

RE-ASSESSING EFFECTS OF POLITICAL INSTABILITY ON FOREIGN INVESTMENT IN NIGERIA: AN EMPIRICAL SURVEY

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Abstract: *The study examined the effect of hostage taking on Foreign Direct Investment (FDI) in Nigeria to have a reliable and constant growing economy with assured security for foreigners. It is the duty of the government to provide the citizenry and foreigners with secured environment that allows equal participation in activities that engender economic development. It empirically examined professional ideas as well as explores documentary evidences about hostage taking and foreign investment, the political situation, security situation, socio-development and psychological imponderances of the leaders in the unfolding scenarios of Nigeria. The use of the internet, journal, thesis and archival material assisted in the source of information. The paper found evidence of pervasive tendencies for declining Foreign Direct Investment (FDI) due to unyielding effort of government to have a secured environment, especially for foreign investors. The paper concluded, among others, that there are devastating effects such as unemployment, declining standard of living, winding up of foreign established organisation, etc as a result of hostage taking that reduce Foreign Direct Investment.*

Keywords: *Hostage Taking; Foreign; Direct Investment; Development; Unemployment; Economy; Security; Environment.*

INTRODUCTION

Nigeria is part of the NEKS countries; an acronym for Nigeria, Egypt, Kenya and South Africa, described by analysts as nations with huge untapped markets for foreign direct investment (FDI) in Africa (Adebakin and Raimi, 2012). At independence and several years after, the country was perceived as a relatively secured nation in the West African sub-region because of its steady economic growth and leadership role in the Economic Community of African States (ECOWAS). However, this has been challenged by recent continuous insecurity such as kidnapping, bombing, hostage taking of foreigners etc. Insecurity such as kidnapping, bombing, assassination and act of terrorism has effect on all activities including economic activities and investment from outside the nation. Ngwama (2014) asserts that the widening scale of insecurity in Nigeria is a cause for concern as all are affected by it. Churches, mosques, markets, schools, homes and the highway, all are susceptible to this menace. The abductees and their families are traumatised by the ordeal of kidnapping. Foreign investors are scared away from Nigeria. Nigerians are paying the price of poor governance and failures of leadership.

The combination of the activities of the oil companies and the government especially in the oil rich Niger Delta region of Nigeria, led to emergence of various armed groups operating under such names as Egbesu Boys, Movement for the Survival of the Ijaw Ethnic Nationality (MOSEIN), Joint Revolutionary Council, MENBUTU,

Arogo Freedom fighters, Niger Delta Volunteer Force and the Movement for the Emancipation of the Niger Delta (MEND). The activities of these groups which have included kidnapping of foreign nationals working with the oil companies have created a state of general insecurity in the region. This has negatively impacted the monolithic Nigerian economy as it has affected the inflow of foreign direct investment which is needed to achieve economic growth and development (Nwogwugwu, Alao and Egwuonwu, 2012).

The primary role of government is the provision of security for its own people. In Nigeria this role has been largely ignored. The Nigerian state no longer provides security for the Nigerian people let alone foreigners. Nigerians have compulsorily become religious as whole families barricade themselves at night in prison-high walls and pray for that God protection. But kidnapping as a variant of armed robbery is infinitely more disturbing as it often occurs in the open among persons going about their normal business not excluding foreigner who came for expertise work (Ngwama, 2014). Hostage taking of these foreigners will, in no small measure has significant effect on the foreign investment of the country.

Foreign Direct Investment (FDI) has been described as investment made so as to acquire a lasting management interest (for example, 10 percent of voting stock) and at least 10 percent of equity shares in an enterprise operating in another country other than that of the investor's country. Policy makers believe that FDI produces positive effects on host economies. Some of these benefits are in the form of externalities and the adoption of foreign technology (Alfaro *et al.*, 2006 cited in Egwaikhide, 2012). According to Tang, multinational enterprises (MNEs) diffuse technology and management know-how to domestic firms. When FDI is undertaken in high risk areas or new industries, economic rents are created accruing to old technologies and additional management styles (Egwaikhide, 2012).

STATEMENT OF THE PROBLEM

The piece by an erstwhile head of the State, Abdulsalami Abubakar, *on the challenges of security in Nigeria* (2004) cited in Adagba, Ugwu and Eme (2012), which came from an address given at NIPSS in 2004, clearly shows that the greatest threat to the current civilian dispensation is insecurity. As he rightly observes, in addressing the challenge to the survival of democracy in Nigeria, it is pertinent to consider security issues and problems that have affected the attitude, confidence and cooperation of all groups and segments that make up the Nigerian federation. Oyebode (2011) seems to echo this position of Abubakar in his piece on 'the imperative of insecurity'. He declares: "it is self-evident that without security, hardly is anything possible." He nevertheless counsels that "security should go beyond law and order by encompassing meaningful existence for the generality of the populace" (Oyebode, 2011).

Putting it more succinctly, Ezeoha (2011) in 'Causes and effects of insecurity in Nigeria' declares that "Security means stability and continually of livelihood, predictability of relationships, feeling safe and belonging to a social group. He argues further that one sure way of tackling the insecurity situation in Nigeria is to accord the

field of psychology a pride of place in policy formulation and implementation to promote national cohesion and integration (Adagba, Ugwu and Eme, 2012).

It is established that there is a strong correlation between the growth situation in developing countries and their success attracting Foreign Direct Investment. Unlike other sources of foreign investment, Foreign Direct Investment is accompanied by the following benefits; the provision of managerial knowledge and skills including organizational competence and access to foreign market; it provides an array of goods and services to residents in the recipient country; it enables the transfer of technology to occur from developed economies (Taiwo, Achugamonu, Okoye and Agwu, 2017). Achievement of the above depends on the security situation in the country, especially the absent of hostage taking in the benefitting country. It is unlikely that foreigners will continue to invest in a country where their security and that of their investment is not guaranteed. From the foregoing, this study tends to examine the effect of hostage taking on Foreign Investment in Nigeria, to provide an empirical explanation on effect of hostage taking on foreign investment in Nigeria between 2010 and 2015. The main objective of this study is to examine the effect of hostage taking on Foreign Investment (FI) in Nigeria. The specific objective is to; identify the effect of hostage taking on foreign investment in Nigeria; and suggest possible way of preventing hostage taking in Nigeria.

LITERATURE REVIEW

Hostage Taking in Nigeria

Kidnapping can be seen as false imprisonment in the sense that it involves the illegal confinement of individuals against his or her own will by another individual in such a way as to violate the confined individual's right to be free from the restraint of movement. This involves taking away of person against the person's will, usually to hold the person in false imprisonment or confinement without legal authority. This is often done for ransom or in furtherance of another crime. No one is free from being kidnapped. In Nigeria, the kidnapers are everywhere targeting both foreigners and non-foreigners alike with little or no resistance from our law enforcement agents. Nigerian security system has been weakened in the face of this confrontation, a little has been done to find the socio-economic and underlining factors precipitating this crime.

Kidnapping and hostage taking has been a major tactic of the militant groups with foreign nationals working with oil companies as primary targets. In January 2006, Hostage taking of oil workers started in Bayelsa after the declaration of 'operation orido danger' by MEND with the kidnapping of four set of hostages. Over two hundred expatriates had been kidnapped, although most have been released within weeks in exchange for ransoms, typically hundreds of thousands of dollars (Amaize, 2006 cited in Nwogwugwu, Alao and Egwuonwu, 2012). Though casualty figures from kidnapping by militants operating in the Niger delta has been low, reportedly put at about fifteen. However, the implication of the kidnappings which involved mainly foreign workers and development partners on Nigeria's economic development has been enormous. It succeeded in scaring away potential development partners and robbed the Nigerian state

of the benefit of such development alliances and opportunities. The state of insecurity has led to a reduced volume of investments and capital flow to the region (Nwogwugwu, Alao and Egwuonwu, 2012; Saturday Punch, 2007).

History of Kidnapping in Nigeria

Kidnapping has now become a generic word both in public and private discuss going by its prevalence in the country. Literarily, the word, which has become notorious, putrid and nauseating in the ears of virtually everyone is derived from "kid" meaning; child and "nab" which means; to snatch. Adewale (2009) cited in Ngwama (2014) pointed out that kidnapping now appears to be an emerging concern in Nigeria though it is not a new phenomenon. It is as old as the word itself. But the motive may vary from country to country. Since 1673 the unfriendly world has been used to the practice of stealing of children for use as servants or labourers in the American colonies. So it has come to mean any illegal capture or detention of a person or people against their will, regardless of age. The kidnapers, who can be very erratic, have been found to engage in the criminality for several complex motives ranging from unemployment, idleness, vengeance, rituals, monetary gains and political reasons (Ngwama, 2014).

The first act of kidnapping in Nigeria started 2006 when the militants of the Niger Delta took total hostage to protest the inequality in the region. According to the militants, Nigeria is built at the expense of the region which serves as the cash cow for the whole country. The action which started from the kidnapping of government expatriates has moved to men of God and their children, Nigerian politicians and their children, and religious leaders. Reuters (2009) cited in Ngwama (2014) pointed out that a total of 512 kidnapping cases have been reported so far this year, up from 353 for all of 2008. Virtually, all of the kidnappings this year occurred in the south-east and Niger Delta regions, which harbour the Africa's biggest oil and gas industry. Most of the hostages are released unharmed after payment of ransom. South-Eastern Nigeria (Abia State) in particular had most incidents with 110 people taken hostage; all of them have been released while police have arrested 70 suspects in connection with the kidnapping. Gangs have taken advantage of the breakdown in law and order to target any high profile expatriate or Nigerian that could provide them with a large ransom.

Incidents of Kidnapping/Hostage Taking in Nigeria

There are cases of hostage taking in Nigeria, occurring at different time in the history with significant effect on foreign investment. In December 2009, Police Affairs Minister, disclosed that 512 cases of kidnapping had been recorded from January 2008 to June 2009 against 353 recorded in 2008. Rundown of the statistics indicates that Abia State led the pack with a total of 110 kidnapping incidents: Imo: 58,109 arrests, 41 prosecution and one is dead, Delta recorded 44 kidnap cases, 43 releases, 27 arrests, 31 prosecuted and one death, and Akwa Ibom recorded 40 kidnap cases, 418 arrests and 11 prosecutions. The report added that between July/September 2008 and July 2009, over 600 million was lost to kidnapers. But beyond statistics being available, it is a known fact the most kidnap cases are never reported to the police authority for the fear of murder of the victims hence most families prefer to pay ransom to losing one of its own. For

instance, in Kano, N80 million ransom was allegedly paid to kidnappers for the release of Kano -base multi- millionaire businessman, without a recourse to the police authorities; an industrialist in Nnewi paid 70 million to regain his freedom from his captors; another multi-millionaire businessman was kidnapped and released after he allegedly paid a ransom without recourse from the police (Ngwama, 2014).

The Associated Press in its report of August 27, 2008 stated that “more than 200 foreigners have been kidnapped in two years of heightened violence across Nigeria” restive South, the victims are normally released unharmed after a ransom is paid, although several have been killed during botched seizures or rescue attempts “Victims are maimed, raped and manhandled in such a manner that the stigma remains almost perpetually. The families and associates are knocked down by intractable trauma”. On Sunday, July 11, 2010 four journalists and a driver travelling in a convoy of buses from a conference in Uyo, Akwa-Ibom State, were kidnapped in Abia State on their way back to Lagos. From their hideout, the abductors demanded a ransom of N250 million, and later reduced it to N30 million. A torrent of protests, condemnations and threats, greeted the action of the kidnappers and they were forced to let go of their victims. However, the police did not make a clear statement whether ransom was paid or not. In Idah, Kogi State, the mother of the former President of the Nigeria Football Federation (NFF), was also abducted. In Kano, a businessman was forcibly abducted in the presence of his family. The criminals were apparently looking for dollars; not finding it, they shot and injured his three children and still made off with him. In Akwa-Ibom State where as many as ten medical doctors were kidnapped, staff at the University Teaching Hospital went on an indefinite strike following the failure of kidnappers to release their latest victim, a consultant pediatric surgeon. As a consequence, medical services at the specialist hospital were paralysed and patients were stranded. Also 26 UK nationals were kidnapped in Nigeria in between 2006 and 2007 (Ngwama, 2014).

The oil-rich Niger Delta region of Nigeria has seen an explosion in the number of foreigners kidnapped for financial or political gain. Seven foreigners were reported kidnapped in Nigeria in 2005. That figure increased to 72 in 2006 and 223 in 2007. This exponential increase has been largely the result of activity by the Movement for the Emancipation of the Niger Delta (MEND) and other armed militant groups. 26 of the hostages were UK nationals. Of the 295 foreigners kidnapped in 2006 and 2007, five died as a result of injuries sustained during their abduction - including a Briton killed when the kidnappers’ boat was attacked by the Nigerian Navy. One Syrian hostage died of illness very shortly after his release (Ngwama, 2014).

If you analyse the political, economic and security issues present in the Niger Delta and then look at the terrain, which favours the militants, the conclusion must be that kidnapping will continue. Nigeria may be a special case but expatriate staff is at risk of kidnapping where judicial and police systems are weak or corrupt, there is a huge disparity between rich and poor coupled with political and economic breakdown.

CONCEPT OF FOREIGN INVESTMENT

One of the major factors that determine the economic growth of any nation is investment. For an economy to grow some of its current resources must be diverted from consumption to investment to ensure capital growth. Most poor countries of the world suffer from a shortage of savings and lack of accumulation of capital that could be channelled into investment purposes. The alternative open to such countries is to attract foreign investment to make up for the shortage of domestic savings or capital. Foreign investments occur “when foreigners either wholly or jointly with local investors establish their physical presence in another country through the acquisition of physical assets such as factories, buildings, plants, machineries, etc.” (Nwogwugwu, Alao and Egwuonwu, 2012).

Foreign direct investment contributes to the growth and development of the host country in diverse ways, these include; (a) contributing to the growth of the real output direct investment in the production of tangible goods, (b) generation and expansion of business through stimulation of employment, raising of wages and replacement of declining market sector, (c) support of overseas affiliates by the parent company through provision of appropriate human and material resources, (d) reduction of the host countries propensity to import and efficient allocation of production resources, among others (Bakare, 2010; Oke, 2007; Nwogwugwu, Alao and Egwuonwu, 2012).

According to the IMF and OECD definitions, *foreign investment* reflects the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy (the direct investment enterprise). The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter. Direct investment involves both the initial transaction establishing the relationship between the investor and the enterprise and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated. It should be noted that capital transactions which do not give rise to any settlement, (e.g. an interchange of shares) does not amount to FI. Financial Times Magazine defines FI as an Investment from one country into another (normally by companies rather than governments) that involves establishing operations or acquiring tangible assets, including stakes in other businesses. It is the purchase or establishment of income-generating assets in a foreign country that entails the control of the operation or organization (Taiwo, Achugamonu, Okoye and Agwu, 2017).

IMPACT OF INSECURITY/HOSTAGE TAKING ON FOREIGN INVESTMENT

Foreign Investment (FI) is getting leaner, and international oil investors are diverting to cheaper/safer environments, thereby denying the Niger Delta the chance for more investments that can provide jobs and boost local economy. Analysts have identified insecurity in the Niger Delta and weak fiscal policy as key reasons why investors are beginning to leave for more stable business opportunities in Africa. An ominous sign for Nigeria’s production is slumping international investment. Foreign

investment, mostly in the petroleum sector, sank to \$5.85 billion last year from \$13.96 billion in 2006, according to a recent United Nations report (Swartz and Connors, 2010; Nwogwugwu, Alao and Egwuonwu, 2012).

As a result of the activities of militants in the Niger delta region, “SPDC retrenched 3,500 workers in September 2007” (Punch Newspapers, 2007). Indorama Petrochemical Company shut down its operations thereby rendering over 3, 000 youths jobless and aggravating the unemployment situation (Sunday Trust Newspaper, 2007). Restiveness has reduced growth in the business sector. As a consequence of militant activity Royal Dutch Shell has seen its production dropping from one million bpd to about 380,000 bpd at its Bonny terminal in the South of the Delta. Exxon has also experienced increased insurgent activity in its Nigerian operations. Nigeria is already suffering from production slow down due to militancy, currently the Niger Delta is only exporting 1.8 million bpd, compared with a targetted 2.2 million bpd.

In Rivers state, over 80% of the companies have stopped operations, as expatriates have either gone to their home countries or relocated to safer environments. The MTN had 43 base stations shut down as militant activities made them inaccessible (Punch Newspapers, 2007).

EFFECTS OF KIDNAPPING/HOSTAGE TAKING ON NIGERIA ECONOMY

Some recent studies have confirmed that, the control of kidnapping has been hindered by prolonged persistence of unemployment, worsening political instability, internal grievances, get rich quick syndrome, and perceived weakness of the state security (Ezeibe & Eze, 2012; Caplan, 2011).

Unemployment - The youth unemployment has been implicated as one of the strongest Impediments for the solution of kidnapping behaviour (Inyang, 2009 and Dode, 2007). In a study conducted by Adegoke (2015), unemployment was by a wide margin of 88% identified as the contributory factor for the youths engaging in kidnapping operation. To solve this problem, job creation must be in the frontline as some of the unemployed youths are university graduates and able-bodied individuals who are virtually frustrated with lack of employment opportunities. Inyang (2009) states that a graduate, who is unable to secure employment is bereft of possible means of economic survival. The aftermath of such deprivation is psychological developmental stage of negative behaviour against the status-quo and socio-system. The negative developmental behaviour emerges as resistant tool against the social norms that may demand individual social compliance of the normative rules of the society. Curing this social ill; would close down the social destructiveness that kidnappers are trapped (Inyang and Abraham, 2013). The perpetrators of kidnapping choose their victims based on their ability to cough out the money (Tzanelli, 2006). The problem of unemployment has become a national ‘thorn in the flesh’ in Nigeria. Ejimabo (2013) argues that “Nigeria needs problem-solving skills of leaders to help fight fraud and corruption in the country”, otherwise, issues such as job creation and worsening political crisis would continue to be impediments to the control of crimes and delinquencies in the country. Job creation, along with other economic incentives would magnetize the youths’ interest to abandon the illegal commercialization

of human commodity. Kidnapping has been commercialized, whereby, even the most revered clerics and clergies of religious bodies have fallen victims to the crime.

Worsening Political Instability - Kidnapping in Nigeria, before the oil exploration, has its origin within the village clans and village rivalries. The indigenous hate-rivalry was enough to capture human and carry the person away for humiliation and elimination. With the advent of civilian democracy, political undertone adopts the indigenous hate-system of 'capture and carry away'. During the political season, it is easy for an opponent to vanish without a trace. In this method of kidnapping, politicians are linked to this behaviour as unemployed youths are deployed as political thugs against their political opponents, and sometimes, they are empowered to kill their opponent (Effiong, 2009). Kidnapping is no longer focused on the oil companies alone, it has taken a broader tone as business enterprising, spreading from political opponents, rivalry revenges, hatred, business ventures, to ethnic disagreements in all corners of the country. Relatives of politicians are usually abducted for political motives. Sometimes, politicians under-mind the criminal law, indulge in 'do or die' political games in their local politics, provide arms and ammunitions to their political thugs, and eventually kidnap and destroy their political opponents in the process (Badiora, 2015; Effiong, 2009). Political kidnapping involves political concessions or demands that require government's attention (Uzorma & Nwanegbo-Ben, 2014). In fact, they mobilize political thugs with weaponry. The mobilization of political thugs with weapons during election process makes weapons available for further commission of other types of crime after the election. Ikpang (2009) states that such weapons are usually not withdrawn from their political thugs after the election, creating more impediment for the control of kidnapping behaviour. When criminals are armed with sophisticated assault weapons in society, removing them from their hands are obstructed.

Internal Grievances - The Nigerian communities are blessed with the abundance of mineral resources and crude oil reserves, especially in the Niger Delta Regions. The contemporary crime of kidnapping the expatriates and the staff of the oil companies slowly began with the communities' grievances against the Federal government and the oil companies for usurping their mineral resources without compensations. The oil companies such as the Exxon Mobile, Shell Exploration Company, Agip, and others, have tapped their resources, polluted their environments, and generally neglected their communities where those mineral reserves are located. The environmental degradation was quite obvious and offensive to the communities. This negligent behaviour ignited aggression against the oil companies and expatriates. The unemployed youths in the communities formed internal militant organizations as a means of drawing national and international attention to their demands for compensations. As a result, ethnic militias such as MEND was formed by the Ijaw Youth Council (IYC), Niger Delta Vigilante (NDV), the Bush Boys, the Dodan Barrack Group, the Ogoni Movement (MOSOP), and the Titanians sprang up soliciting for their rights and kidnapped the expatriates working at the oil wells. These organizations were made up of youths who were virtually unemployed, poor and frustrated with the system of government that exploits their resources, pollute their environment and leave their areas underdeveloped. The indigenes expected adequate compensations with infrastructural developments such as good roads,

hospitals, good schools, modern commercial trading centres, good drinking water, and even award scholarships to the indigenous sons and daughters for further studies as remuneration for the minerals extracted from their communities. The failures to reward those communities plus the stench from unemployment ignited and heightened the internal grievances against the Federal Government and the oil companies. The crime of kidnapping cannot be halted easily without meeting the demands of the kidnapers. The inability of the government and oil companies to meet the demands of the kidnapers has become a frustrating impediment to the solution of the crime of kidnapping in the nation. Because kidnapers owned the means of assessing their potential victim, they are also able to exert almost total control over social domain of the crime, the limitation of their victim and criminal justice system (Akanni, 2014; Ezeibe and Eze, 2012).

Poorly Developed Communication Networks – One of the prominent methods of locating abducted victims is through tower communication device. Idachaba (2011) states that “kidnapping in Nigeria is fuelled by the inability of security agencies to quickly identify the location of the kidnapped persons” (p.56). The inability of the law enforcement authorities to comprehend the complexity of the Global Positioning System (GPS) is a serious impediment to the control of kidnapping activities. According to Idachaba (2011), the GPS Module is configured as a data pusher in that it sends the position data of the tracked object through a GSM Network. This transmission is facilitated by the use of a GSM Modem and microcontroller. The module stores the location data and sends it at predetermined intervals. The complexity of the communication device is an impediment to the control of kidnapping in the nation.

Get Rich Quick Syndrome - In Nigeria society, some people just emerge rich anyhow without anybody asking question how such individuals got their money. In this contemporary society, everybody is a businessman; nobody questions the nature of the business or how some people acquire their wealth (Inyang, 2009). It is easy in Nigeria to see a poor young college dropout today build a ‘Ten Storey-Building’ without the government or private citizens questioning how such a youth made that kind of money. Therefore, the kidnapers are not afraid of demanding excessive ransom payment, knowing that nobody would dare-question its sources. In a comparative analysis, nations such as United States and United Kingdom would maintain registration of every building structure, and use internal revenue services (IRS) to police, track down individual incomes and investments to ensure accountability. If a poor college dropout buys an expensive vehicle in cash of \$10,000 and above in United States, such an individual would be interrogated by the internal revenue services to account for such cash payment. In fact, the inconsistency between economic transparency and accountability in normal government affairs and the desire to amass wealth among the general public contribute to the leverage among the kidnapers (Inyang, 2009). Therefore, lack of effective systematic model of checks and balances is a major impediment to the control of kidnapping behaviour in the country.

THEORETICAL FRAMEWORK

Renewed research interest in Foreign Investment (FI) stems from the change of perspectives among policy makers from “hostility” to “conscious encouragement,” especially among developing countries. Foreign Investment had, until recently, been seen as “parasitic” and retarding the development of domestic industries for export promotion. However, Bende-Nabende and Ford (1998) submits that the wide externalities in respect of technology transfer, the development of human capital and the opening up of the economy to international forces, among other factors, have served to change the former image. Caves (1996) observe that the rationale for increase efforts to attract more FI stems from the belief that FI has several positive effects. Among these are productivity gain, technology transfers, and the introduction of new processes, managerial skills and know-how in the domestic market, employee training, international production networks, and access to markets. Carkovic and Levine (2002) notes that the economic rationale for offering special incentives to attract FI frequently derives from the belief that foreign investment produces externalities in the form of technology transfers and spill-over. According to Althukorala (2003), FI provides much needed resources to developing countries such as capital, technology, managerial skills, entrepreneurial ability, brand and access to markets which are essential for developing countries to industrialize, develop, create jobs and attack the poverty situation in their countries. Dauda (2007) argues that FI is generally believed to propel economic growth in developing countries as it makes significant contributions to the host country’s development process especially through easing of the constraints of low levels of domestic savings and investment as well as foreign exchange shortages. He further argues that FI increases the GDP and generates a stream of real incomes in the host country. The increased productivity benefits local income groups through higher wages and expanded employment, lower product prices paid by consumers, rent to local resource owners, and high tax revenue or royalties to the government.

RESEARCH METHODOLOGY

The research design involves descriptive research design of the critical examination of effects of hostage taking on foreign investment in Nigeria. The study population involves all 248 staff of Federal Ministry of Finance, South West Regional Office, Nigeria. Simple random sampling which gives all respondents equal chance of being selected was employed. Therefore, 15% of the total population, which equals 37 staff, was selected for questionnaire purpose. Descriptive statistical package was employed analysing the data collected. Such parameter as means, frequency distribution tables, percentages and Chi-square were employed to show the significant effect of variables that will help to explain the effect of hostage taking on foreign investment in Nigeria.

DATA ANALYSIS

Effects of Hostage Taking on Foreign Investment in Nigeria

The tables below examine the Effect of Hostage Taking on Foreign Investment in Nigeria.

Table 1 Hostage Taking prevent foreign investor from investing in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	16	45.7	45.7	45.7
Valid Agree	15	42.9	42.9	88.6
Valid Disagree	4	11.4	11.4	100.0
Valid Total	35	100.0	100.0	

Source: Field Survey, September, 2017.

Table 1 above shows the analysis of hostage taking preventing foreign investor from investing in Nigeria. It shows that 88.6% of the respondent agreed that hostage taking prevent foreign investor from investing in Nigeria, while 11.4% of the respondents disagreed with the statement.

Table 2 Hostage Taking resulted in poor or low exportation of Nigeria Product

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	9	25.7	25.7	25.7
Valid Agree	20	57.1	57.1	82.9
Valid Disagree	6	17.1	17.1	100.0
Valid Total	35	100.0	100.0	

Source: Field Survey, September, 2017.

Table 2 above shows the analysis of hostage taking resulted in poor or low exportation of Nigeria product. The result shows that 82.8% of the respondents agreed that hostage taking resulted in poor or low exportation of Nigeria product, while 17.2% of the respondents disagreed with the statement.

Table 3 Hostage Taking has effect on exchange of technological knowledge with advanced nations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	6	17.1	17.1	17.1
Valid Agree	19	54.3	54.3	71.4
Valid Disagree	8	22.9	22.9	94.3
Valid Strongly Disagree	2	5.7	5.7	100.0
Valid Total	35	100.0	100.0	

Source: Field Survey, September 2017.

Table 3 above shows the analysis of Hostage Taking has effect on exchange of technological knowledge with advanced nations. It shows that 71.4% of the respondents

agreed that Hostage Taking has effect on exchange of technological knowledge with advanced nations, while 28.6% of the respondents disagreed with the statement.

Table 4 Hostage Taking resulted into poor revenue generation for the government at all levels

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	7	20.0	20.0	20.0
Agree	6	17.1	17.1	37.1
Valid Disagree	15	42.9	42.9	80.0
Strongly Disagree	7	20.0	20.0	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017.

Table 4 above shows the analysis of Hostage Taking resulted into poor revenue generation for the government at all levels. Again, 37.1% of the respondents agreed that Hostage Taking resulted into poor revenue generation for the government at all levels while 62.9% of the respondents disagreed with the statement.

Table 5 Hostage Taking affect development of Indigenous companies

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	2	5.7	5.7	5.7
Valid Agree	16	45.7	45.7	51.4
Disagree	17	48.6	48.6	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 5 above shows the analysis that Hostage Taking affect development of Indigenous companies. It shows that 51.4% of the respondents agreed that Hostage Taking affect development of Indigenous companies while 48.6% of the respondents disagreed with the statement.

Table 6 Hostage Taking resulted into increase in security budget at the expense of infrastructural development

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	8	22.9	22.9	22.9
Valid Agree	19	54.3	54.3	77.1
Disagree	2	5.7	5.7	82.9
Strongly Disagree	6	17.1	17.1	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 6 above shows the analysis of Hostage Taking resulted into increase in security budget at the expense of infrastructural development. Again, 77.2% of the respondents agreed that Hostage Taking resulted into increase in security budget at the

expense of infrastructural development, while 22.8% of the respondents disagreed with the statement.

Table 7 Hostage Taking has contributed to increase in unemployment

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	14	40.0	40.0	40.0
Agree	15	42.9	42.9	82.9
Valid Disagree	4	11.4	11.4	94.3
Strongly Disagree	2	5.7	5.7	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 7 above shows the analysis that Hostage Taking has contributed to increase in unemployment. It shows that 82.9% of the respondents agreed that Hostage Taking has contributed to increase in unemployment while 17.1% of the respondents disagreed with the statement.

Table 8 Hostage Taking has contributed to poor standard of living of Nigeria Populace

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	21	60.0	60.0	60.0
Valid Disagree	8	22.9	22.9	82.9
Strongly Disagree	6	17.1	17.1	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 8 above shows the analysis that Hostage Taking has contributed to poor standard of living of Nigeria Populace. It shows that 60.0% of the respondents agreed that Hostage Taking has contributed to poor standard of living of Nigeria Populace while 40.0% of the respondents disagreed with the statement.

Table 9 Hostage Taking has resulted into close down of foreign companies

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	7	20.0	20.0	20.0
Agree	19	54.3	54.3	74.3
Valid Disagree	7	20.0	20.0	94.3
Strongly Disagree	2	5.7	5.7	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

The table 9 above shows that Hostage Taking has resulted into close down of foreign companies. The result shows that 74.3% of the total respondents agreed that Hostage Taking has resulted into close down of foreign companies, while 25.7% of the total respondents were disagreed with the statement.

Table 10 Hostage Taking can be eliminated through Amnesty Programmes

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	8	22.9	22.9	22.9
Agree	12	34.3	34.3	57.1
Disagree	15	42.9	42.9	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 10 above shows that Hostage Taking can be eliminated through Amnesty Programmes. The result shows that 57.2% of the total respondents agreed that Hostage Taking can be eliminated through Amnesty Programmes, while 42.9% of the total respondents disagree with the statement.

Table 11 Quality and Affordable education will reduce or eliminate Hostage Taking

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	5.7	5.7	5.7
Agree	22	62.9	62.9	68.6
Disagree	8	22.9	22.9	91.4
Strongly Disagree	3	8.6	8.6	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 11 above shows the Quality and Affordable education will reduce or eliminate Hostage Taking. It shows that 68.6% of the total respondents agreed that Quality and Affordable education will reduce or eliminate Hostage Taking, while 31.4% of the total respondents disagree with the statement.

Table 12 Involvement of Traditional Rulers in Governance will eliminate Hostage Taking

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	5.7	5.7	5.7
Agree	22	62.9	62.9	68.6
Disagree	8	22.9	22.9	91.4
Strongly Disagree	3	8.6	8.6	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

The table 12 above shows that Involvement of Traditional Rulers in Governance will eliminate Hostage Taking. The result shows that 68.6% of the total respondents agreed that Involvement of Traditional Rulers in Governance will eliminate Hostage Taking, while 31.4% of the total respondents were disagreed with the statement.

;Table 13 Government Accountability will reduce Hostage Taking in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	14	40.0	40.0	40.0
Agree	14	40.0	40.0	80.0
Disagree	7	20.0	20.0	100.0
Total	35	100.0	100.0	

Source: Field Survey, September 2017

Table 13 above shows that Government Accountability will reduce Hostage Taking in Nigeria. The result shows that 80.0% of the total respondents agreed that Government Accountability will reduce Hostage Taking in Nigeria, while 20.0% of the total respondents disagree with the statement.

Table 14 Table of Variable

	SA	A	U	D	SD	Total
Variable 1	16	15	4	0	0	35
Variable 2	9	20	0	6	0	35
Variable 3	6	19	0	8	2	35
Variable 4	7	6	0	15	7	35
Total	38	60	4	29	9	140

Table 15 Chi-Square Analysis Table of Effects of Hostage taking on Foreign Investment

O	E	O-E	O-E) ²	O-E) ² /E
16	9.5	6.5	42.25	4.45
15	15	0	0.00	0.00
4	1	3	9.00	9.00
0	7.25	-7.25	52.56	7.25
0	2.25	-2.25	5.06	2.25
9	9.5	-0.5	0.25	0.03
20	15	5	25.00	1.67
0	1	-1	1.00	1.00
6	7.25	-1.25	1.56	0.22
0	2.25	-2.25	5.06	2.25
6	9.5	-3.5	12.25	1.29
19	15	4	16.00	1.07
0	1	-1	1.00	1.00
8	7.25	0.75	0.56	0.08
2	2.25	-0.25	0.06	0.03
7	9.5	-2.5	6.25	0.66
6	15	-9	81.00	5.40
0	1	-1	1.00	1.00
15	7.25	7.75	60.06	8.28
7	2.25	4.75	22.56	10.03

				56.94
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Source: Field Survey, 2017.

Level of Significance is 0.05

Summary of Chi-Square Analysis

$$\chi^2 = \sum \frac{(O-E)^2}{E} \text{ Therefore, } \chi^2 = 56.94$$

Decision Rule: Reject Null hypothesis if calculated χ^2 is greater than tabulated χ^2

The study attempted to validate the hypothesis that claim there is no significant effect of hostage taking on foreign investment in Nigeria. Since calculated $\chi^2_{cal} > \chi^2_{tab}$ ($\chi^2_{cal} = 56.94$, $\chi^2_{tab} = 16.92$ df=9). This further substantiates findings discovered to fulfilment of related research objective. Therefore, the study affirms that there is significant effect of hostage taking on foreign investment in Nigeria.

Discussion of Findings

The findings revealed that hostage taking which results from insecurity in the country have significant effect on the foreign investment in Nigeria. In the opinion of technocrats in the Ministry of Finance, it was unanimously agreed that if the foreign investment, which will improve the economic standard of this country, like other developing economy around the world, different mechanism must be put in place to prevent kidnapping of foreigner within the territory of Nigeria, to boost the confidence of investing in the country numerous opportunities.

CONCLUSION

Hostage taking has been a serious challenges affecting foreign investment in Nigeria, especially in the area of oil exploration in the Niger Delta. This has negatively affected the basis of evaluating economic development such as employment rate, standard of living, exchange rate, revenue generation of government at all levels and security challenges in the country. Hostage taking has resulted into foreigners' fear of coming to Nigeria for investment and resultant effect on the economic growth and development of the country. These problems must be addressed; if there will be improvement in the revenue generation of the government and security of the country.

Based on the foregoing assessment of effects of hostage taking on foreign investment in Nigeria, the following recommendations will be important in improving the negative effects of hostage taking on foreign investment in Nigeria.

Government should ensure strict sanction for any person found guilty of kidnapping or related act. There should be clear government policy on revenue sharing and revenue allocation to resources region. Government should improve on its accountability to ensure that all parties felt satisfied by the government actions. There should be quality and affordable education for all citizen to prevent people from partaking in hostage taking and kidnapping.

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