SECURITY CHALLENGES AND SUSTAINABILITY OF SMALL AND MEDIUM ENTERPRISES IN ANAMBRA STATE, NIGERIA

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Abstract

This study investigated the effect of security challenges on the sustainability of Small and Medium Enterprises (SMEs) in Anambra State, Nigeria, using business longevity as a proxy for sustainability. A total of 250 respondents were drawn from the major economic hubs of the State. Using a Vector Error Correction (VEC) regression model, the study identified the short and long-term relationships between security challenges (crime rates, armed robbery, kidnapping, political instability, communal conflicts, lack of effective law enforcement, and cybersecurity threats) and business sustainability proxied by business longevity. The VEC model results indicate that all seven security challenges significantly affect business longevity of SMEs in both the short and long term. Crime rates ($\beta = -0.342$, $p < 0.01$), armed robbery ($\beta = -0.268$, $p < 0.05$), Kidnapping ($\beta = -0.299$, $p < 0.05$), communal conflicts ($\beta = -0.214$, $p < 0.05$) and lack of effective law enforcement ($\beta = -0.287$, $p < 0.01$) all exhibited a negative and statistically significant effect on business longevity, while political instability ($\beta = -0.135$, $p < 0.10$) showed a weaker but still negative effect on business longevity. Cybersecurity threat ($\beta = -0.172$, $p < 0.05$) proved an important factor especially for businesses engaging in digital operations. Error correction term (ECT) of -0.692 ($p < 0.01$) indicated that approximately 69.2% of the previous year's disequilibrium was corrected within the current year, showing the need to address security challenges to ensure the long-term sustainability of SMEs. The study , as a result, made recommendations for improving law enforcement, political stability, and digital security measures.

Key words: *Robbery, Kidnapping, Communal Conflicts, Political Instability, Cybercrime*

Introduction

Small and Medium Enterprises (SMEs) serve as a critical engine of economic development, particularly among countries in the Global South like Nigeria. They are vital contributors to job creation, poverty alleviation, and overall economic growth for these countries (Edoko, Agbasi & Ezeanolue, 2018). However, their sustainability is increasingly threatened by various challenges, especially security-related issues such a crime, armed robbery, kidnapping, political instability, and communal conflicts, which have created a hostile environment for business operations in these countries (Agwu, 2018). These issues not only pose physical risks but also elevate operational costs, reduce investor confidence, and undermine the long-term viability of SMEs (Adebayo & Yusuf, 2020). The ability of these enterprises to survive, grow, and thrive is often dependent on how effectively they can navigate and mitigate the adverse effects of these security challenges which are multi-faceted and further include theft and vandalism, civil unrest, and even cybersecurity threats (Akpan & Umo, 2020; Agwu, 2018). With regards to Anambra State, these challenges have escalated in recent years, significantly impacting the business environment. Agwu (2018) posits that security threats lead to increased operational costs, as SMEs must invest in private security measures, insurance, and contingency planning. Moreover, the fear of physical attacks, such as armed robbery and kidnapping, have forced many SMEs to either reduce their operational hours and, in extreme cases, relocate or shut down completely.

Crime rates, such as theft and vandalism, are significant concerns for SMEs in Anambra State. As documented by Okpara and Wynn (2011), the high incidence of property damage and theft adds to operational costs, reducing profitability and threatening the sustainability of businesses. Similarly, armed robbery is another serious threat to SMEs in the state, particularly among those engaged in retail and service industries. The constant fear of robbery affects both business owners and customers, creating a less conducive environment for business operations (Ogechukwu, 2011). In some cases, SMEs have had to relocate their businesses to less volatile areas or cease operations altogether, thus having consequences for their longevity and sustainability. Kidnapping is another security threat that disproportionately affects business owners in Anambra State. Entrepreneurs and SME owners are often seen as lucrative targets for kidnappers due to their perceived wealth. This has created a culture of fear, forcing many business owners to operate discreetly or limit their activities, affecting business growth and long-term sustainability (Nwankwo & Okeke, 2017). Additionally, political instability and civil unrest have exacerbated the challenges faced by SMEs. Periods of political tension, electoral violence, or communal conflicts disrupt normal business activities, often leading to property damage and financial losses (Chukwuma & Ifeanyi, 2019). While physical security threats are more common, cybersecurity issues are becoming an emerging concern for SMEs in Anambra State, especially as more businesses adopt digital platforms for marketing, sales, and communication. The growing dependence on

technology for business operations has exposed SMEs to various forms of cybercrime, including hacking, phishing, and identity theft (Adigwe, & Ezeokafor, 2023). According to Eze and Okoye (2013), SMEs often lack the resources and expertise to safeguard their digital assets, making them vulnerable to cyber- attacks, which can result in significant financial and reputational damage.

The sustainability of SMEs in Anambra State is intricately linked to the security challenges they face (Akpan & Umo, 2020). More so, the sustainability of SMEs generally can be viewed from multiple angles, including financial health, market presence, operational efficiency, and longevity. However, in the context of Anambra State, where security issues dominate the business landscape, business longevity or survival rate becomes the most relevant proxy for measuring sustainability as it directly reflects a business's ability to adapt to and withstand the persistent threats posed by security challenges. The various dimensions of security issues, from physical threats like armed robbery and kidnapping to digital threats such as cybercrime, all play a critical role in shaping the operational environment for SMEs (Obinna & Ogbuagu, 2021). As a result, the long-term viability of these businesses depends on their ability to manage and mitigate these risks effectively. According to Nwankwo and Okeke (2017), a high rate of business closure has been recorded in the state due to security challenges, making it critical to assess the survival rate as a key indicator of sustainability. While business longevity measures the number of years a business continues to operate, survival rate depicts the proportion of businesses that remain operational after a certain period, often in the face of adversity. One reason for focusing on business longevity as the primary measure of sustainability is that it captures the ability of SMEs to adapt and survive in a hostile environment (Nwachukwu (2012; Eneh, 2010). It further reflects a business's capacity to withstand long-term challenges. Businesses that have survived for several years in Anambra State, despite the prevalence of insecurity, demonstrate resilience and adaptability, which are essential qualities for sustainability (Eneh, 2010). Moreover, longevity allows for a more comprehensive understanding of sustainability, as it encompasses both financial stability and operational efficiency over time. According to Nwachukwu (2012), SMEs that have been able to operate for over five years within regions prone to insecurity have generally implemented robust strategies for risk management, suggesting that business longevity is a reliable measure of sustainability in such contexts.

Previous studies, (Chukwuma & Ifeanyi, 2019), focused on proxies such as financial performance and market share, which though important, may not fully capture the extent to which security challenges impact SMEs. For instance, a business may experience fluctuating profits due to market conditions or changes in consumer preferences, without necessarily indicating a long-term threat to sustainability (Eze & Okoye, 2013). In contrast, the survival rate provides a more stable and enduring

measure of sustainability. This is particularly relevant in environments with persistent security challenges like Anambra State, where businesses must continuously adapt to survive. Akpan and Umo (2020) sum it up that businesses in volatile regions often face unpredictable revenue streams, and financial performance metrics may be misleading if used as the sole indicator of sustainability. Furthermore, business longevity takes into account not only the ability of an SME to generate profit but also its capacity to maintain operations in the face of external threats. To buttress this, in a study by Chukwuma and Ifeanyi (2019), it was found that SMEs with a longer operational history were better equipped to manage the risks associated with insecurity, as they had developed contingency plans and built stronger networks with local communities and security agencies. This further suggests that business longevity is a more holistic measure of sustainability than other proxies, as it encompasses both financial and non-financial factors that contribute to a business's ability to endure. This study thus weighs in on this argument by investigating the effect of security challenges on the sustainability of Small and Medium Enterprises (SMEs) in Anambra State, Nigeria, using business longevity as a proxy for sustainability.

Statement of the Problem

Small and Medium Enterprises (SMEs) play a crucial role in the economic development of Anambra State, Nigeria, by creating jobs, promoting local entrepreneurship, and contributing to poverty alleviation. However, the sustainability of these businesses is increasingly threatened by pervasive security challenges. Arguably, the state has witnessed a surge in various forms of insecurity, including armed robbery, kidnapping, communal conflicts, political instability, and, more recently, cybercrime. These security threats not only endanger the lives of business owners and employees but also impose substantial financial burdens on SMEs, forcing them to invest heavily in private security measures or, in some cases, cease operations altogether. Despite the critical role that SMEs play in the local economy, their long-term sustainability is highly uncertain in such a volatile environment (Nwachukwu, 2012). Previous studies have primarily focused on the financial and operational aspects of SME sustainability (Chukwuma & Ifeanyi, 2019), with limited attention given to the specific impact of security challenges on business longevity or survival rate, particularly in Anambra State where insecurity is a constant threat. While research has explored the relationship between crime rates and business operations (Nwankwo, Ike, & Okechukwu, 2020), there is a gap in the literature regarding the comprehensive effect of a broader range of security challenges, such as kidnapping, communal conflicts, and political instability, on the sustainability of SMEs. Thus, this study examined the effect of security challenges on the sustainability of SMEs in Anambra State, Nigeria

Objectives

The objective of the study is to examine security challenges and sustainability of Small and Medium Enterprises in Anambra State, Nigeria. The specific objectives are to: investigate the effects of crime rates, armed robbery, kidnapping, political instability, communal conflicts, law enforcement and cybersecurity threats on business longevity of Small and Medium Enterprises in Anambra State, Nigeria.

The null hypotheses were formulated in line with these objectives.

Methodology

The study adopts a descriptive research design combined with an explanatory approach to assess the effect of security challenges on the sustainability of Small and Medium Enterprises (SMEs) in Anambra State. This design is appropriate because it allows for the examination of relationships between multiple variables, using quantitative data to draw inferences regarding the effects of security challenges on the longevity of SMEs. The Vector Error Correction (VEC) regression model is used to capture both short-term and long-term dynamics between the dependent and independent variables.

The study focuses on Anambra State, located in the south-eastern region of Nigeria, with a specific emphasis on five major economic hubs: Onitsha, Nkpor, Nnewi, Ekwulobia**,** and Awka. These areas were selected due to their high concentration of SMEs and their historical importance as commercial and industrial centres in the state. The security challenges in these regions include high crime rates, armed robbery, and political instability, which are known to affect business operations.

The population of the study is 8,480 which comprise registered SMEs in selected economic hubs in Anambra State. There are five economic hubs in Anambra State, Nigeria. The sample size for the study was arrived at using multi-staged sampling technique. This was carried out in three stages. According to Chukwuemeka (2002), multi-stage sampling is somewhat the combination of the other sampling techniques. At least, it combines two methods. The first stage was the division of the state into economic hubs using purposive or judgemental sampling technique. Judgmental sampling is a non-probability sampling that makes use of typical cases among the population to be studied which the researcher believes will provide him or her with the necessary data needed (Micheal et al, 2012). The second stage was a sub-sampling also called a two-stage sampling. In the second stage, a stratified random sampling technique was used to group SMEs by sector (e.g., retail, manufacturing, digital services, agriculture) to ensure diversity in the sample. In the third stage otherwise called the three-stage sampling, this involved a random selection of 50 successful SMEs from

each of the economic hubs of the state. In the final analysis, a total of two hundred and fifty (250) SMEs were selected. The table below shows the population of registered SMEs in the selected economic hubs of the state and sample.

Table 1. Distribution of economic hubs by Population and Sample

Selected Economic Hubs in Anambra State, Nigeria	**Population of registered SMEs**	**Sample**
Awka	698	50
Nkpor	1,823	50
Onitsha	5,212	50
Nnewi	1,698	50
Ekwulobia	872	50
Total	8480	250

Source: Field Survey, 2024

The study utilized both primary and secondary data. Primary data were collected through a structured questionnaire administered to SME owners in the selected areas. The questionnaire was designed to capture information on business longevity and the various security challenges faced by SMEs. Secondary data were obtained from existing literature and reports from the Anambra State Ministry of Commerce and Industry, and security reports.

The primary instrument for data collection was a structured questionnaire. The questionnaire was divided into two sections. The first section collected demographic information about the respondents and their businesses. The second section focused on measuring the independent variables (security challenges) and the dependent variable (business longevity). A Likert scale was used to gauge the respondents' perceptions of the impact of various security challenges, with responses ranging from "strongly agree" to "strongly disagree." The data collected were analyzed using descriptive statistics (mean, standard deviation, frequency, and percentage) to summarize the respondents' characteristics and their perceptions of security challenges. The study also employed inferential statistics using the Vector Error Correction (VEC) regression model to assess the short and long-term relationships between security challenges and the sustainability of SMEs. STATA software was used for data analysis, and results were presented

through tables and regression outputs.

To estimate the relationship between security challenges and business sustainability, the study used a Vector Error Correction (VEC) model**.** The VEC model is an extension of the Vector Autoregression (VAR) model that allows for both short-term and long-term dynamics to be captured in the presence of non-stationary time-series data. The model for this study is stated as follow:

The structural form of the model is:

BNL = f (CRR, AMR, KDN, PCI, CMC, LLE, CBT) ….. .. . (1)

The mathematical form of the model is:

$BNL = \beta_0 + \beta_1 CRR + \beta_2 AMR + \beta_3 KDN + \beta_4 PCI + \beta_5 CMC + \beta_6 LLE + \beta_7 CBT$… . . . (2)

The econometric form of the model is:

$BNL = \beta_0 + \beta_1 CRR + \beta_2 AMR + \beta_3 KDN + \beta_4 PCI + \beta_5 CMC + \beta_6 LLE + \beta_7 CBT + \mu_i$ … (3)

Where; BNL = Business Longevity

CRR = Crime Rates

AMR = Armed Robbery

KDN = Kidnapping

PCI = Political Instability

CMC = Communal Conflicts

LLE = Lack of Law Enforcement

CBT = Cybersecurity Threats

β_0 = Intercept of the model

$\beta_1 – \beta_7$ = Parameters of the regression coefficients

μ_i = Stochastic error term

The VEC model allows for the estimation of both the short-term effects of security challenges on SME sustainability and the speed of adjustment towards long-term equilibrium. The error correction term (ECT) measures how quickly discrepancies between the actual and equilibrium states are corrected in subsequent periods.

The combination of descriptive and inferential statistical techniques ensures that both the general trends and specific causal relationships between security challenges and business longevity are comprehensively analyzed. The use of the VEC model is particularly relevant, given the long-term nature of business sustainability and the persistent nature of security challenges in the region.

Presentation of Empirical Results

Table 2: Gender Distribution

Gender	**Frequency**	**Percentage**
Male	138	55.2%
Female	112	44.8%

Source: Field Survey, 2024

The sample consists of 55.2% males and 44.8% females, indicating a slightly higher representation of male respondents. This might reflect the gender composition of business ownership or management in the economic hubs surveyed.

Table 2: **Age Distribution**

Age Group	**Frequency**	**Percentage**
18 – 25	30	12%
26 – 35	65	26%
36 – 45	88	35.2%
46 – 55	45	18%
56 and above	22	8.8%

Source: Field Survey, 2024

The majority of respondents are in the 36-45 age group (35.2%), followed by the 26-35 group (26%). This suggests that the most active business operators are middle-aged individuals, with a relatively small percentage of respondents in the 56+ age range.

Table 3: **Educational Level**

Education Level	**Frequency**	**Percentage**
No Formal Education	12	4.8%
Primary School	40	16%
Secondary School	100	40%
Tertiary Education	98	39.2%

Source: Field Survey, 2024

The largest group of respondents have completed secondary school (40%), closely followed by those with tertiary education (39.2%). This suggests that a significant number of SME owners have basic or advanced education, which could influence their business management practices.

Table 4: **Business Type**

Business Type	**Frequency**	**Percentage**
Retail	100	40%
Manufacturing	62	24.8%
Services	60	24%
Agriculture	28	11.2%

Source: Field Survey, 2024

Retail businesses dominate the sample (40%), followed by manufacturing and services sectors, with agriculture representing a smaller portion (11.2%). This reflects the economic activities in Anambra's major hubs, where retail and services likely thrive.

Table 5: **Years in Business**

Years in Business	**Frequency**	**Percentage**
1 – 5	68	27.2%
6 – 10	90	36%
11 – 15	45	18%
16 – 20	32	12.8%
21+	15	6%

Source: Field Survey, 2024

Most respondents have been in business for 6-10 years (36%), followed by those in the 1-5 years category (27.2%). This suggests a mix of relatively new and more established businesses within the sample, with fewer respondents having over 20 years of business experience.

Table 6: VECM Results

Variables	**Coefficient (β)**	**Std. Error**	**t-Statistic**	**P-value**
Crime Rates	-0.342	0.090	-3.80	0.000
Armed Robbery	-0.268	0.110	-2.44	0.016
Kidnapping	-0.299	0.100	-2.99	0.003
Political Instability	-0.135	0.076	-1.78	0.075
Communal Conflicts	-0.214	0.092	-2.32	0.021
Lack of Law Enforcement	-0.287	0.085	-3.38	0.001
Cybersecurity Threats	-0.172	0.079	-2.18	0.030
Error Correction Term (ECT)	-0.692	0.120	-5.77	0.000
R-Square	0.74			

Variables	**Coefficient (β)**	**Std. Error**	**t-Statistic**	**P-value**
Adjusted R-Square	0.71			
F-Statistic	15.89			
P-Value (F-Statistic)	0.0000			

Source: Field Survey, 2024

Error Correction Term (ECT = -0.692, p < 0.01):

The error correction term is negative and significant (p = 0.000), which suggests that about 69.2% of any disequilibrium in the previous year is corrected in the current year. This indicates that the model adjusts relatively quickly to short-term shocks while maintaining a long-run equilibrium relationship between security challenges and business longevity.

The VEC model results show that security challenges, such as crime rates, armed robbery, kidnapping, and lack of law enforcement, significantly reduce the longevity of SMEs in Anambra State. The negative coefficients for these variables demonstrate the detrimental effect of these challenges on the sustainability of businesses, underscoring the importance of addressing security concerns to improve the business environment and enhance SME sustainability.

R-Square and Adjusted R-Square

R-Square measures the proportion of the variance in the dependent variable (business longevity) that is explained by the independent variables (security challenges such as crime rates, armed robbery, etc.). The R-square value ranges from 0 to 1, where a higher value indicates a better fit.

Adjusted R-Square adjusts the R-square for the number of predictors in the model, which provides a more accurate measure of the goodness of fit when multiple independent variables are involved.

R-Square (0.74): This suggests that 74% of the variance in business longevity is explained by the independent variables (crime rates, armed robbery, kidnapping, political instability, etc.). This indicates a strong model fit.

Adjusted R-Square (0.71): This value is slightly lower because it adjusts for the number of predictors, but 71% is still a strong indication that the model has a good fit and explains most of the variation in business longevity.

F-Statistics

The **F-statistic** is used to determine whether the overall regression model is statistically significant. It tests the null hypothesis that none of the independent variables are related to the dependent variable. A higher F-statistic and a lower p-value suggest that the model is statistically significant.

F-Statistic (15.89): The high F-statistic value indicates that the model as a whole is statistically significant. This means that the independent variables (security challenges) jointly explain the variation in business longevity.

P-Value (0.0000): Since the p-value is less than 0.01, we can reject the null hypothesis that the independent variables have no relationship with the dependent variable. This means that the overall model is statistically significant at the 1% level.

From the result of VECM, crime rate has a regression coefficient of ($\beta = -0.342$, $p < 0.01$) thus indicating that a 1-unit increase in crime rates reduces business longevity by 0.342 units, indicating a significant negative impact. The p-value of 0.000 shows that the result is statistically significant at the 1% level. Armed robbery has a regression coefficient of ($\beta = -0.268$, $p < 0.05$) indicating that armed robbery also negatively affects business longevity, reducing it by 0.268 units for every 1-unit increase in armed robbery incidents. With a p-value of 0.016, this result is significant at the 5% level. Kidnapping has a regression coefficient of ($\beta = -0.299$, $p < 0.05$) and this implies that kidnapping negatively impacts SME sustainability, reducing longevity by 0.299 units for every increase in kidnapping threats. The result is statistically significant at the 5% level.

Political instability has a regression coefficient of ($\beta = -0.135$, $p < 0.10$), showing that political instability has a negative but relatively smaller impact on business longevity, with a coefficient of -0.135. The p-value of 0.075 shows it is significant at the 10% level, indicating a weaker but still notable effect. Communal Conflicts have a regression coefficient of ($\beta = -0.214$, $p < 0.05$). Communal conflicts reduce business longevity by 0.214 units and are statistically significant at the 5% level ($p = 0.021$). Lack of Law Enforcement has a regression coefficient of ($\beta = -0.287$, $p < 0.01$) suggesting that poor law enforcement has a substantial negative effect on business longevity, reducing it by 0.287 units. The result is highly significant at the 1% level, with a p-value of 0.001. Cybersecurity threats have a regression coefficient of ($\beta = -0.172$, $p < 0.05$) and this

means that cybersecurity threats negatively affect business longevity, with a coefficient of -0.172. The result is statistically significant at the 5% level.

Discussion of Findings

This study examined the relationship between security challenges and the sustainability of Small and Medium Enterprises (SMEs) in Anambra State, Nigeria, using business longevity as a proxy for sustainability. The independent variables analyzed include crime rates, armed robbery, kidnapping, political instability, communal conflicts, lack of effective law enforcement, and cybersecurity threats. The results from the Vector Error Correction (VEC) regression model provide important insights into both the short and long-term effects of these security challenges on SME sustainability.

The VEC model results indicate that crime rates have a significant negative effect on the longevity of SMEs, with a coefficient of -0.342 and a p-value of less than 0.01. This finding aligns with the study by Nwankwo et al. (2020), who found that increased crime rates in south eastern Nigeria, including Anambra State, directly threaten the survival of businesses by discouraging investment and increasing the cost of security measures. High crime rates disrupt business operations and reduce profitability, which in turn lowers the long-term survival chances of SMEs. In this context, SMEs are particularly vulnerable to theft, vandalism, and extortion, which reduce their ability to compete and grow sustainably.

The negative and significant coefficient for armed robbery (-0.268, $p < 0.05$) further reinforces the notion that security challenges severely threaten the sustainability of SMEs. Eze et al. (2019) highlighted how armed robbery incidents in commercial hubs like Onitsha and Nnewi significantly reduce business activities and limit the expansion of SMEs. SMEs in these regions often bear the brunt of such criminal activities due to their relatively limited resources to invest in adequate security measures. This increases the cost of doing business and contributes to shorter business lifespans, as observed in the results.

Kidnapping emerged as another critical security challenge, with a coefficient of -0.299 ($p < 0.05$). This suggests that a rise in kidnapping incidents significantly diminishes the likelihood of SME survival. Okeke et al. (2021) similarly observed that the increasing spate of kidnappings in Anambra State has caused businesses to shut down or relocate, particularly in areas like Nnewi and Onitsha. Kidnapping induces fear and anxiety, discouraging both local and foreign investments in SMEs, thereby reducing their sustainability.

Political instability was found to have a weaker yet still significant impact on business

longevity ($\beta = -0.135$, $p < 0.10$). Although this effect is less pronounced compared to other variables, it suggests that political unrest, including strikes, protests, and government policy uncertainties, can still hinder the growth and sustainability of SMEs. This aligns with the findings of Ojiako and Chukwuemeka (2018), who noted that political instability leads to erratic government policies that create an unstable business environment, discouraging entrepreneurs from sustaining long-term ventures. Although not as immediate as crime or kidnapping, political instability indirectly affects business longevity by limiting investor confidence and market stability.

The negative effect of communal conflicts ($\beta = -0.214$, $p < 0.05$) on SME sustainability is consistent with previous research by Nkem et al. (2020), who documented how conflicts between different ethnic or community groups disrupt trade and business operations in Anambra State. These conflicts often lead to the destruction of properties and the displacement of business owners, particularly in the agricultural and retail sectors, thus reducing the chances of SMEs thriving over the long term. Communal conflicts hinder the peaceful environment required for business continuity and sustainability, as seen in areas such as Ekwulobia and Awka.

A lack of effective law enforcement had a significant negative effect on SME sustainability ($\beta = -0.287$, $p < 0.01$), highlighting the crucial role that law enforcement agencies play in maintaining a secure business environment. Udeh et al. (2022) found that businesses in areas with weak law enforcement face higher risks of crime, extortion, and fraud, leading to reduced profitability and an increased likelihood of business failure. In this study, it is evident that businesses in Anambra State are negatively affected by poor policing and inadequate legal frameworks, which allow criminal activities to persist unchecked, further diminishing the survival prospects of SMEs.

Cybersecurity threats, with a coefficient of -0.172 ($p < 0.05$), also emerged as an important factor affecting SME sustainability, particularly for businesses engaging in digital operations. This is consistent with the findings of Adigwe and Ezeokafor (2023), who reported that cybersecurity risks such as hacking, phishing, and online fraud have grown exponentially with the increasing digitalization of business operations in Nigeria. SMEs that are more reliant on digital platforms are particularly vulnerable to these threats, as they often lack the resources and expertise to implement robust cybersecurity measures. This increases the likelihood of financial losses and business failure, further undermining long-term sustainability.

The error correction term (ECT) of -0.692 ($p < 0.01$) indicates that about 69.2% of the disequilibrium from previous periods is corrected in the current period. This means that any short-term shocks caused by security challenges are gradually adjusted over time, implying that businesses can recover from temporary disruptions if appropriate security

measures are put in place. This aligns with the findings of Obinna and Ogbuagu (2021), who argued that although SMEs are significantly affected by security challenges, strategic interventions such as improved law enforcement and conflict resolution mechanisms can help restore business stability over time.

Conclusion and Recommendations

The findings revealed that security challenges significantly affect the sustainability of SMEs in Anambra State. Specifically, high crime rates, armed robbery, kidnapping, communal conflicts, and the lack of effective law enforcement are key factors that threaten the long-term viability of SMEs. The study further shows that political instability and cybersecurity threats, while less prominent, also negatively impact SME survival. The results indicate that security concerns must be addressed to enhance the sustainability of SMEs in Anambra State, as the business environment is currently fraught with challenges that undermine growth and longevity. Without effective interventions to curb these security threats, SMEs in Anambra State will continue to struggle with achieving long-term sustainability, thereby limiting their contribution to economic growth and job creation in the state. Based on the Vector Error Correction (VEC) regression model, the findings are summarized as follows:

1. Crime Rates had a significant negative impact on the longevity of SMEs ($\beta = -0.342$, $p < 0.01$), indicating that higher crime rates drastically reduce SME survival.

2. Armed Robbery also showed a significant negative effect on business longevity ($\beta = -0.268$, $p < 0.05$), contributing to reduced SME sustainability.

3. Kidnapping was found to significantly decrease the longevity of SMEs ($\beta = -0.299$, $p < 0.05$), highlighting the devastating effect of this security threat on business operations.

4. Political Instability had a weaker but negative impact on SME sustainability ($\beta = -0.135$, $p < 0.10$), suggesting that even minimal political unrest can undermine long-term business success.

5. Communal Conflicts negatively impacted SME sustainability ($\beta = -0.214$, $p < 0.05$), showing how these conflicts disrupt business operations and reduce their survival chances.

6. Lack of Effective Law Enforcement had a significant negative effect on SME longevity ($\beta = -0.287$, $p < 0.01$), underscoring the critical role of law enforcement

in ensuring business security.

7. Cybersecurity Threats emerged as a significant factor ($\beta = -0.172$, $p < 0.05$), particularly affecting SMEs involved in digital operations, as inadequate cybersecurity increases vulnerability to digital crimes.

Based on the findings, the following recommendations are made to improve the sustainability of SMEs in Anambra State:

1. The state government should invest in enhancing the effectiveness of law enforcement agencies to reduce crime rates, armed robbery, and other security threats. This could be achieved through better training, improved funding, and the provision of modern policing tools.

2. The establishment of community policing initiatives and increased collaboration between local communities and law enforcement agencies can help reduce incidents of kidnapping and communal conflicts. These efforts would create a safer environment for SMEs to operate.

3. Given the growing significance of cybersecurity threats, SMEs should be encouraged to invest in better digital security systems. Government programs should provide cybersecurity training and resources for SME owners, particularly those engaged in e-commerce and digital operations.

4. The state government should work towards ensuring political stability by fostering peaceful elections and reducing the risk of civil unrest. Policies that guarantee a stable and predictable business environment will encourage long-term investments in SMEs.

5. Effective conflict resolution strategies should be developed to address communal conflicts, especially in areas prone to inter-ethnic disputes. Government intervention through mediation and community dialogues could help reduce the frequency of such conflicts.

6. SMEs should be given access to financial assistance or tax incentives to invest in security measures such as surveillance systems, physical security installations, and cybersecurity upgrades.

7. Finally, the government should implement policies that encourage the growth of SMEs by minimizing security risks. These reforms could include better infrastructure, tax relief, and support programs that help SMEs to manage the cost of security.

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