

False Sense of Security: The Bane of Investment Climate in Nigeria

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ABSTRACT The paper tries to highlight security problems in the country which scare away both local and foreign investors. The government's claim that the country is safe for investments is roundly condemned and treated in this paper as a false sense of security. In terms of security, government always plays to the gallery, painting the picture of economy being safe for investments when in truth, the economy is being riddled with all manner of security problems. One of the findings of this paper is that even the gains the country has made in Information, Communications and Technology (ICT) sector, were being rubbished due to security problems, leading to relocation of industries to other neighbourhoods. As the country battles to win a war against social vices with their heavy toll on the resources of the country, Britain continues to create a new model of economic growth built on saving, investment and enterprise instead of debt. Due to deteriorating level of the economy, people variously expressed their views on Nigerian situation. Some pessimists said that economy had been damaged beyond redemption, others believed that the situation could be redeemed through violent revolution; while some others still who called themselves optimists, opined that the economy could be reclaimed through taming revolution such as persuasion, rebranding, workshops and orientation in order to appeal to people's passion for the country. Suggestions were offered to government to avoid policy inconsistencies in its efforts to reform the economy and embrace institutional strengthening of political, social and economic structures which pave ground for enhancement of intellectual capital growth. This effort leads to capacity building that enhances interactions between social and organizational capitals. If Central Bank of this country were to enjoy independence, the problem of the economy could be properly addressed, in terms of reduction in inflation and unemployment.

INTRODUCTION

Nigeria as a nation calls the world to come and invest in her environment, with an impression that all is well. In the true sense, the country's assertion of environmental readiness for investment cannot hold in the midst of uncontrolled social vices and unbalancing economic settlement. Investment cannot be separated from security; therefore, telling people to come with assurance of safety of their investments when the country faces all sorts of gory details of vices, smacks of a false sense of security, which continues to deny us the true benefits of multilateral agreements with interested international groups. The survival of investment in any country cannot be based on pretensions or playing to the gallery to convince the world of the country's seriousness to develop; so to all intents and purposes, investments survive depending on government's concern for an economy that is not in the grip of social vices. In fact, marketing or rebranding a country ordinarily is different from investments which, when made systematically in an economy, are capable of drawing friends from both developing and developed economies.

This paper is meant to puncture our illusion that the country meets club of developed econo-

mies in 2020, when there are obvious encumbrances. The paper, while trying to place our country in perspective in the context of this work, by saying the obvious truth about our march to industrialized economy, will offer some useful suggestions that are capable of driving the economy to the promised land if they will not be taunted and politicized by those who fish in troubled waters. The point being raised here now is that a country must of necessity provide a playing field for investments to take place, through systematic planning to ensure that economy is stable and free from the shocks of corruptive tendencies. When an economy is open and does not involve itself in hide-and – seek game, in terms of plain truth which investments require, investors must come because they are adventurers who seek fertile ground already pump-primed by government to do their businesses.

Ranking next in order of importance and priority after investment and security, is the constitution, a supreme law of the land which guarantees all social, political and economic activities of the country. For instance, the constitution being run by the country is not a democratic one, rather it is just a document drawn by a handful of army people and lorded it over the citizens which cannot give protection to invest-

ment in time of crisis. Nwabueze (2010) favours politics driven by a commitment to enthrone the democracy and a strong party system as a necessary foundation for good governance. Investment, security and good governance must be perfectly and positively correlated. Investment in any country can only thrive if it is founded upon firm truth and good law so that investors can be sure there are good laws on the ground to protect their assets in case of any social, political or economic problems.

In the words of Nwokedi (2012), Nigerian federation desperately needed a structure and constitution that would guarantee the rule of law, transparency, and accountability in a democratic government. It is as a result of marginalization, bad governance, lack of security and corruption which have become endemic in Nigerian polity, that had led to violence from ethnic groups such as Boko Haram from Northern part of the country, Mobilization of Sovereignty State of Biafra (MOSSOB) from Sourthern East, Odudua Progressive Congress (O.P.U), militancy from Niger Delta, and a host of others, threatening investments from local and foreign investors.

Indeed security forms basis of investment. According to Imobighe (2012), one of the common causes of both poverty and employment problems in Africa today is drastic decline in investment in both public and private sectors occasioned by inadequate security. This state of affairs has become the single most important causal connection between poverty and unemployment problems.

The argument of this paper is that Nigeria as a nation, has not shown any readiness or preparation against vision 2020, when she intends to join a club of industrialized nations. For instance, Ghana, the neighboring country has budgeted heavily for industrialization by providing enabling environment towards investment which is an attraction to foreign investors, starting from free and fair election and to other incentives.

INVESTMENT AND SECURITY

The phrase "False sense of security" is a concept meaning an illusion when risks of insecurity have not been removed from the system. For instance, in developing economies, with exception of a few, foreign investments keep

dropping due to inadequate security, in spite of guarantees from those countries that playing fields for investments have been provided. In supporting this argument, the independent newspaper of 23 July, 2010 reported about a serious drop in foreign direct investments in Nigeria from \$20 billion in 2008 to \$6 billion in 2009 as recorded by the United Nations Conference on Trade and Development (UNCTAD). One of the reasons might not be far from the security issue. In recent years, Ghana has started opening up its economy to encourage Foreign Direct Investments (FDI). Due to this move, the country has computerized its Registrar General's Department which is synonymous with the Corporate Affairs Commission in Nigeria, to facilitate registration of companies without any difficulty. A company can be registered immediately in so long as all the documents are complete and this state of affairs has continued to attract foreign investments into the country. Taking advantage of this also, many Nigerian business people and companies are establishing new businesses or expanding their business operations in Ghana. Even Nigerian Manufacturers who have developed business interests in Ghana and other regions usually comment that their reasons hinge on security and infrastructural challenges, particularly the cost of generating power as a result of the Nigerian comatose energy sector. Foreign investors are attracted to Ghana due to relatively low cost of doing business; low existence of social vices and government's concern in encouraging other areas that facilitate the growth of businesses or investments. Apart from the fragility of the global economy recovery, due to a number of factors, security should be factored into the major problems encountered by developing countries. For a good number of years in Nigeria, colossal losses have been witnessed in investment portfolio due to security problems leading to relocation of many industries to neighbourhoods. This paper tries to establish a chemistry link between investment and security; maintaining that any economic planning without provision for security achieves nothing in the long run. In Nigeria, cases abound that stunted growth of economy emanates mainly from insecurity, following robbery cases, kidnapping saga, high profile killings and other social vices which discourage local and foreign investments. This state of affairs affects economic activities resulting

in poor revenue earnings from productive and exporting sectors. In the circumstances, therefore, the indices of economic growth which include rate of gross domestic product, level of income per capita, low inflationary rate, development of capital markets, etc., have not been properly and systematically recorded. The contention of this paper is that the fast-track route to achieving a target of developed economy by 2020 is setting up a blue-print for a fight against corruption and quick enthronement of security consciousness between government and stakeholders of business as a means of achieving results in the management of private and public institutions in the country. In terms of enabling environment inclusive of security, it is the government that provides all of this, to make sure businesses of governments and individuals flourish without hitches. To achieve an economic growth is not something that happens on the spur of the moment; it is as a result of systematic planning, implementation of projects and programmes, consideration of viable options that can sustain growth on regular and continuous basis. However, since it is the government that provides the spirit of business in an economy; it is, therefore, desirable that government role will be paramount. For instance, in the recent past, the Rivers State government had determined to sustain investments in the state by enacting what it called “pro-business” with the signing into law, a new bill that would definitely put a stop to series of extortions hitherto experienced by would-be investors in the state through several fees and levies (BusinessDay Newspaper, 23 July 2010). Due to all these unaccounted series of levies imposed on would-be investors and owners of companies or firms, many of them relocate to other neighbourhoods while others are frustrated into silence. The government does not stop only in enacting law in the state but goes further to prescribe punishment against offenders. If federal government and all the states in the federation adopt the same measures as practised by the Rivers State government, investments and businesses in any parts of the country could stabilize and boost revenue earnings on the part of governments and citizens. This is one of the types of policies that can turn around the activities of both private and public institutions in the country. As a matter of fact, nobody has seen anything on the ground that suggests that federal government is poised to achieve the

orchestrated robust economy by 2020, having seen that the practice of corruption in the country is still at the zenith. The government will have to demonstrate faith by making sure that there is no sacred cow in its journey to root out corruption in the system in order to restore people’s confidence in the governance of the country. At one time or the other in this country, due process in the execution of projects and programmes was introduced and such processes should be respected in order to instill discipline in the running of private and public institutions. If rules and regulations are placed in situ and people acknowledge the necessity to abide by the rule of law and due process in the management of resources of the nation, then economy could pick up and grow backed up with transparency and accountability.

INTERNALISING THE CULTURE OF SECURITY IN THE MANAGEMENT OF PRIVATE AND PUBLIC INSTITUTIONS IN NIGERIA

The government of the country must have done something substantial to convince the world that investments in the country are really safe, not necessarily by mere pronouncement but by demonstrating in practical terms the country’s concern in tackling the issue with proactive policies and clear definition of execution of projects and implementation of programmes. The government will come in with security measures adopted to safeguard local and foreign investments in the country. The sensitization of security issue by government and its agencies will send a good signal to would-be investors who need concrete and well-thought out plan to ring-fence people’s investment portfolio in the country. In Nigeria, attainment of developed economy by 2020 depends largely on a lot of variables, such as development of security consciousness in the management of private and public institutions, reduction in inflationary trend, reduction in unemployment, development of capital markets, boosting of gross domestic product, promotion of export activities and well defined policy on education as a vehicle that drives economy to growth. If an economy has systemic problems, such an economy cannot stand any shock whether it relates to criminal or civil matters. It is true that banking system in Nigeria has problems ranging from fraud

within the system to outright misappropriation of people's deposits but lack of security which leads to poor performance of staff due to fear of robbery, kidnapping and similar vices may be said to be the straw that breaks the camel's back. In some cases, however, the entire banking system in some States closes down on information of robbery cases whether they actually exist or not. In Anambra State, for instance, members of the public at one time or the other became perplexed to observe that even banks whose vaults people depended upon in safeguarding their valuables could be easily penetrated by robbers. It was at the level of this sophistication by the hoodlums that it dawned on both corporate and government institutions that security was very important for the operations of those organizations. Any investment on security helps to restore and strengthen public confidence in the management of organizations; hence the need for security workshops and seminars to be organized by governments, their agencies, private and corporate entities, to emphasize the critical roles organizations can play in the society if security of lives and property can be ensured.

SECURITY PROBLEM AND SLEEPING GIANT

Nigeria is usually addressed as a giant of Africa and how that name came into the fore could not be explained by this paper since it is outside the purview of this discussion. One of the essential elements that would have been considered in the nickname of this sort, would have been the giant being giant in all considerations. The porosity of this nickname with respect to security issue appears ludicrous. In one of the meetings of the French Association of Bakery and Confectionery Equipment Manufacturers, held in Ghana and Cote d' Ivoire, members expressed disgust over the magnitude of insecurity in Nigerian economy with respect to investments. They expressed fears over the persistent problem of kidnapping in most parts of Nigeria, holding strongly that the phenomenon was the reason most foreign companies do not want to make any huge investments in Nigeria. The kidnapping saga which has grown into a full-blown commercial venture was initially targeted at expatriate personnel of oil companies in the Niger-Delta region and later extended to indi-

genes and non-indigenes in the southern parts of the country. This situation has taken a heavy toll on government which now directs and discharges its armoury on the kidnappers by massive deployment of police and other military personnel to all parts of the country. The inability of government to contend this menace has led to unplanned supplementary budget towards fighting this cause at the expense of other national priorities. Foreign investors say they are watching what Nigerian government is doing about the security system, maintaining that when the situation improves and adequate security provided, with a good banking system which is favourable for business to grow, they can consider investing in the country. Nigeria occupies a strategic place as a big market but social vices which constitute hindrance to development have deprived her of foreign exchange earnings. As a result of this development, the National Council of Manufacturers Association of Nigeria, in its regular meeting in Lagos, expressed its worries over lack of security which has affected several organizations and will continue to be so unless government does something urgently to stem this tide. The foreign investors pin their hopes on functional banking system but banking system unfortunately in the country becomes a regular victim of dastardly acts of criminals. While Nigerian economy is battling to win the war against militancy, insecurity and other vices which increasingly sap the resources of the nation, the British economy continues to create a new model of economic growth built on saving, investment and enterprise instead of debt. The British government has drawn a plan to support business and restore UK's diminished competitiveness. The plan of British government based on its budget is to give businesses more freedom by reducing regulation and taxes. The essence of this arrangement is to give businesses the confidence to invest for the long term and thereby also creating new jobs. The result of this plan of action will see many people who are out of work back to labour market.

The state of insecurity in the country is trying to rubbish all the gains made through investment in Information, Communications and Technology (ICT) sector. According to a study conducted by Pyramid Research, a UK based agency in collaboration with Nigerian Communications Commission (NCC), Nigeria became the biggest mobile market in Africa in terms of

subscriptions, which in 2008 exceeded 63 million, surpassing South Africa and reached 72.6 million in 2009 (BusinessDay Newspaper March 8, 2010). In this respect, it is pathetic that security problem experienced in this country in the recent time, makes the nation live on her nerves. As a result of militancy and security problems, the Federal Government granted amnesty to the movement for the Emancipation of the Niger Delta (MEND) in order to make peace and move the country forward. Even though security is one of the Seven-point agenda of Yar'Dua's administration, yet, barring mere pronouncement of amnesty, nothing serious has been done considering the nearly total breakdown in the system in the absence of security arrangement that restores people's confidence in the governance of the country. The banking sector in Nigeria has lost its serenity in spite of series of reforms in the system due to insecurity. Most of the banks with their branch network all over the country perform skeletal services and their doors remain under lock and key with small outlets through which staff and customers smuggle themselves in during business hours due to lack of security. In the southern parts of Nigeria, you could no longer enter any bank through the main gate because all the banks operate through back doors with highly reinforced iron doors to prevent quick entry by criminals. As serious as that, the Inspector General of Police (IGP) Mr. Onovo observed, during his visit to the south east that it was a supreme irony that his south east people, who joined the rest of Nigerians in demanding his appointment as the IGP purely on merit, should make things difficult for him by engaging in violent crimes (Daily Independent Newspaper 30 July, 2010). It is true that governments in the South-East geopolitical zone are now very much worried about the spate of crime rates, but the way forward in tackling the problems is not only immediate solutions to the menace, rather government should endeavour to unravel the remote causes. Even though, morally, nobody justifies crimes in any form, yet nobody overlooks some causes of this phenomenon, such as high level of unemployment, youth restlessness due to marginalization, hunger pangs, poverty etc. In the light of the above, many youths engage themselves in commercial motorcycle transport known as 'Okada' business. A combination of bad roads and over population makes the busi-

ness of 'Okada' a brisk one and many families depend on the proceeds from this business for their daily feeding. However, most state governments due to information that 'Okada' people have had a hand in many crimes, slammed a total ban on the use of commercial motorcycles. This situation seems to aggravate not only unemployment but also opens the floodgates for would-be criminals to join this disgraceful profession.

INVESTMENT OPPORTUNITIES UNDER SECURE ENVIRONMENT

Lack of security has denied many countries of mouth-watering offers of investment opportunities created by modern communications and technology. For instance, South Africa had hosted the World Cup, 2010, because of adequate security. Apart from recognition which this exercise had earned the country, a lot of countries were impressed at the huge success of the event following the capacity of the country to host this world competition. In fact, in addition to foreign exchange earnings provided by such huge competition, a lot of countries and multinational organizations might exploit the situation to discuss businesses with the country. As has been the practice of Federation of International Football Association (FIFA), during its inspection of facilities for future events, any country that is prone to security problems, no matter its interests, should not be considered for the hosting of the tournament. It took Nigerian government huge resources and a lot of campaign for the hosting of Under- 17 World Cup in 2009, due to last minute decision which would have robbed us the chance of hosting the Junior World Cup as a result of the level of insecurity in the country. If our banks and other similar institutions were not frightened into silence in the country by criminal activities, they would be in a position to benefit from e-Tranzact services, following the patent protection for ATM cardlex cash, which brings a revolution in the process of money transfer; the e-Tranzact being the first Nigeria's winning multi-application, multichannel electronic transaction, switching and mobile payment processing platform company (Daily independent Newspaper, July 30, 2010). In the light of the foregoing, fears are expressed in many quarters that free and fair elections which are the hallmark of democracy may not

be achieved in 2011 general elections due to insecurity and other social vices.

IMPACT OF INSECURITY ON AN ECONOMY

When an economy is afflicted with insecurity, such an economy loses in terms of human and material resources. Nigeria is under siege due to the level of crimes which has a heavy toll on the resources of the nation. Evidences show that the equipment used by the hoodlums in their operations rank that of a country that engages in war against another country and that is why the police and military personnel suffer casualties on daily basis. Due to crimes and epileptic power supply in the country, many companies relocated to neighbourhoods where they could feel secure to carry out their businesses. Nigeria loses huge resources on daily basis due to cannibalization and vandalization of equipment especially those of oil installations which are the bedrock of Nigeria's fortune or future economic power. In addition to this, a growing militancy amongst the unemployed helps to pullulate the problems of the country. In Nigeria, chances of brigands' operations are bright due to activities of politicians who hire them as thugs and dump them after elections, making them susceptible to criminal activities. All these and all other things make it difficult to root out crimes even when the government comes out to fight the menace. Again, in this country, people appeal to government at the centre to enthrone the principles of fiscal federalism so that all layers of governments can have a greater say in the management of resources especially the littoral states which feel cheated or marginalized. This state of affairs, according to them, breeds ground for militancy, leading to stockpiling of all manner of weapons and making also the country unsafe for investments. In spite of economic problems which we have highlighted above, political problems also play a devastating role in the life of Nigerian economy. There is no security in the country, when there is also no institutional strengthening in terms of political, economic and social structures. Social environment does not provide the desired network of relationships, values and norms that can work in consonance with democratic principles,

hence hostilities in various parts of the country, distorting business, social, economic and political arrangements of the people.

CONCLUSION

This paper tries in the end to highlight deleterious effect of insecurity on the country, raising an alarm over non-serious stance of government in fighting corruption which is a cancer that eats deep into the fabric of the society. The members of the public resent the actions of the authorities in awarding national honours to people who have hands in destruction of the economy of the country. The need for enthrone-ment of egalitarian society as enshrined in the constitution should be pursued to make citizens have a sense of belonging and appreciate the efforts of the government in building a virile economy where people can maximize their happiness. The Nigerian government under President Jonathan Goodluck, within a short spell of time is showing some promise that, given the support of all and sundry, the economy of this country will bounce back to join the club of developed economies by 2020.

SUGGESTIONS ON THE WAY FORWARD

Nigerian economic, social and political problems are not insurmountable only if there is honesty and political will to address the problems. People have variously expressed their views on Nigerian situation. Due to extent of damage both in the image and psyche of the nation and people, some were pessimistic that economy had been damaged beyond redemption; others believed that the situation could only be redeemed through violent revolution while others who called themselves optimists opined the economy could be reclaimed through taming revolution such as persuasion, rebranding, workshops and orientation which could easily appeal to people's passion for the country. However, in spite of battered image of the country, we are taking a more optimistic view that given a political will of the government, the economy can bounce back provided the following suggestions are considered positively. The government will completely avoid policy inconsistencies and come out with a clear-cut policy to address problems of unemployment amongst school leavers.

The government of the country will fashion out social packages that can accommodate unemployed people, elderly people, destitute and physically challenged in the society to make life worthwhile. The central bank of the country should have its independence as obtainable in developed economies, so that the basic thrust of government policies in reducing inflation and unemployment can be carried out without hindrance. Power sector should not be toyed with because economy is dependent upon it. Unemployment in the country will continue to persist for a long time until the government sees the need to develop Ajeokuta power steel which is the mainstay of the economy. There should be institutional strengthening with respect to political, social and economic structures, in order to encourage capability building in Management and entrepreneurship. Capacity building is a concept that uplifts the quality of labour through sustained training and education. An economy must endeavour to promote intellectual capital growth which by extension enhances interactions between social and organizational capitals. The country should sincerely come out to fight corruption at whatever levels without any trace of sacred cow being exhibited in the execution of this national project; and if possible let corruption be labeled in the same way as robbery and attract the same punishment, so that sense of sanity can return to the management of private and public institutions in the country. The country should make it a policy not to recognize or honour people who have no citations in their areas of profession. For national award to have value, it must be awarded to people of integrity who have really contributed to the growth of the nation. The government should recognize public policy analysis as a way of evaluating performances. With the policy analysis processes, the economy can be properly evaluated with respect to its weaknesses and strengths; and the actual comparison can be made between Nigerian economy and other economies. Planning is necessary so that economy cannot carry over-bloated ministerial burden in the name of salaries and perquisites which

are not benchmarked on such variables as gross domestic product, inflationary rate, and other economic indices. In so far as the economic indices are not weighed against jumbo allowances of lawmakers, ministers and other public functionaries, the economy will continue to suffer a setback.

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