ = Inflation rate

FDI = Foreign direct investment as a percentage of GDP

The rationale for adopting the model of Mbah et al, (2021) is based on the fact that their study captures our interest on the impact internal security expenditure has on economic growth in Nigeria. However, the model will be modified using OLS regression analysis and by introducing another aspect of internal security that is factored on "cost". To achieve the study's objectives, the study will have four models because the study is a multiple dependent one with four dependent variables, including total expenditure for education, total expenditure for health, foreign direct investment inflow and domestic investment proxied by gross fixed capital formation.

The model is therefore specified below;

Model 1: CMI = f (TEXE)

CMI= f (TEXE, GDP/C)

Model 2: CREM = f (TEXH)

CREM = f (TEXH, GDP/C)

Where;

Independent variable;

CMI = Cost of managing insurgency

CREM = Cost of rehabilitation of ex militant

Dependent Variables

TEXE = Total expenditure for education

TEXH =Total expenditure for health

Control Variable

GDP /C = Gross domestic product per capita

The mathematical model is as follows;

Model 1: $CMI_{it} = \alpha_o + \Sigma \alpha_t \; X_{it} + \varepsilon_t$

$CMI_{it} = \alpha_0 + \alpha_1 TEXE_{it} + GDP /C + \varepsilon_t$ -   -   -   -   -   equation 1

Model 2: $CREM_{it} = \alpha_o + \Sigma \alpha_t \; X_{it} + \varepsilon_t$

$CREM_{it} = \alpha_0 + \alpha_1 TEXH_{it} + GDP /C + \varepsilon_t$--   -   -   -   equation 2

Where;

α_o: The intercept of equation

α_i: Coefficients of X_{it} variables

X_{it} : The different independent variable for cost of insurgency and militancy i at time t

t : Time = 1, 2,3,4,5……20 years.

ε_t : The error term.

Hypothesis one:

The cost of managing insurgency has no significant effect on the total expenditure for education in Nigeria.

$$CMI_{it} = \alpha_0 + \alpha_1 TEXE_{it} \; GDP /C + \varepsilon_t$$

Hypothesis Two:

The cost of rehabilitation of ex-militants and militancy activities has no significant effect on the total expenditure for health in Nigeria.

$$CREM_{it} = \alpha_0 + \alpha_1 TEXH_{it} + GDP /C + \varepsilon_t$$

Data Analysis Techniques

The OLS regression techniques for data analysis were employed, while the Pearson correlation estimated the model. Furthermore, the study also conducted some robustness tests on the results, including Multicollinearity and Heteroskedasticity test, in addition to data normality and unit root tests. The analysis was conducted using the Statistical Software Package for Social Sciences (SPSS) version 20.0.

4. PRESENTATION AND ANALYSES

The presentation and interpretation concentrated on the cost of insurgency and militancy and socio-economic development in Nigeria from 2001 to 2020. First, a descriptive Analysis of the data gathered includes unit root tests. It is then followed by the presentation of the coefficient of OLS regression results and the hypothesis test.

Table 1: Descriptive Statistics Test of Studied Variables.

Variable	CMI	CREM	TEXE	TEXH	GDP/C
Mean	276.75	5.75	261.25	159.18	2259.594
Median	248.67	6.50	247.00	139.55	2399.841
Std dev	189.44	2.64	178.89	113.50	356.2805
Skewness	0.65	-0.85	0.46	0.55	-0.660941
Kurtosis	2.59	3.50	2.07	2.19	2.232745

Source: Extracted from researcher's computation in Appendix II

The mean cost of managing insurgency (CMI) is 276.75, the spread and variation (standard deviation) of gross capital formation is 189.44. The total deviation is over 5% which shows that over the period, there has been much even variation in the cost of managing insurgency in Nigeria. The variation of the cost of rehabilitation of ex-militant (CREM) is 2.64% which is also low as well in the data set showing the departure from the average of the observations this means that the cost of rehabilitating the Niger Delta ex militants in Nigeria is relatively low. TEXH, FDI, DI and GDP/C has the mean of 159.18, 1.555, 20.75 and 2259.594 respectively and standard deviations of 113.50, 0.79, 5.65 and 356.2305 respectively which explains the variation from their various mean.

The result shows that all the variables are positively skewed except cost or rehabilitation of ex militant and gross domestic product per capita which were negatively skewed at -0.85 and -0.66 respectively.

The kurtosis results revealed that CMI 2.59<3, CREM 3.50>3, TEXE2.07>3, TEXH<3, AND GDP/C 2.23<3.

The kurtosis of a normal distribution is 3 which is mesokurtic. It is common to compare the kurtosis of a distribution to this value. Distributions with kurtosis less than 3 are said to be platykurtic, Distributions with kurtosis greater than 3 are said to be leptokurtic.

Unit Root test

It is highly recommended that unit root tests are carried out on data set before further analyses to entail that the data sets are stationary and can be used for meaningful analyses as the usage of the data set which is not stationary will lead to spurious results. The researcher made use of the augmented dicky fuller unit root test.

Table 2: Computations from Unit Root Test

Variables	ADF Statistics @5% significance level	Prob. value	Order of integration@5% level of sig.
CMI	-6.350274	0.0001	1(1)
CREM	-3.317997	0.0400	1(0)
TEXE	-3.040780	0.0045	1(1)
TEXH	-4.379551	0.0002	1(1)
GDP/C	-2.014162	0.0454	1(0)

Source: Researcher's compilation from Appendix III

The table above shows the augmented dicky fuller test, which was conducted to test the stationarity of the variables under study and to determine the model of regression to use for the analyses of the hypotheses.

The null hypothesis of the augmented fuller unit root test is stated thus;

H0: The series has a unit root.

If the ADF statistics is of greater negative value than the critical value at the chosen level of significance, and the prob. value is <0.05, refuse to reject the null hence a stationary series has a unit root. Otherwise, reject the null and test for stationarity at first difference or the second difference.

Using the above-stated decision rule, the results above show that the variables; cost of managing insurgency(CMI), cost of security votes of security agencies (CSVSA), total expenditure for education(TEXE), total expenditure foe health(TEXH), foreign direct investment(FDI) and domestic investment (DI) are integrated of order 1 and stationary at first difference. The presence of both combinations of I (0) and I (1) allows for the use of the OLS regression technique.

Test of Hypotheses

Ordinary Least Square Regression Results

4.3.1 Hypothesis One: The cost of managing insurgency has no significant effect on the total expenditure for education in Nigeria.

Decision Rule: Accept null hypothesis if P-value is greater than 0.05 otherwise accept the null hypothesis.

Table 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable: TEXE				
Method: Least Squares				
Date: 12/24/21 Time: 21:17				
Sample: 2001 2020				
Included observations: 20				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
CMI	0.809549	0.088319	9.166155	0.0000
GDP_C	0.065142	0.046222	1.409322	0.1768
C	-109.9836	88.19985	-1.246982	0.2293
R-squared	-0.934494	Mean dependent var		261.2522
Adjusted R-squared	-0.926788	S.D. dependent var		174.8944
S.E. of regression	47.32248	Akaike info criterion		10.68933
Sum squared resid	38070.09	Schwarz criterion		10.83869
Log likelihood	-103.8933	Hannan-Quinn criter.		10.71849
F-statistic	121.2599	Durbin-Watson stat		1.492055
Prob(F-statistic)	0.000000			

Source: Researcher's computation using Eviews-9

Clearly, the regression result above shows that the cost of managing insurgency has a coefficient of 0.81 and a probability value of 0.0000, which indicates that an increase in the cost of managing insurgency by 1% leads to a decrease in total expenditure for education by 0.80%.

The coefficient of the control variable GDP/C which is 0.065 shows that total expenditure for education will also increase by 0.065% when GDP/C rises by 1%, the probability value is statistically not significant at 0.1768.

The R^2 is the summary measure that shows how well the sample regression line fits the data. From the model above, R^2 of -0.92689 shows reliability that the independent variables are causing variations in the dependent variable. This means that 92.6893% variation is caused by the independent variables.

The adjusted R^2 gives the actual variation when we have more than one regressor. It explains 91.82% variations in the dependent variable. The F- statistic of 121.2599 implies that the entire model is significant and reliable.

Decision: The cost of managing insurgency is statistically significant and has a positive effect on total expenditure for education. Hence, we reject the null hypothesis and accept the alternative hypothesis. For the control variable GDP/C we accept the null hypothesis.

Hypothesis Two: The cost of rehabilitation of ex-militants and militancy activities has no significant effect on the total expenditure for health in Nigeria.

Decision Rule: Accept null hypothesis if P-value is greater than 0.05 otherwise accept the null hypothesis.

Table 4

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable: TEXH				
Method: Least Squares				
Date: 12/24/21 Time: 21:20				
Sample (adjusted): 2009 2020				
Included observations: 12 after adjustments				
CREM	2.42E-09	1.06E-09	2.280492	0.0485
GDP_C	-0.145944	0.238838	-0.611058	0.5563
C	456.5888	570.5478	0.800264	0.4442
R-squared	-0.387093	Mean dependent var		229.4037
Adjusted R-squared	-0.250892	S.D. dependent var		91.51599
S.E. of regression	79.20805	Akaike info criterion		11.79435
Sum squared resid	56465.23	Schwarz criterion		11.91558
Log-likelihood	-67.76610	Hannan-Quinn criter.		11.74947
F-statistic	2.842062	Durbin-Watson stat		0.481444
Prob(F-statistic)	0.110478			

Source: Researcher's computation using Eview-9

The result above indicates that the cost of rehabilitation of ex-militants has a negative and significant effect on the total expenditure on health in Nigeria with a coefficient of 2.42 and a probability value of 0.0485, which is less than 0.05 level of significance. This implies that a 1% increase in the cost of rehabilitation of ex-militants leads to a corresponding 2.42% decrease in the total expenditure on health in Nigeria within the period of study. The control variable GDP/C Clearly shows a negative and no statistical significant effect on total expenditure on health with a coefficient of -0.145944 and a p-value of 0.5563 which is greater than the 0.05 level of significant. It further means that a 1% decrease in GDP/C leads to a corresponding 0.145944% decrease in the total expenditure on health.

The R^2 is the summary measure that shows how well the sample regression line fits the data. From the model above, R^2 of -0.387093 shows that only 38.7093% of the variation in total expenditure on health is explained by changes in the cost of rehabilitation of ex-militants in Nigeria. This implies that over 60% of the change in total expenditure on health is explained by other variables outside the model. The adjusted R^2 gives the actual variation when we have more than one regressor, explaining 25% variations in the dependent variable. The F- statistic of 2.842062 implies that the entire model is significant.

Decision: The cost of rehabilitation of ex-militants has a negative and significant effect on total expenditure for health. We hereby reject the null hypothesis and accept the alternative hypothesis. For the control variable GDP/C, we accept the null hypothesis and reject the alternative hypothesis.

Discussions

Following the tests conducted and the Analyses of the results, the study found a positive impact of the cost of insurgency and militancy on socio-economic development in Nigeria. The result shows that cost of managing insurgency is statistically high and has a negative effect on total expenditure for education. This finding implies that the more government spends on managing insurgency and insecurity, the less it will spend on education. This can be observed in the low budget on education by the federal government. This finding corroborates the finding of Jurgen and Paul (2010). They submitted that the cost of violence and the benefits of peace could not be understated, especially in Africa. They further observed that insurgency and insecurity have enormous adverse effects on economies in the form of misallocation of resources, opportunity costs associated with non-realized GDP and trillions of dollars from un-tapped business opportunities.

Similarly, Stiglitz and Bilmes (2012), in their work on the estimation of the costs of war, opine that wars have both micro and macro-economic cost implications. They argued that while microeconomic costs of war include costs suffered by particular individuals and firms, macro-economic costs affect the aggregate economy. This, therefore, implies that wars ravage the economy from two distinct perspectives and invariably retard the growth and development of countries involved in it. The outcome of the test of the second hypothesis revealed that the cost of rehabilitation of ex-militants has a negative and significant effect on total expenditure for health. Implying that higher expenditure on the rehabilitation of ex-militants reduces the government's expenditure on health. This is expected since the government's finances are limited, and all expenses are from these limited sources. Thus, spending more on rehabilitating ex-militants will reduce the amount of finance available to spend on health. This finding is inconsonant with the submission of Fidelis and Egbere (2013). They studied the cost of militancy and unrest. They found that peacekeeping cost has a significant negative influence on productivity and economic growth in Nigeria. Also, Evans and Kelikume (2019) examined militancy and terrorism and their influence on the socio-economic wellbeing of the country. They found that expenses on militancy and terrorism reduce expenses on socio-economic factors in the country.

5. CONCLUSION

This paper examines the cost of insurgency and militancy and socio-economic development in Nigeria from 2001 to 2020. Available data on the level and dimensions of insecurity in Nigeria reveals an increase over time, which constitutes a serious threat to lives and properties, hinders business activities and discourages local and foreign investors, all of which stifles and retards Nigeria's socio-economic development. This increasing tide of insecurity has not dissipated. However, it has taken on a frightening new dimension that threatens the country's corporate existence as a single geographical entity.

Insecurity in any environment poses a threat to people's lives and property, inhibits commercial activity, and discourages local and international investors, all of which stifles and slows a country's socio-economic progress. Since the country's independence in 1960, there has been an increasing tide of insecurity in Nigeria. This swelling tide has not abated but has taken on a hazardous new dimension, threatening the country's corporate existence as a single geographical entity. The removal of these dangers should be the top priority for Nigerian governments at all levels since the country cannot progress if it is plagued by insecurity and terrorism.

Recommendations

In the light of the above, the paper recommends that:

1) A Firm policy should be adopted to address Nigeria's security situation to attract more foreign direct investment, which is critical for economic growth and development.
2) Government must be proactive in dealing with security issues and threats through modern methods of intelligence gathering and sharing information among security personnel, training, logistics, motivation, and deploying advanced technology in managing security challenges.

Contributions to Knowledge

This study has contributed both theoretically and practically.

Theoretically, this study extended accounting and economic theories, the Marxist Political Approach Theory and Goldberg's Theory to the socio-economic development of Nigeria. Also, this study suggested how the theories can be practically implemented in society and corporate institutions to reduce insecurity in the country.

Practically, this study charts a new path by examining insecurity and socio-economic development in Nigeria. The study revealed that proper security architecture could lead to a better socio-economic situation in the country. It highlighted the effects of government expenditure on security on foreign direct investment, domestic investment, health and education. Also, this study has in a great deal contributed to the body of knowledge in economics, security and management as it has to do with insecurity and how it affects socio-economic development. Most importantly, the study focused on insecurity and socio-economic development in Nigeria, thereby filling the gap which existed due to the dearth of empirical studies on these concepts in Nigeria and Sub-Saharan Africa.

Suggestions for Further Studies

Some limitations were encountered during the course of this work. First, this study covered the effect the cost of insurgency and militancy on socio-economic development only in Nigeria. Hence, it is suggested that future studies may expand to cover the Sub-Saharan African region.

Secondly, this study is limited to a period of twenty years (2001 -2020). But it is a known fact that insecurity has always been there even in the military era, so future studies may expand the time scope to cover the military era.

Thirdly, this study was limited to selected variables which included the cost of managing insurgency, cost of rehabilitation of ex-militants and militancy activities, cost of security votes to security agencies and cost of purchase of arms and ammunitions (all variables for the cost of insurgency and militancy), as well as the total expenditure for education, the total expenditure for health, foreign direct investment and total domestic investment (all variables for Socio-economic development). Future studies should add more controlled variables such as leadership style and unemployment rate.

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