

IMPACT OF BANDITRY ON BUSINESS CONTINUITY IN KADUNA, KATSINA, AND ZAMFARA STATES

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Abstract

This study investigates the impact of banditry on business continuity in northwestern Nigeria, focusing on Kaduna, Katsina, and Zamfara States. Drawing on survey data from 180 business owners and employing inferential statistical techniques, the analysis reveals a strong negative correlation between banditry intensity and business continuity ($r = -0.623$, $p < 0.01$). Regression results identify insecurity, rural location, and dependence on road transport as significant predictors of business vulnerability, with Zamfara recording the weakest continuity outcomes. Nearly half of the surveyed enterprises operated informally, while women entrepreneurs faced compounded challenges stemming from restricted mobility and limited access to secure marketplaces. The findings substantiate both the Resource-Based View and Institutional Theory, illustrating how pervasive violence depletes critical business resources and erodes institutional support systems. The study calls for an integrated security-economic framework, including the establishment of escorted trade corridors, deployment of mobile digital registration platforms, and gender-responsive enterprise recovery programs. By linking empirical evidence with theoretical insights, this research advances understanding of how violent conflict reshapes entrepreneurial resilience and operational survival in fragile economic contexts.

Keywords: Banditry; Business Continuity; Insecurity; Resource-Based View; Institutional Theory

1. Introduction

Businesses form the cornerstone of Nigeria's economic fabric, serving as the primary engine of job creation, poverty reduction, and local economic dynamism. In the northwestern region, this is particularly evident, where enterprises ranging from large-scale traders and agro-processors to small and medium-sized enterprises (SMEs) sustain livelihoods through cross-border

trade, livestock marketing, and commerce in urban and rural market towns (NBS & ILO, 2023). The economic vitality of states like Kaduna, Katsina, and Zamfara is deeply intertwined with the resilience of these commercial entities.

However, this vital economic ecosystem is under severe and escalating threat from a protracted banditry crisis that

has gripped the region since 2019 (International Crisis Group [ICG], 2024). What began as localized cattle rustling has evolved into a complex security emergency characterized by mass kidnappings for ransom, armed highway ambushes, and arson attacks on markets. This violence has severed critical transportation corridors, disrupting supply chains and isolating entire communities. Data from the Armed Conflict Location & Event Data Project (ACLED, 2024) indicates thousands of violent incidents linked to banditry in these states, resulting in significant fatalities and the displacement of over a million people, many of whom are business operators and their families (UNOCHA, 2024). The consequence has been the transformation of once-thriving commercial hubs into ghost towns, with businesses either shuttered permanently or operating at a fraction of their capacity.

Despite the scale of this crisis, empirical research specifically quantifying the impact of banditry on core business continuity functions—such as inventory management, customer retention, and supply chain reliability—remains limited. Existing scholarly work on insecurity in Nigeria has predominantly focused on other regions, leaving the northwest underrepresented. Furthermore, there is an absence of comparative analysis across Kaduna, Katsina, and Zamfara, which, despite shared cultural affinities, exhibit marked differences in security governance and institutional capacity. This study therefore

aims to fill this gap by undertaking a comparative analysis to investigate the extent and nature of operational disruptions caused by banditry. The objective is to assess the statistical relationship between banditry intensity and business continuity while controlling for factors such as enterprise size and location, thereby generating evidence-based insights into the economic consequences of banditry in northwestern Nigeria.

2. Literature Review

This section synthesizes existing scholarly work to contextualize the impact of banditry on business continuity in northwestern Nigeria. It covers conceptual clarifications, theoretical underpinnings, and an empirical review to establish the foundation and identify the gaps this study seeks to fill.

2.1 Conceptual Review

The core dependent variable of this study is business continuity. Traditionally, business continuity management focuses on proactive planning and strategies to maintain operations during and after a disaster (Sheffi, 2005). However, in chronically insecure environments like northwestern Nigeria, this concept requires contextual refinement. Here, continuity is less a function of strategic foresight and more a daily struggle of improvisational resilience and distress-driven adaptation (Onuoha & Okechukwu, 2023).

For this study, business continuity is conceptualized as the ability of an enterprise

to sustain its core operations, retain its customer and supplier base, and preserve its revenue stream in the face of persistent violent shocks. It is measured through indicators such as operational hours, revenue stability, workforce retention, and consistent market access. This framing moves beyond formal planning to capture the de facto survival of businesses under duress.

The primary stressor, banditry, is defined as organized violent crime involving armed groups who engage in territorial predation, mass kidnappings for ransom, extortion, and attacks on economic assets (Mustapha, 2023). In the context of this study, banditry acts as a predatory political economy that creates both direct costs (e.g., looting, market closures) and indirect pressures (e.g., inflated logistics costs, erosion of trust), which cumulatively distort the business environment and directly challenge continuity.

2.2 Theoretical Underpinnings

This study is anchored in two complementary theoretical frameworks that together provide a robust explanation for business vulnerability in conflict settings.

The Resource-Based View (RBV) posits that a firm's sustained competitive advantage and survival depend on its control over valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 1991). In a stable environment, these may include skilled labour, proprietary technology, or brand reputation. In the

context of banditry, however, this theory explains how violence systematically depletes these very resources. Physical assets are looted or destroyed, skilled labour flees conflict zones, financial reserves are drained by security costs or ransom payments, and relational capital with suppliers and customers erodes due to operational unpredictability. The erosion of these VRIN resources directly diminishes a business's capacity to function, thereby undermining continuity.

Institutional Theory complements this by focusing on the external rules of the game (North, 1990). It explains how the formal institutional framework—encompassing security, contract enforcement, and property rights—can collapse, creating an "institutional void." In northwestern Nigeria, the weakness of formal institutions like the police and judiciary forces businesses to operate in this void. Consequently, they resort to informal, often costly and risky, coping mechanisms such as paying "protection" fees to vigilantes or bandits, or avoiding certain trade routes altogether. These adaptations, while necessary for short-term survival, increase transaction costs, reduce operational efficiency, and entrench informality, thereby crippling long-term business continuity.

Jointly, these theories underpin this study. The Resource-Based View explains the internal degradation of a firm's operational capacity, while Institutional Theory explains the external environment of

institutional failure that facilitates this degradation. Together, they provide a comprehensive lens through which to analyse how banditry, by simultaneously depleting internal resources and collapsing external support structures, critically threatens business continuity in the region.

2.3 Empirical Review

A growing body of empirical research underscores the corrosive impact of insecurity on business survival. Studies across the Sahel region have established a strong link between violence and enterprise collapse, particularly for rural and agriculture-dependent businesses, which face disruptions in supply chains and market access (Brück et al., 2023). In Nigeria, evidence from the Northeast confirms that SMEs in Boko Haram-affected states experienced severe contractions in operations and profitability due to asset loss, displacement, and the breakdown of commercial networks (Onuoha & Okechukwu, 2023).

Region-specific studies highlight the acute vulnerability of certain business categories. Research in Katsina State found that female-owned agro-trading enterprises were among the first to suspend operations following attacks, as patriarchal norms compounded by insecurity severely restricted their mobility for both sourcing and selling goods (Musa & Danlami, 2023). Furthermore, studies from Zamfara document how businesses are forced into high-risk adaptations, such as paying

informal "protection fees" to armed groups—a coping mechanism that, while ensuring short-term survival, imposes significant financial costs and entrenches a predatory informal economy (Bello & Sani, 2024).

Comparative analyses point to the role of institutional variation. For instance, Niger State's relative resilience has been partly attributed to the coordinating role of its traditional emirate councils in community-led security, whereas Zamfara's near-total collapse of rural governance has left businesses profoundly exposed (ICG, 2024; Mustapha, 2023). This suggests that the local institutional context may mediate the severity of banditry's impact.

While the existing literature consistently identifies banditry as a primary destabilizing force, critical gaps remain. First, there is a scarcity of quantitative, comparative studies that systematically measure the relationship between banditry intensity and business continuity metrics across multiple states. Second, the existing body of work often focuses on general economic decline or specific sectors, leaving a need for a holistic investigation of continuity across diverse business types. This study seeks to fill these gaps by providing a comparative quantitative analysis of the impact of banditry on business continuity in Kaduna, Katsina, and Zamfara states.

2.4 Research Hypotheses

Based on the identified gaps in the empirical literature and grounded in the theoretical frameworks of RBV and Institutional Theory, this study proposes and tests the following null hypotheses:

H₀₁: There is no statistically significant relationship between banditry intensity and business continuity among enterprises in northwestern Nigeria.

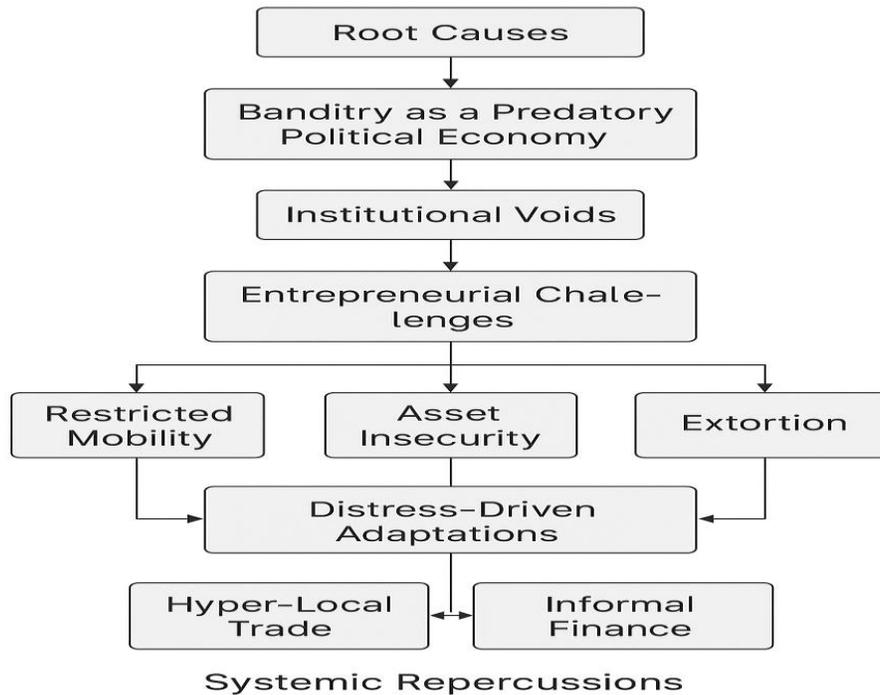
H₀₂: Banditry intensity does not significantly predict business continuity when controlling for other factors such as business location and reliance on road transport.

H₀₃: There is no statistically significant difference in the level of business continuity among enterprises in Kaduna, Katsina, and Zamfara states.

2.5 Conceptual Framework

The literature converges on a framework where banditry acts as a constitutive force rather than an external shock, reshaping entrepreneurship through institutional collapse, operational disruptions, and systemic socioeconomic repercussions.

Entrepreneurship Under Siege in a Banditry-Affected Economy



The framework begins with root causes (state fragility, ecological stress, arms

proliferation) feeding into banditry as a predatory political economy. This produces

institutional voids, which manifest as entrepreneurial challenges: restricted mobility, asset insecurity, extortion, and erosion of trust. Entrepreneurs respond with distress-driven adaptations (hyper-local trade, informal finance, protection payments), but these aggregate into negative systemic repercussions such as youth unemployment cycles, agrarian collapse, displacement, and the rise of a predation-based informal economy. The framework challenges classical entrepreneurship theories, showing that in fragile contexts, enterprise is risk-negotiated and coercively reconfigured, underscoring the need for conflict-aware entrepreneurship models

3. Methodology

This study employed a cross-sectional survey design to examine the effects of banditry on business continuity in Kaduna, Katsina, and Zamfara states, utilizing a multi-stage sampling strategy where three high-incidence Local Government Areas were purposively selected per state, followed by stratified random sampling across trade, agro-processing, transport, and service sectors to yield a final sample of 180 business owners in accordance with Cochran's (1977) sample size formula. Data were collected via a structured questionnaire (available in English and Hausa) that was pretested for reliability (Cronbach's $\alpha = 0.81$), operationalizing banditry intensity through metrics of attack frequency, extortion, and displacement, while business continuity was

measured via a composite index of revenue stability, workforce retention, and operational status, with location and transport dependence as control variables. The data were analyzed in SPSS version 28 using descriptive statistics, Pearson correlation, multiple regression, and one-way ANOVA, all tested at a significance level of $p < 0.05$, while ethical approval and informed consent were secured, and conflict-sensitive protocols were strictly maintained to protect participants' safety and confidentiality throughout the research process.

4. Results and Discussion

i. Demographic Profile

The study sample consisted of 180 business owners drawn from Kaduna, Katsina, and Zamfara States. As shown in Table 1, 62% of respondents were male and 38% female, reflecting the gender imbalance commonly observed in enterprise ownership across northern Nigeria. The majority (71%) were between 26 and 45 years old, representing the most economically active age group. A significant proportion (68%) operated in rural communities, underscoring the extensive spread of small-scale enterprises across agrarian and peri-urban areas. Nearly half (49%) of the businesses were unregistered, limiting their access to formal support systems, while 58% employed fewer than ten workers—classifying them as micro-enterprises particularly vulnerable to economic and security shocks.

Table 1: Demographic Characteristics of Business Owners (N = 180)

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	112	62.2
	Female	68	37.8
Age	18–25 years	21	11.7
	26–45 years	128	71.1
	46+ years	31	17.2
Location	Rural	122	67.8
	Urban	58	32.2
Registration Status	Registered	92	51.1
	Unregistered	88	48.9
Enterprise Size	Micro (<10 workers)	104	57.8
	Small (10–49)	56	31.1
	Medium (50–199)	20	11.1

ii. Operational Disruptions

Findings indicate that banditry has caused severe and widespread disruptions to business operations. As presented in Table 2, 76.7% of respondents reduced operating hours due to curfews or security concerns. Supply chain disruptions were reported by 64.4% of businesses, particularly among

agro-processors and traders dependent on inter-state transport. Moreover, 41.1% of respondents temporarily suspended operations, while 11.7% reported permanent closures—primarily in high-risk rural zones—corroborating broader evidence of declining rural commerce.

Table 2: Operational Disruptions Experienced by Businesses (N = 180)

Type of Disruption	Frequency (n)	Percentage (%)
Reduced operating hours	138	76.7
Supply chain disruptions	116	64.4
Temporary business suspension	74	41.1
Permanent business closure	21	11.7

iii. Hypothesis Testing

H₀₁: The null hypothesis was rejected. Pearson correlation results revealed a strong negative association between banditry intensity and business continuity ($r = -0.623$, $p < 0.01$), indicating that higher levels of insecurity correspond with declining business stability.

H₀₂: This hypothesis was also rejected. Multiple regression analysis showed that banditry intensity significantly and negatively predicts business continuity ($\beta = -0.594$, $t = -8.12$, $p < 0.001$). Additionally, rural location ($\beta = -0.187$, $p < 0.01$) and

dependence on road transport ($\beta = -0.163$, $p < 0.05$) were significant negative predictors, emphasizing the compounding effects of geography and logistics on enterprise vulnerability.

H₀₃: The third null hypothesis was rejected as well. One-way ANOVA results indicated significant inter-state differences in business continuity: $F(2,177) = 8.92$, $p < 0.001$. Post-hoc Tukey tests confirmed that Zamfara had the lowest mean continuity score, significantly below those of Katsina and Kaduna.

Table 3: Summary of Hypothesis Testing Results

Hypothesis	Statistical Test	Key Results	Decision
H₀₁: No relationship between banditry intensity and business continuity	Pearson correlation	$r = -0.623$, $p < 0.01$	Rejected
H₀₂: Banditry does not predict continuity when controlling for other factors	Multiple regression	$\beta = -0.594$, $p < 0.001$; Rural ($\beta = -0.187$, $p < 0.01$); Road Transport ($\beta = -0.163$, $p < 0.05$)	Rejected
H₀₃: No difference across states	One-way ANOVA	$F(2,177) = 8.92$, $p < 0.001$; Zamfara mean significantly lowest	Rejected

iv. Theoretical and Practical Implications

The findings provide strong empirical support for the Resource-Based View (RBV), demonstrating how banditry systematically depletes critical business resources—labour migration, asset loss, and financial depletion—thereby weakening firms’ operational capabilities and long-term survival prospects. The results also

substantiate Institutional Theory, as the marked inter-state variations in business continuity highlight the pivotal role of institutional strength and governance. The relatively higher resilience in Kaduna and Katsina suggests the presence of institutional buffers—formal or informal—while Zamfara’s institutional fragility

exposes entrepreneurs to unregulated predation and economic displacement.

From a practical standpoint, the evidence underscores the need for targeted, context-specific interventions. The acute vulnerability of rural and road-dependent enterprises calls for the establishment of secured trade corridors, potentially facilitated by security-escorted supply convoys. The high prevalence of informal businesses—exacerbated by insecurity-induced displacement—necessitates the rapid deployment of mobile digital registration and tax platforms to sustain formal economic linkages. Moreover, the disproportionate impact on Zamfara-based and women-owned enterprises points to the need for state-specific and gender-responsive recovery initiatives, including financial inclusion programs and safe-marketplace schemes.

Collectively, these insights highlight the urgency of integrating security policy with economic resilience strategies—moving beyond containment measures to foster sustainable and inclusive business recovery across northern Nigeria.

5. Conclusion and Recommendations

This study demonstrates that banditry poses a severe and statistically significant threat to business continuity in northwestern Nigeria. The evidence confirms a strong negative relationship between banditry intensity and enterprise resilience, with rural location and

dependence on road transport significantly exacerbating this vulnerability. The stark disparities in outcomes across states, with Zamfara recording the lowest continuity, underscore the critical role of institutional capacity in mediating the impact of violence. These findings collectively affirm the theoretical lenses of the Resource-Based View and Institutional Theory, illustrating how chronic insecurity systematically depletes internal business resources while the collapse of external institutional frameworks creates an environment where sustained operations become untenable.

Based on the specific findings of this study, the following recommendations are proposed:

- i. Establish Secured Trade Corridors: Given the severe disruption to road-based logistics, state governments in collaboration with federal security agencies should prioritize creating and regularly patrolling secured trade corridors along major supply routes like the Kaduna–Zaria and Katsina–Funtua highways. This should include designated, military-escorted convoy days for agricultural goods and essential commodities to stabilize supply chains.
- ii. Accelerate Digital Formalization: To address the high rate of informality (49%) which limits access to support, state governments and the Central Bank of Nigeria should rapidly deploy mobile, simplified business registration and tax platforms. This would enable displaced and rural entrepreneurs to formalize their status, access digital financial services, and be

integrated into government support programs.

iii. Implement Context-Specific Institutional Support: Recognizing the varying impacts across states, policy interventions must be tailored. For Zamfara and other high-intensity areas, immediate stabilization through strengthened local governance and community-led security coordination is critical. In relatively more stable states like Kaduna and Katsina, efforts should focus on reinforcing existing institutional frameworks to prevent further deterioration.

iv. Launch Gender-Sensitive and Rural-Focused Initiatives: Development partners (e.g., UNDP, World Bank) and business

associations should design and fund initiatives specifically for the most vulnerable groups identified in the study. This includes creating safe marketplace initiatives and microcredit schemes for women-owned businesses, and providing grants or input subsidies for rural enterprises to help them rebuild depleted assets and adopt less transport-dependent business models.

Anchoring security policy within this empirical understanding of economic realities is essential for Nigeria to move beyond reactive containment and towards fostering sustainable livelihoods and a resilient business environment in its most fragile regions.

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