

The Effect of Militancy on Local and Informal Enterprises in Developing Countries: Evidence from Niger Delta

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Abstract

Militancy is a continuing process in many developing regions where entrepreneurial activities in the informal economy have the potential to transform lives leading to sustainable development through local initiatives. Often militancy originates in protest against global encroachment, and defending the livelihoods of local communities. Yet this leads to detrimental effects on such initiatives. The study focuses on small and medium sized enterprises (SMEs) in the Niger Delta in Nigeria and looks at how the lessons learned may be used in other developing regions facing similar issues. Findings suggest how violent conflict resulting in adverse impact on enterprise development can be mediated by collective actions.

Keywords: Militancy; Conflict; Developing countries; Resource-Based Theory; Entrepreneurship

1. Introduction

Militancy is the use of confrontation method or violence to support a cause. It is an organised and sustained use of physical force that results in injury or death to individuals or damage to property (Getz and Oetzel 2010). Militancy is different from military action as it is often non-governmental, while military action can be government-sponsored. Militancy, such as the type

of the Niger Delta, arises as a result of the marginalisation of the people, environmental degradation, corruption, injustice and the divide and rule policy of the oil companies (Nwogugwu et al. 2012).

The aim of this study is specifically to explore the effect of militancy on small and medium enterprise development in the Niger Delta region of Nigeria and to discuss survival strategies for these businesses in the region. There has been little study about the effects of militancy on enterprises or small business development in developing countries. Most of the research efforts in developing countries, and in the Niger Delta in particular, have been focused on the causes of the conflicts, and multinational responses as well as the role of the state in conflict resolution.

In both developed and developing economies, the small and medium sized enterprises (SMEs) sector is known to contribute significantly to economic growth and development (Ihua, 2009; BIS, 2013). This contribution includes job creation, wealth creation, and provision of products and services, as well as enhancing standards of living (Ihua, 2010; Anyadike-Danes et al., 2013).

Research studies such as Grant (2003) have associated the pace of SME development with entrepreneurial environments which include the willingness of individuals to engage in entrepreneurial activities and business start-ups. Therefore, a peaceful business environment is a critical factor in SME development (Rettberg et al., 2010), while a violent one can lead to high operating costs, and reduction in operations and profit margins of companies generally.

The structure of this article commences with a theoretical framework developed from the literature on SME development and violent conflict in the developing world and in the Niger

Delta in particular. We use the resource-based theory and social behaviour theory within the entrepreneurial literature to make our conceptual case, which we discuss in the context of Rettberg's (2008) theory of costs of conflict. The methodological approach and research methods are discussed and the findings are presented from our empirical research based on interviews with owners and militants, and implications are discussed.

2. Entrepreneurial theory and costs of conflict

Resource-based theories focus on the way individuals leverage different types of resources to get entrepreneurial efforts off the ground (Barney, 1991). Access to capital improves the chances of getting a new venture off the ground, but entrepreneurs often start ventures, especially in the informal economy, with little ready capital (Newbert, 2007). Other types of resources entrepreneurs might leverage include social networks and the information they provide, as well as human resources, including such attributes as level of education and training. In some cases, the intangible elements of leadership the entrepreneur adds to the mix operate as resources that a business cannot replace (Newbert, 2007). Hence, not only could we surmise that some resources in the Delta region and other developing regions may be limited or at least restricted such as start-up capital, other intrinsic resources such as skills and experience may also be in short supply. This may put SMEs in a vulnerable position. The effects of violent conflict can only exacerbate this vulnerability.

Reynolds (1991) focuses on the social contexts that relate to entrepreneurial opportunity. Although social networks are seen as a resource in resource-based theory, in Reynolds' (1991) social behaviour theory the focus is on building social relationships and bonds that promote trust and not opportunism: the entrepreneur should not take undue advantage of people to be successful. Success comes as a result of keeping faith with the people. Resource-based theory

is instrumental in that social networks are seen to be there as a resource to be used, rather than being part of the social fabric within which entrepreneurs operate as part of the community within which and of which they serve. This view is supported in the indigenous entrepreneurship literature that suggests that the collective nature of indigenous societies is often based on kinship, forming the basis of governance and decision-making structures, as well as the social and economic structures of production, distribution and consumption (Peredo & McLean, 2010).

These approaches place entrepreneurship within the context of culture and examine how cultural forces, such as social attitudes, shape both the perception of entrepreneurship and the behaviours of entrepreneurs. Thus, cultural environments can produce attitude differences (Baskerville, 2003) as well as entrepreneurial behaviour differences (Shane, 1994). For example the literature on indigenous entrepreneurship suggests that trading and entrepreneurship are often based not on market needs, but on kinship ties (Dana, 2015), where forms of exchange are based in social purposes. Although the individual profit motive may exist, it is subordinated to meeting community needs and objectives. Referring to communities in central America Berkes & Adhikari (2006: 11) suggest that ‘The social role of many of these enterprises are apparent in terms of providing local employment, making use of talents and resources locally available, and sharing profits among community members.’ Dana (2015) cite other studies in South Africa, Hawaii, and the Andes that suggest that the emphasis in these communities is not on wealth creation, but where economic goals are channelled towards social and community ends.

Such theories predominantly have been crafted with no reference to conflict zones. A key contribution to understanding the influence of conflict on private business enterprises has been

made by Rettberg (2008) in her study in Colombia. She identifies eleven direct and indirect costs of conflict. These are direct costs including extortion payments, threats, direct attacks on the company or employees, decreases in sales as a result of shut downs; and indirect costs including loss of business opportunities, delays in delivery of goods, increases in security and insurance expenses, changes in demand and in the market, disruptions of the distribution and transport networks, opportunity costs and taxes.

One of Rettberg's (2008) main conclusions from her survey was that the costs of the conflict have impeded economic activity, and the costs have not been evenly spread (Rettberg, 2013). For instance, factors such as company size, sector of the economy, and location has determined how the conflict has affected companies. According to the survey, the majority of Colombian businesses have suffered from indirect costs (for example, loss of business opportunities, delays in merchandize distribution, opportunity costs, investments in security and insurance, and taxes) rather than direct costs (for example, kidnappings, extortion, and attacks against staff and/or operations). Similar indirect costs were identified as a result of conflict in Southern Sudan (Abdelnour et al., 2008).

Rettberg (2013) also argues that larger companies were more likely to report costs than smaller ones. Businesses with nationwide operations were more likely to make extortion payments to illegal armed groups and experience logistical disruptions than were companies with regional or local operations. These findings by Rettberg (2013) and Abdelnour et al. (2008) provide a better understanding of the kinds of impacts the Colombian and Sudan armed conflicts have had on economic activity, as well as the types of enterprises and sectors that are most vulnerable (or less exposed and more resilient) to certain costs associated with the conflict. The results also indicate links between armed conflict and costs to SMEs.

The Niger Delta is an important area for oil production and a key component in both Nigeria's development and environmental degradation. The latter, and associated militant action in the region, has brought it into the public eye. Yet there is a lack of knowledge in this region of the costs of conflict on local enterprises which this study aims to fill.

3. Firms' response to conflict

Oetzel & Getz (2012) provide the framework for firms' response to crisis. Oetzel & Getz (2012) suggest that non-business actors such as policy-makers and non-governmental organisations (NGOs) expect private businesses to participate in conflict resolution activities. However, the role of businesses and entrepreneurial practices in restoring peace is currently underexplored (Abdelnour & Branzei, 2009; Oetzel et al., 2010).

Research evidence indicates that firms are increasingly taking responsibility to respond to crisis in their countries of operation (Kolk & Lenfant, 2010). By the same token, Branzei & Abdelnour (2010) argue that firms are able to reduce the risks from crisis, survive and obtain competitive advantage from responding effectively to adverse conditions and crisis. For example, Oetzel & Getz (2012) suggest that small firms respond to crisis indirectly to mitigate the effect of the crisis by adopting supplementary activities aimed at minimizing tensions in the society.

Some tactics identified in the literature that may help businesses to deal with crisis include business support to small businesses in the form of microfinance, skills training, enterprise/market activity (Abdelnour et al., 2008), withholding payments or refraining from selling to those who facilitate the crisis (Collier, 2007). The response may include engaging in

philanthropic activities to help victims of the crisis (Luo, 2006). It may also include supporting educational programmes and implementing training programmes aimed at reducing the impact of crisis within the enterprises (Jamali & Mirshak, 2010; Kolk & Lenfant, 2010).

Businesses may respond to conflicts either by acting alone or with other organisations (Oetzel & Getz, 2012). These organisations may include other private sector organizations, non-governmental organizations (NGOs), and even inter-governmental organizations or agencies of the local government. The patterns of response may be different according to the types business and geographical location of the crisis (Kolk & Lenfant, 2010; Dai et al., 2013). Getz & Oetzel (2010) argue that responding to crisis may help businesses to reduce the rate of employee turnover and avoid loss of assets. It also help to prevent interruption of cash-flows, and improve relations with the community.

By the same token, it can be argued that it might not be advantageous to the businesses to seek crisis resolutions because this might attract more competitors to relocate to the Niger Delta which may be perceived as wealthy (having an economy largely based on oil revenues). People are spontaneously attracted to the oil industry, often abandoning their original activity because the oil industry is economically and socially attractive (Renouard & Lado, 2012).

4. Investigating SMEs and conflict in the Niger Delta

The aim of the empirical study was to investigate how militancy affects local and informal enterprises and how business owners respond to conflict, in relation to theories of entrepreneurial development and conflict. It was important to obtain the perceptions of both SME owners/managers as well as militant leaders through in-depth interviews as well as direct observation (Crawford et al., 2016).

In this study, direct observation involved watching, listening and learning because not all information is produced by informants responding to questions: they may be unsolicited (Ekanem, 2007). It provided the opportunity to observe some relevant behaviour, and such observations served as yet another source of evidence in the case study (Yin, 2014). It also allowed access not only to what owner-managers said during the interview but also how they said it through symbolic language, including body language. Non-verbal language was found to be of equal importance as real feelings were constantly communicated, in addition to verbal language, in the language of behaviour. Non-verbal language was noted down in writing during observation by the interviewer and helped in the interpretation of the data collected. This method, amongst other benefits, enabled the aims of the research to be more effectively achieved. It also enhanced the richness and depth of the data collected despite the relatively small sample size.

The case study firms consisted of 8 small companies; 4 were from the oil sector while the other 4 were from the non-oil sector. The firms were located in the three core states of the Niger Delta region as indicated in Table 1. Three militant leaders were interviewed for the study. Interviews with the business owners lasted for one and half hours, while those with the militant leaders lasted for forty-five minutes. An Enterprise Agency executive was also interviewed as a key informant and the interview lasted for about an hour. The Enterprise Agency executive also acted as a 'gatekeeper' introducing the interviewer (the third author) to small businesses in the area.

The participants were drawn from two sectors, namely the oil sector and the non-oil sector. The businesses in the oil sector included, marine transport, supplies and logistics, oil products marketing, while those in the non-oil sector included a hairdressing salon, trading/merchandising, communication and general contracts. Participants were purposively selected through the help of the gatekeeper. Snowball sampling technique, where interviewed

businesses recommended other businesses among their acquaintances, was also used in line with Robson's (2002) argument that snowball sampling is useful when there is difficulty in identifying members of the population. The selection criteria specified that the firms had to consist of those with less than 100 employees, which were based in the core Niger Delta region of Bayelsa, Delta and River states. The firms also had to be in existence for at least a year, independently owned and of different ages and sizes to be included in the sample.

The interviews were divided into three parts. The first part of the interview was designed to explore the initial boundaries for the research as well as to provide details of the SME's background. This section, gathering general information about the organization, was not conducted with the militant leaders because of obvious safety or security issues. This section also focused on the profile and nature of business of the SMEs, turnover and the number of paid employees. This exploratory part of the interview helped to reveal the major issues of the research as well as building rapport with the interviewees (Ekanem, 2007).

The second and the third sections of the interview were designed to understand the interviewees' general feelings about the Niger Delta struggle as well as their experiences and understanding of militants' activities. These helped to reveal their frame of reference when responding to the main issues such as influences of militants' actions and ways of dealing with the challenge of militancy.

Consequently, the last segment focused in greater detail on the impact of militants' actions on local enterprises and ways of coping with the challenge. The militant leaders and enterprise agency executive were also interviewed as key informants, to gain further perspectives and check for conflicting evidence.

The interviews were allowed to flow as a conversation around the influence of militants' activities and strategies for SME growth and development in the Niger Delta. Respondents were allowed freedom in their response and were encouraged to elaborate on their comments by probing gently. The aim was to give the interviewees a good deal of leeway to talk in their own terms (Ekanem, 2007; Spence & Rutherford, 2001). All interviews were recorded with the permission of the interviewees knowing that materials would be treated confidentially: an exciting experience as interviewees really opened up to talk freely.

5. Analysing the data

Informed by grounded theory (Corbin & Strauss, 2008) the qualitative data were collected and analyzed using an inductive process of recording, tabulation, coding, and constantly comparing emerging codes and categories with data until meaningful ideas emerged (Yin, 2014; Fischer & Reuber, 2011). Categories were allowed to emerge according to the topics emphasised by each participant relating to militancy and its impact on their business. The process of analyzing the data began as soon as the researcher started collecting data. It was ongoing and inductive as the researcher was trying to make sense of the data collected (Shaw, 1999).

The data analysis utilized a set of techniques that included content analysis, pattern-matching and explanation-building techniques (Yin, 2014). Content analysis involved listening to and transcribing the tapes, reading the transcripts to list the features associated with militancy by each owner-manager and establishing categories which were then developed into systemic typology. These features included the root causes and the costs of conflicts.

Pattern-matching technique involved examining whether there were any interesting patterns and how the data related to what was expected (Yin, 2014). It also involved cross-case analysis and examining whether there were inconsistencies or contradictions between owner-managers' attitudes and what they do. Explanation-building technique allowed a series of linkages to be made and interpreted in light of the explanations provided by each respondent. This technique allowed explanation of the findings to be built around the stories of business owners, enterprise agency executive and militant warlords. For example, body language and tone of voice on certain answers were put into consideration when analyzing the information gathered from the interviews.

Within this study, the coding process was inductive rather than being based on a set of preconceived, standardised codes. Categories and sub-categories were produced for indexing and the data derived from the case study firms. The codes took the form of 'code domains' which made explicit key contexts, actions, meanings and relationships (Fisher, 2004), based on themes and processes identified from the transcribed interviews, whilst informed by the guiding frame of reference identified in the initial literature review, underpinning the study. The approach to coding allowed for ongoing modification of, and adjustment to, the framework which made up the codes as the research in the case studies unfolded. Moreover, this overall coding framework was a hierarchical ordering of the codes, which allows for the conducting of content analysis at different levels of aggregation (Fisher, 2004).

6. The effects of militancy

The conflict in the Delta is connected to oil exploitation in the region which results in environmental pollution and degradation. The impact of this crisis on enterprise development in the region was the subject of this study. The transcript of data collected from the interviews

with the business owners, militant leaders (Commanders D, E and F) and an Enterprise Agency executive operating in the Niger Delta region were inductively coded as discussed above. The emerging themes from this analysis are discussed below.

The profile of the case study companies and the summary findings from the interviews are presented in Tables 1 with reference to Rettberg's costs of conflict from a business perspective (Rettberg, 2008, 2013) and discussed under the entrepreneurial theories outlined above.

[Insert Tables 1 about here]

6.1 Extortion payments and threats

The case study firms were asked about the effects of militancy on their businesses. Threats and extortion payments were mentioned by Companies 1, 4, 5, 7 and 8 as the costs of the conflict. The responses suggest that the costs of the conflict varied according to company size, as the enterprise agency executive suggests:

'Although SMEs are generally targeted for extortion, enterprises are of different sizes and levels, you know! Say, if Shell is attacked, the conditions given to Shell will be different from those given to smaller enterprises unless they expect that the payment could come from a larger firm or government.' [Enterprise Agency Executive]

This may suggest that the larger the firm the greater the costs of conflict as confirmed by the owner-manager of Company 1, a marine transport business in the oil sector. Although larger companies were targeted for extortion payments, small businesses such as market women and petty traders were also victims. Apart from company size, the owner-managers of the case

study firms indicated that the sector in which the businesses were located was the most important factor. The oil and gas related SME sector tended to be mostly affected by the conflict. This was confirmed by the owner of the general contracts company by saying:

‘Well, not all small businesses in the region are affected on the same scale. But any small business that is involved in oil and gas servicing is being directly and badly affected in the region’ [Company 8, General Contracts, Non-oil Sector]

The above quotes demonstrate the severe and direct impact of militancy on small businesses in the oil and gas sector. Although the quotes above indicate the oil and gas sector as the main target, there is evidence to suggest that location is significant in the violent conflict. With respect to location, business owners indicated that the ‘core’ Niger Delta States (Nwogwugwu et al., 2012, p.28) was mostly affected. The quotes above suggest that factors such as product, sector and geographical location are among those that influence the extent of the costs of conflict.

6.2 Closure of businesses

Another direct cost of the crisis was the closure of businesses in the region, according to Companies 1, 2, 3, 6 and 8. The owner of these businesses variously indicated that that small businesses in the region have suffered the impact of the crisis through business closures which have rendered some people jobless and unemployed in the region. It is likely that some of the business closures were not due to the crisis since many of the closures may be due to management issues rather than militancy.

6.3 Corruption

Although corruption is embedded in all fabric of the Nigerian society, the participants in the study commented particularly on the corruption directly attributed to the actions of oil companies (MNCs) in the Niger Delta region. They commented on how the oil companies were engaged in “payoffs and rewards” which are based on blackmail and connections:

“The MNCs are paying off and rewarding people they shouldn’t. They are giving money people that do not matter in an attempt to pacify them. They shouldn’t do this really” [Company 1, Marine Transport, Oil Sector].

The militant warlord (Commander D) also confirmed the role of the MNCs in the conflict by explaining how the MNCs ignored people that ‘mattered’ in the region and accorded recognition to some youths who had more disruptive power on oil production, causing mayhem, loss of lives, displacement of people, hijacking ships and helicopters, kidnaping MNCs staff and vandalising facilities in order to obtain pay-offs and ransoms from the oil companies. This reveals some of the common forms of violent attacks on enterprises (both large and small) in the region.

6.4 Loss of business opportunities and opportunity costs

The participants in the case study firms and key informants commented on the diminishing foreign direct investment which resulted in the loss of business opportunities in the region. They also commented on the security threat as the greatest challenge that hinders enterprise development in the Niger Delta. One of the participants commented as follows:

“Because of the militant activities in the region, foreign investors have left. They are no more business opportunities. There is security for them anymore and I don’t blame them” [Company 4, Oil products Marketing, Oil Sector].

6.5 How SMEs were responding to the conflict in the Niger Delta

The owner-managers were asked about how they were dealing with the problems of militancy in the region. The findings as presented in table 1 included public condemnation of violence and carrying on business as usual (Companies 2, 3, 5 and 6); supporting enterprise development (Companies 3, 4, 5 and 6); mentoring initiatives and microfinance (Companies 1, 4, 7 and 8); refusing to sell to militants (Companies 2, 3, 6 and 7); and philanthropy (Companies 2, 6 and 8). As we discussed above, Oetzel & Getz (2012) posit the possibility of both unilateral and collective responses. Findings here overwhelmingly suggest a collective response. For example, the owner-manager of Company 8 explained how, collectively, they have set about directly engaging militants:

'We have jointly put resources together to provide microcredit, enlightenment and most importantly mentoring initiatives aimed at transferring small business set-up and management skill sets to militants as a form of engagement. The microcredit helps in supporting grass-root enterprise activities such as agriculture with the potential to develop into a sustainable livelihood' [Company 8, General Contract, Non-Oil sector]

The above statement of pulling resources together to provide financial support and setting up a mentoring initiative aimed at transferring management skills to owner-managers is representative of the ways the study firms dealt with the conflict in the Niger Delta. This strategy is consistent with Oetzel & Getz's (2012) supposition that firms may respond to violent conflict by supporting small business development through microfinance and skills training. They also argue that small firms of less than 100 employees are less likely to make significant impact on an individual basis. "Pulling resources together" is consistent with Newsom's (2011) suggestion that actors in the Niger Delta should not operate in isolation but should combine

levers and use each other's momentum in order to be effective. Column 9 of Table 1 represents the cross-case analysis of the responses.

Some of the respondents also indicated that they are supporting the government's 'Amnesty Programme' which is targeted at reintegrating the militants into mainstream society and economy. Specifically, the owner-managers of Companies 3, 6, and 7 were supporting the programme because it will give the militants equal opportunity to belong to and be employed by the government. The owner of a catering service also said that they refuse to sell to or serve those who facilitate the conflict. Although the participant firms were eager to point out how they were dealing with the challenges posed by militancy in the region, it could also be argued that seeking conflict resolutions might be disadvantageous to the firms by attracting competitors to the area (Renouard & Lado, 2012).

6. Discussion

The aim of the study was to explore the effect of militancy on local SMEs and how the businesses were dealing with the crisis. Based on the fieldwork evidence presented in this study, the perspectives offered by the resource-based and social behavioural theories and Rettberg's costs of conflict framework, discussed above, appear useful in understanding entrepreneurial behaviour and responsiveness to social and environmental issues. William et al. (2014) argues that the resource-based theory has merit as a complementary explanation for entrepreneurship. In this section, we explore how these theoretical perspectives fit with the empirical results.

The study identifies the direct costs of the conflict (which include extortion payments, threats, direct attacks on the companies, and business closures) and the indirect costs (including loss of

business opportunities and lack of infrastructure). These costs are consistent with those identified by Rettberg (2008). However, the study also identifies other costs of the conflict which complement Rettberg's, such as loss of human lives, displacement of people (particularly women and children) and material destruction.

Company-specific characteristics such as company size, sector and location suggest differences in how entrepreneurial activity is affected by the costs of the conflict in the Niger Delta. Those who reported severe impact included larger enterprises. These categories of SMEs were more prone to becoming victims of extortion and other forms of attack. These actions led to closure of business units and losses as well as folding-up of enterprises. This was consistent with Rettberg's (2008) finding that larger companies were more likely to report costs associated with armed conflict than were smaller ones.

However, it is difficult to know the extent to which the closures were purely a result of the conflict rather than such factors as poor management skills, which include networking skills to facilitate access to resources and understanding which the owner manager lacks.

In contrast, smaller or micro businesses were not subjected to the same level of costs, in proportion to their size, as their larger counterparts. This does not mean that small size functioned as a buffer of militants' attacks (Rettberg, 2010). For example, Abdelnour et al. (2008), Eze (2011) and Rettberg's (2013) assert that market women, petty traders, fast food sellers and other small and grass-root businesses have witnessed a downturn in their operations as a result of violence conflicts.

The costs of the conflict in the study also depended on the sector in which the business operated. Enterprises in the oil and gas related small business sector tended to be severely affected by the violent agitations of the Niger Delta militants, while other sectors and generic groups have also suffered some mild or indirect costs. This finding is also consistent with the Columbian conflict study in which companies in the mining, gas, electricity, agriculture and transportation sectors most frequently reported the direct costs related to armed conflict, while financial services and investors reported the least (Rettberg, 2008). However, it can be argued that costs have not been evenly spread. For example, the degree to which the sector is labour intensive and/or oriented towards international markets can determine how the conflict has affected companies (Rettberg, 2013).

The case study firms indicated that the location of the businesses was also an important determinant of the costs of the conflict in relation to the 'core' Niger Delta region that is, Bayelsa, Delta and Rivers states (Nwogwugwu et al., 2012, p. 28). Therefore, businesses which are located outside these core areas were not directly affected by the costs of the conflict. In previous studies, the highest direct costs to the private sector were reported in cities in the country's conflict-affected area, while the capital appeared to be a relatively peaceful oasis for economic activity (Rettberg, 2008; Getz and Oetzel, 2010; Dai et al., 2013).

There was support for our assumption from resource-based theory that surmised that enterprises in the Niger Delta and in other developing areas are constrained by both a restricted extrinsic resource base such as limited access to raw material and capital and intrinsic resource base such as a limited pool of skills and experience, which is exacerbated by militant action.

In this study, the lack of resources such as finance posed a significant challenge for small businesses in the region. The loss of compensation from the Nigerian state for the loss of land and from the MNCs for the environmental pollution and degradation constituted a constrained resource base. Compensation money as well as increased revenue allocation can definitely provide a good source of developmental and start-up capital for small businesses in the region, given that access to finance is a major problem for SMEs, especially in developing countries (North et al., 2010). As we saw from our finding, militant action further compromised available resources influencing both availability of resources and their costs.

There is also support for our assumption from social behaviour theory that the environment and infrastructure such as social networks are important in SME developing, often relying on local communities and kinship connections in developing regions. Such networks will help to counter the negative effects of militant conflict on local enterprise development.

The poor quality infrastructure and erratic supply of electricity in the developing countries has a major impact on SME development (Nwosu et al., 2013). A number of research studies conducted in Nigeria (for example, Aina, 2007; Nwosu et al., 2013) have identified that less than 20% of the Nigerian population have access to stable electricity supply. According to some estimates, the region has generated about \$500 billion in the past 50 years to the Nigerian economy (Obi, 2010). This provides a sharp contrast between the amount of wealth generated from the region and its poor state of infrastructure.

Enterprise development and sustainability in developing countries can be influenced by the stance the government takes with respect to encouraging people to start and develop their own businesses and through the behaviour of politicians and government officials in their dealing

with entrepreneurs and would-be entrepreneurs. This is undoubtedly fundamental and important for developing countries because the way entrepreneurs and would-be entrepreneurs are viewed and treated can be either enabling or constraining (Eze, 2011; BIS, 2013).

The dynamics and challenges of resource conflicts have compelled the MNCs to provide benefits as a means of dousing the agitation, pacifying the region and creating a safer and more peaceful environment for business (Ikelegbe, 2005). However, as demonstrated in the case study interviews, the approach hardly achieves the intended purpose. The challenges of creating and ensuring access to these benefits have fuelled a deadly struggle among various groups of people in the community as each group struggles to prove their relevance and capacity to disrupt the oil economy (Ikelegbe, 2005). This action undoubtedly leads to greed and corruption and does not help in providing a stable and conducive environment (Zyglidopoulos, 2016), advocated in social behavioural theory, for sustainable enterprises in the Niger Delta region. Collier & Hoeffler (2002) argue that conflicts may be explained either by grievance or greed and conclude that if we want to understand the causes of contemporary civil wars we should ignore explanations based on grievances and look instead at the greed of the rebel groups. Therefore, greed rather than grievance may be partly responsible for the conflict in the Niger Delta.

The crisis in the Niger Delta region arising from the activities of the different militant groups operating in the region has brought about some negative implications for enterprises in the region with respect to foreign direct investments. The kidnapping of foreigners and other forms of attack do not provide a safe business environment, but have the effect of scaring away potential foreign investors and has robbed the region and indeed the Nigerian state of the benefits of such investments and opportunities which small businesses and entrepreneurs could

take advantage of (Nwogwugwu et al., (2012). These actions result in loss of business opportunities and opportunity costs as identified by Rettberg (2008). Therefore, there are complementarity relationships between foreign investments and business start-up and development in struggling and developing economies (Thompson and Zang, 2015).

The study firms indicated how they were actually dealing with the crisis arising from militancy and their willingness to take control of their destiny by engaging in conflict reduction. Some of the responses were, however, not strategic such as providing room for youth engagement and mentoring initiative. This finding was not surprising considering the size of firm. It supports Oetzel & Getz (2012) theory which states that firms with 100 employees or fewer were significantly less likely to strategically respond to violent conflict since such firms may lack the capacity or resources to respond strategically. However, it must be pointed out that the conflict-mitigating initiatives focused on reducing the negative effects of conflict, rather than actually resolving it (Getz & Oetzel, 2010). Therefore, the level of resources devoted to the initiatives by the firms was minimal. It can also be argued that youth engagement may not necessarily lead to more entrepreneurship.

Other forms of the response to the conflict included the provision of financial help, philanthropy, public condemnation of violence and continuing business activities as usual. These forms of responses appear to be more strategic and capable of helping to obtain long-term competitive advantage and/or positive financial outcomes (Branzei & Abdelnour, 2010).

Finally, it is worth pointing out that the businesses in the study were collaborating together and with other stakeholders to solve the challenges because they were not able to have a major impact on their own. The interventions were also not proactively identified and pursued as they

were merely peripheral to their core business and they were haphazardly reacting to situations. The initiatives were more effective when they involved the government, NGOs and other SMEs. This is consistent with Oetzel's et al. (2010) argument that partnerships between private sector and NGOs can provide complementary skills, competencies and capacities to engage in social change. Bottenberg et al. (2017) also argue that an institutionally anchored stakeholder management can have a number of advantages.

7. Conclusion

The results of the study provide a better understanding of the impact of the Niger Delta armed conflict on SMEs in the region, the extent to which the costs of conflict identified by Rettberg (2008, 2013) are present in the study, how SMEs respond to the militancy, and the implications for developing countries. It also contributes to theories of entrepreneurship which are applied in the study to explain findings.

One valuable contribution of this study is that it looks at a business activity to which few academic researchers, practitioners or policymakers have direct access. The study also contributes to the work of the few researchers who have looked at costs of conflict (Rettberg, 2008; 2013) and strategic response to violent conflict (Oetzel & Getz 2012; Branzei & Abdelnour, 2010; Kolk & Lenfant, 2010).

Developing countries such as Sudan, Algeria and Angola are lagging behind in dealing with the threat posed by MNCs to the environment because of poor governance, economic diversification and lack of quality institutions as identified in the Niger Delta conflict (Frynas et al., 2017; Newsom, 2011). Therefore, in order to reduce violent conflict, these developing countries should take more cooperative approaches by pulling resources together and

developing the required capacities for environmental impact assessment, disaster prevention and management and emergency preparedness.

Therefore, it is argued that businesses in developing economies should become a more involved with social issues by finding solutions to problems (Eweje, 2006). The findings in this study demonstrates that businesses in developing countries can respond positively to crisis and contribute to SME development. Thus, this paper contributes to research on the literature on business under crisis.

A firm that voluntarily responds to violent conflict as a first-mover, may achieve a position that strengthens its legitimacy and ultimately leads to a long-term competitive advantage (Oetzel & Getz, 2012). When the situation in the country improves, the firm may have advantages stemming from good relations with the community, leading to greater access to preferential opportunities for expansion.

This study has some limitations that suggest direction for future research. First and foremost, the study was based on snowballing samples, and thus it is not clear whether the views of the participants represent those of the larger populations. In the second instance, due to the difficulty of identifying the militants, we were only able to interview three militants. Finally, there were only 8 firms in the study, making it a small sample size. However, since the study is an explorative work, it has value as a large-scale study would help to demonstrate the wider application of the research results.

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Table 1: Company Profiles and Results

1 Company	2 Sector	3 Age (Yrs. in Bus.)	4 No. of employees	5 Turnover	6 Location	7 Effect of militancy	8 Conflict costs	9 Collective actions for dealing with challenges
Oil Sector SMEs								
1	Marine transport	15	20	£2m	Yenagoa, Bayelsa	Greatest impediment to SME development; making demand for resource control through hijacking/kidnapping, bunkering and vandalism; doing business in the area is not worthwhile; extortion payments; threats; corruption; closures; no roads, water and electricity.	Direct attacks on the company/employees; Threats; Extortion payments; Decreases in sales as a result of temporary or longer-term shut downs; Changes in demand and in the market; Disruptions of the distribution and transport networks; Loss business opportunities	Providing financial help and mentoring initiatives
2	Catering services	20	22	£500k	Brass, Bayelsa	Closure of business units, losses as well as folding-up of enterprises; no security for businesses in the region; lack of infrastructure.	Decreases in sales as a result of temporary or longer-term shut downs; Increases in security and insurance expenses	Philanthropic activities Refusing to sell to militants Condemning violence/continuing business as normal
3	Supplies and logistics	10	7	£800k	Warri, Delta State	All enterprises and others struggle as a result of militancy; greatest fear about doing business in the region is security; closures; loss of land and compensation.	Decreases in sales as a result of temporary or longer-term shut downs; Loss business opportunities.	Supporting small business development Refusing to sell to militants Condemning violence/continuing business as normal
4	Oil products marketing	8	20	£3m	Port Harcourt, Rivers State	Seeking control through demands for money, corruption; threats, bunkering, vandalism and blackmails.	Extortion payments; Threats; Direct attacks on the company/employees; Disruptions of the distribution and transport networks.	Supporting small business development

Non-oil Sector SMEs								
5	Hairdressing salon	9	12	£15k	Port Harcourt, Rivers State	Extortion payments and threats both in upland and riverine areas; loss of business opportunities; violence against market women, petty traders, fast food sellers and other small businesses; lack of capital.	Direct attacks on the company/employees; Threats; Decreases in sales as a result of temporary or longer-term shut downs; Loss business opportunities; Opportunity costs.	Supporting small business development
6	Trading/merchandising	22	60	£25k	Sapele, Delta State	It constitutes a serious impediment to growth of businesses; lack of infrastructure; closure of businesses; lack of finance and business opportunities.	Decreases in sales as a result of temporary or longer-term shut downs; Loss business opportunities; Direct attacks on the company/employees	Supporting small business development Condemning violence/continuing business as normal
7	Communications	9	15	£300k	Port Harcourt, Rivers State	Evil vices including rape; extortion against companies, corruption; prevents people doing legitimate businesses in the region.	Direct attacks on the company/employees; Extortion payments; Loss business opportunities	Providing financial support and mentoring initiatives Refusing to sell to militants
8	General contracts	7	55	£1m	Bonny, Rivers State	Extortion payments, threats and corruption on the oil and gas sector; it's not worthwhile to come here to do business; closures; lack of start-up finance; no roads, water and electricity.	Direct attacks on the company/employees; Threats; Loss business opportunities; Increases in security and insurance expenses; Decreases in sales as a result of temporary or longer-term shut downs.	Providing microcredit and mentoring initiatives Philanthropic activities