

Socio-Economic Effects of Terrorism in Developing Countries: A Case of Kenya

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ABSTRACT

Developing countries across the world have in the recent past become popular targets for terrorists and this has negatively impacted the performance of their social and economic development efforts. Based on its nature, terrorism is currently mainly categorized under international terrorism, domestic terrorism and transnational terrorism. Some of the causes of terrorism in developing countries include oppression from the ruling governments, ideological differences which include religious differences, poverty, as well as porous geographical borders which contribute to the growth of international terrorism. This paper will thus conceptualize the effects of terrorism in relation to social and economic growth in developing countries such as Nigeria, Somalia, Mali, Tanzania and Uganda, with specific reference to Kenya as the case study. Kenya has experienced sporadic terrorist attacks since the 1980s to date (January 2024) and these attacks have so far caused effects on the social and economic developments of Kenya as a developing country. This paper will highlight the types and causes of terrorism in Kenya and expound further on the effects of terrorism on social and economic developments in Kenya. This paper will be underpinned by the Henry Tajfel's social identity theory of intergroup behaviour and discussed further under the theoretical framework.

Keywords: Terrorism, social-economic effects, developing, Kenya.

BACKGROUND TO THE STUDY

There is no universally accepted definition of the word terrorism and it currently lacks the precision and certainty demanded by legal discourse.¹ Several scholars have however made attempts in defining terrorism.² Godwin J. F defines terrorism as the unlawful use of violence systematically organized to achieve political, social and economic gains.³ Alexandra, Carlton & Wilkinson refer to terrorism as the premeditated, systematic or use of violence by subnational

¹ Schmid, Alex, P., *The Definition of Terrorism: The Routledge Handbook of Terrorism Research*, 2011, available at https://www.researchgate.net/publication/254230486_Alex_P_Schmid_Ed_The_Routledge_Handbook_of_Terrorism_Research, accessed on November 16, 2023.

² Ban Saul, *Defining Terrorism to Protect Human Rights*", in Sydney Law School Legal Studies Research Paper, No. 08-125 (2008), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1292059, accessed on November 16, 2023.

³ Goodwin Jeff, *A Theory of Categorical Terrorism. Social Forces*, Vol 84, No.4, June 2006, available at <https://www.jstor.org/stable/3844488?seq=1>, accessed on November 16, 2023.

groups to achieve a political, religious, or ideological objective through intimidation of a large gathering.⁴

The United Nations defined terrorism as the act of destroying and injuring civilian lives or the act of damaging civilian or government property without the chartered provision of a country thus by individuals or groups independently or government on their own accord and belief in their attempt to effect some political change.⁵ Terrorism in the United States of America is defined in Title 22 Chapter 38 U.S Code §2656f as a premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents.⁶

The Prevention of Terrorism Act, Kenya, no 30 of 2012 defines terrorism as an act or threat of action which, among others, involves the use of violence against a person, or endangers the life of a person, other than the person committing the action.⁷ The Social Identity Theory propounded by Tajfel and Turner has also played a key role in defining terrorism. The theory proposes that individuals experience collective identity based on their membership in a group such as racial and ethnic identities.⁸

The history of modern terrorism began with the French Revolution where rulers of the revolutionary state used violence to compel obedience to the state.⁹ Terrorism has since then evolved with September 11, 2011¹⁰ (herein referred to as 9/11) terrorist attack in the United States being the bedrock for modern terrorism.¹¹ The 9/11 attacks were a series of four coordinated terrorist attacks by the Islamic terrorist group known as Al-Qaeda.¹² The attacks led to 2,977 fatalities, over 25,000 injuries and at least 10 billion USD in infrastructure and

⁴ Alexander Yonah, David Carlton, and Paul Wilkinson; *Terrorism: Theory & Practice*; Boulder, Colo, Westview Press, 1979.

⁵ United Nations Resolution 58/81 adopted by the General Assembly on 9th December 2003, available at <https://undocs.org/pdf?symbol=en/A/RES/58/81>, accessed on November 16, 2023.

⁶ United States Code 22. §2656f. *Annual Country Reports on Terrorism*; available at <https://www.law.cornell.edu/uscode/text/22/2656f>, accessed on November 16, 2023.

⁷ Article 1, Prevention of Terrorism Act, Kenya, Act no. 30 of 2012.

⁸ Tajfel H, Turner John (1986), "*The Social Identity Theory of Intergroup behaviour*"; Science Direct, available at <https://www.sciencedirect.com/topics/psychology/social-identity-theory#:~:text=Social%20identity%20theory%20proposed%20by, racial%2Fethnic%20and%20gender%20identities.>, accessed on November 17, 2023.

⁹ Verena Erlenbusch, *Terrorism and Revolutionary Violence: The Emergence of Terrorism in the French Revolution*, available at,

https://www.researchgate.net/publication/279244229_Terrorism_and_revolutionary_violence_the_emergence_of_terrorism_in_the_French_Revolution, accessed on November 17, 2023.

¹⁰ Stacy Reiter Neal; "*Business as Usual? Leveraging the Private Sector to Combat Terrorism*", Perspectives on Terrorism Volume 2 NO. 3, February 2008, Terrorism Research Initiative, available at https://www.jstor.org/stable/26298336?seq=1#metadata_info_tab_contents, accessed on November 17, 2023.

¹¹ Ibid

¹² Pamela Engel & Ellen Loanes, *What Happened on 9/11, 18 years ago?* Business Insider, September 10, 2019, available at <https://www.businessinsider.com/what-happened-on-911-why-2016-9?r=US&IR=T>, accessed on November 17, 2023.

property damage.¹³ It has also been reported that an additional number of people have died of dust-related cancer and respiratory diseases after the attack.¹⁴

It is worth noting that a majority of developing countries, such as Cameroon, Chad, Nigeria, Somalia and Kenya, have faced terrorist attacks. The existence of such terrorist attacks continues to be a threat to human life and property and generally a threat to social and economic developments. Terrorism knows no boundaries and it has systematically evolved from old modes of terrorism to new modes of terrorism as opined by Neumann Peter.¹⁵ This is further evidenced by the current Israel-Hamas war, which is likely to cause terrorist repercussions beyond the region.¹⁶

LITERATURE REVIEW

Terrorism has systematically evolved from old modes of terrorism to new modes of terrorism as pointed out by Neumann Peter.¹⁷ The evolution of terrorism has caused terrorist attacks in many developing countries including Kenya. The main terrorist organizations in Africa are the Al Shabab based in Kenya and Somalia and the Boko Haram based in Nigeria.¹⁸ Other terror groups include AL-Qaeda in Islamic Maghreb (AQIM) in Mali, Ansar-Al Sharia in Libya and Tunisia, the Hamas Jihadists as well as the Movement for Monotheism and Jihad in Mali.¹⁹

Boko Haram is a fundamentalist Islamist group whose main objective is the formation of an Islamic caliphate and harsh enforcement of Sharia laws in Nigeria²⁰ and other countries across Africa such as Chad, Cameroon and Niger.²¹ Al Shabab is a fundamentalist Wahabbi Sunni Islamist terror group established in Somalia in 2006 and it is allied to Al-Qaeda.²² Its main

¹³ Institute for the Analysis of Global Security, *how much did the September 11th terrorist attack cost America?* available at <http://www.iags.org/costof911.html>, accessed on November 17, 2023.

¹⁴ Ibid

¹⁵ Neumann Peter, R. 2009 "Old and New Terrorism" available at <https://www.wiley.com/en-us/Old+and+New+Terrorism-p-9780745643755>, accessed on November 17, 2023.

¹⁶ Brian Michael Jenkins, "The Israel-Hamas War has upended the Terrorist Matrix" available at <https://www.rand.org/pubs/commentary/2023/11/the-israel-hamas-war-has-upended-the-terrorist-threat.html>, accessed on November 22, 2023.

¹⁷ Neumann Peter, R. 2009 "Old and New Terrorism" available at <https://www.wiley.com/en-us/Old+and+New+Terrorism-p-9780745643755>, accessed on November 17, 2023.

¹⁸ Adewunmi Falode, *Terrorism 4.0: A Global and Structural Analysis*, December 2018, available at <https://www.degruyter.com/view/journals/openps/1/1/article-p153.xml>, accessed on November 17, 2023

¹⁹ Ibid

²⁰ Akinola Ojo, *Nigeria's Trouble North: Interrogating the Drivers of Public Support for Boko Haram*; International Centre for Counter-Terrorism (ICCT), October 2013, available at www.icct.nl/download/file/ICCT_olojo-Nigerians-Troubled-North-october-2013.pdf, accessed on November 17, 2023.

²¹ Kyari Mohammed, *The Message and Methods of Boko Haram in Boko Haram: Islamism, Politics, Security and the State in Nigeria*; Netherlands: African Studies Centre, 2014, available at <https://openaccess.leidenuniv.nl/bitstream/handle/1887/23853/ASC-075287668-3441-01.pdf>, accessed on November 17, 2023.

²² Abdurahman Aynte Ali, *The Anatomy of Al-Shabaab, "Terrorism Research and Analysis Consortium "(TRAC)*, available at https://www.trackingterrorism.org/sites/default/files/chatter/TheAnatomyOfAlShabaab_0.pdf, accessed on November 17, 2023.

objective is to create an Islamist state in Somalia that will be governed by harsh Sharia laws.²³ Kenya has been a victim of various attacks attributed to terrorism and these terrorist attacks are often traced to the 1980s when the Jewish-owned Norfolk hotel in Nairobi was bombed, killing 20 people and severely wounding 87 more people.²⁴ The attack was revenge by a Palestinian Baader-Mincho terror group to the Kenyan government for the role that it played in supporting the evacuation of Israel hostages kidnapped by Baader-Mincho in Entebbe, Uganda.²⁵ The Norfolk hotel bombing was followed closely by the bombing of the United States of America Embassy in Nairobi in 1998 by the Al-Qaeda terror group.²⁶ 213 people died as a result of the bombing and an estimated 4000 persons were severely injured.²⁷

Recent terrorist attacks in Kenya have been made by the Al Shabab terror group which operates across East Africa. The Kenyan military joined the Somali army in 2011 in a coordinated operation against the Al Shabab and the Al Shabab retaliated by attacking different parts of Kenya.²⁸ The United States Embassy reported that there were at least 17 attacks by the Al Shabab in Kenya between 2011 and 2012. These attacks occurred in North Eastern Kenya, Nairobi and Mombasa. The attacks involved the use of explosive devices and grenades. In September 2013, the Al Shabaab terror group attacked Nairobi's WestgateShopping Mall using firearms and hand grenades.²⁹ The terrorists held many customers at the mall hostage and the attack lasted for four days.³⁰ At least 68 people were killed and over 200people were severely injured³¹

²³ Hussein Solomon, *Terrorism and Counter-Terrorism in Africa: Fighting Insurgency from Al Shabaab*, Ansar Dine and Boko Haram, London: Palgrave Macmillan, 2015, page 39-58.

²⁴ Aronson Samuel; *Kenya and The Global War on Terror*, African Journal of Criminology and Justice Studies, November 2013, available at

https://web.archive.org/web/20140104212625/http://www.umes.edu/cms300uploadedFiles/AJCS/Volume_7_Isue_1_and_2/VOL7.1%20ARONSON%20FINAL.pdf, accessed on November 17, 2023

²⁵ Ochieng Ahaya & Georgine Anyang, *Terrorism in Kenya since 190s: A Historical Lens Perspective*, September 2018, available at

https://www.researchgate.net/publication/329737790_Terrorism_In_Kenya_Since_1990s_A_Historical_Lens_Perspective, accessed on November 17, 2023.

²⁶ International Security: United States Embassy Bombings; August 5, 2007, available at

https://web.archive.org/web/20070805035833/http://usinfo.state.gov/is/international_security/terrorism/embassy_bombings.html, accessed on November 17, 2023.

²⁷ PBS, *Frontline: The Trail of Evidence-FBI Executive Summary*, Aug 7, 1998, available at

<https://www.pbs.org/wgbh/pages/frontline/shows/binladen/bombings/summary.html>, accessed on November 17, 2023.

²⁸ Government of Kenya, Ministry of Foreign Affairs, *Joint Communique- Operation Linda Nchi*, available at http://www.mfa.go.ke/?option=com_content&view=article&id=399:joint-communique&catid=35:news, accessed on November 19, 2023.

²⁹ Bp Staff, *Terrorist Attack in Kenyan Mall leaves over 60 dead*, September 2013, available at

<https://news.biharprabha.com/2013/09/terrorist-attack-in-kenya-mall-leaves-over-30-dead/>, accessed on November 19, 2023.

³⁰ Ibid

³¹ Ibid

In June 2014, the Al Shabab launched attacks in the Mpeketoni area of Lamu County, Kenya.³² 50 masked gunmen hijacked a van and raided a police station in the mainly Christian town of Mpeketoni. The gunmen also burned down hotels, restaurants and government offices.³³ At least 60 people were killed, and several others were severely injured.³⁴

In April 2015, the Al Shabab terror group stormed Garissa University College killed about 150 people, and injured several others.³⁵ The group took 700 students hostage and several students are still unaccounted for up to date.³⁶ The attack is reported to be the second deadliest terrorist attack in Kenya after the 1998 United States embassy bombing.³⁷ In January 2019, Al Shabab militia attacked the DusitD2 complex at 14 Riverside Drive in Nairobi.³⁸ The attack resulted in the death of 21 people and several others were injured.³⁹

On January 5th 2020, there was a terrorist attack at the Manda Bay Airfield, Kenya which is Kenya Defense Forces Military base used by the United States Army to provide training and counterterrorism support to East African Partners and also protect the interests of the United States in the East African region.⁴⁰ On 31st January 2023, the Al Shabaab terror group attacked passengers in a public vehicle in Mandera County and 7 people died as a result of the attack.⁴¹

THEORETICAL FRAMEWORK

This paper will be backed up by Henri Tajfel's Social Identity Theory. This theory suggests that individuals experience collective identity following their memberships in a group.⁴² These groups include religious, ethnic, racial and gender. The theory points out the targets that motivate terrorists to commit terrorist activities across the world. Such targets include human abductions as a tool for terrorists to pass their message. Tajfel's social identity theory closely resembles the paranoia psychological theory on terrorism by David. M. Terman. The

³² Reuters, *Unidentified gunmen hit hotels, petrol station, police station at Kenya's coast: police*, June 15, 2014, available at <https://www.reuters.com/article/uk-kenya-attacks/unidentified-gunmen-hit-hotels-petrol-police-station-at-kenyas-coast-police-idUSKBN0EQ15120140615>, accessed on November 19, 2023.

³³ Ibid

³⁴ Ibid

³⁵ BBC News, *Kenya Al-Shabaab Attack: Security Questions as Dead Mourned*, April 4, 2015, available at <https://www.bbc.com/news/world-africa-32177123>, accessed on November 19, 2023.

³⁶ Ibid

³⁷ Ibid

³⁸ Aljazeera, *Gunmen Storm Nairobi Hotel Complex*, January 16, 2019, available at <https://www.aljazeera.com/news/2019/01/explosions-gunfire-heard-kenyan-capital-nairobi-190115130845511.html>, accessed on November 19, 2023.

³⁹ Daily nation, *Anatomy of Terrorist Attack on DusitD2 Hotel*, January 2019, available at <https://www.nation.co.ke/news/Anatomy-of-terrorist-attack-on-DusitD2-hotel/1056-4938626-12wpaun/index.html>, accessed on November 19, 2023

⁴⁰ Rewards for Justice, *"Attack on Manda Bay Airfield, Kenya"*, available at <https://rewardsforjustice.net/rewards/attack-on-manda-bay-airfield-kenya/>, accessed on November 20, 2023.

⁴¹ U.S. Department of State, *"Country Reports on Terrorism 2022: Kenya"*, available at <https://www.state.gov/reports/country-reports-on-terrorism-2022/kenya>, accessed on November 20, 2023.

⁴² Srividya Chantrey, *"Social Identity and Social Cognitive Theory, Laboratory Experiments in the Social Sciences (second edition) 2014*, available at <https://www.sciencedirect.com/topics/psychology/social-identity-theory#:~:text=Social%20identity%20theory%20proposed%20by, racial%20ethnic%20and%20gender%20identities>, accessed on November 20, 2023

psychological theory on terrorism points out an individual mindset in a group of people compared to others, whereby the general group focuses on achieving good values, but some individuals are centered on fragile behaviours, which pave the way for terrorist activities.⁴³ Henri Tajfel's social identity theory has been identified to underpin this paper based on its integral social concept and human behaviour in relation to terrorism and intergroup behaviour.

TYPES OF TERRORISM

There are three main categories of terrorism, which include international terrorism, domestic terrorism and transnational terrorism. International terrorism is a type of terrorism which extends beyond the national boundaries of a country. The extension includes the target audience of the terrorist attack.⁴⁴ International terrorism takes different forms such as airplane hijackings, abductions as well as assassinations. An example of an international terrorist attack is the 9/11 terrorist attack in the United States of America.

Domestic terrorism is a type of terrorism that occurs within a state and is perpetrated by its nationals. Enders opines that domestic terrorism is homegrown since the target, venue and perpetrators are from the same country.⁴⁵

Transnational terrorism occurs when the terrorists and victims are from two or more countries.⁴⁶ Examples of this type of terrorist attacks are the numerous terrorist attacks by Somalia based Al Shabaab in Kenyan soil. It is worth noting that these types of terrorism may take the form of either new terrorism, state terrorism, religion-based terrorism or political terrorism.

CAUSES OF TERRORISM

The rise of terrorism over the years has drawn the attention of academia to the threat of terrorism and many scholars have struggled over the years to find the root causes of terrorism.⁴⁷ Jessica Stern opines that several factors increase the probability of major terrorist attacks, the most important factor being the emergence of a new breed of terrorists, such as violent right-wing terrorists.⁴⁸ Martha Crenshaw opines that political, social, economic, religious and technological factors are widely viewed as factors causing and spreading

⁴³ David. M. Terman, "Theories of Group Psychology, Paranoia and Rage", March 2010, DOI:10.1093/acprof:oso/9780195379655.003.0002, available at https://www.researchgate.net/publication/295102791_Theories_of_Group_Psychology_Paranoia_and_Rage, accessed on November 20 2023.

⁴⁴ Security Service MI5, Introduction to International Terrorism, available at <https://www.mi5.gov.uk/international-terrorism#:~:text=International%20terrorism%20refers%20to%20terrorism,from%20which%20the%20terrorists%20operate.>, accessed on November 19, 2023.

⁴⁵ Enders, Walter; Todd Sandler; Khusrav Gaibulloev (2011). "Domestic versus Transnational Terrorism: Data, Decomposition, and Dynamics". *Journal of Peace Research*, available at <https://journals.sagepub.com/doi/10.1177/0022343311398926>, accessed on November 19, 2023

⁴⁶ Enders Walter, Todd Sandler, Daniel G, "Transnational Terrorism", *The Rusi Journal*, March 2008, available at https://www.researchgate.net/publication/228835011_Transnational_terrorism, accessed on November 19, 2023.

⁴⁷ Dr. Spyridon, *The Root Causes of Terrorism: Ideas, Ego & Protest*, available at, https://www.academia.edu/33967869/Causes_of_Terrorism, accessed on November 21, 2023.

⁴⁸ Jessica Stern, "The Ultimate Terrorist" The Harvard University Press, 1999, available at <https://www.hup.harvard.edu/books/9780674003941>, accessed on November 19, 2023.

terrorism across the world.⁴⁹ Dawson, Gupta, Kisku and Sing all opine that terrorism, based on its nature, be it revolutionary or sub-revolutionary, is linked to categories of terrorism such as international terrorism.⁵⁰ The following are the main causes of terrorism in both developed and developing countries;

Poverty as a Cause of Terrorism

Poverty is a factor that creates a conducive environment for the growth of terrorism in Kenya and many other countries.⁵¹ It destabilizes the economic environment of a country and economically disadvantaged persons are easily recruited into terrorist groups with the hope of earning good money from undertaking terrorist activities.⁵² This was confirmed to be a big cause of terrorism in Kenya after a member of the Al Shabab terrorist group informed a BBC journalist that he joined the terror group just because of lucrative payment.⁵³ A study carried out by the United Nations Development Programme showed that a majority of current and former recruits of extremist groups mentioned poverty and unemployment as their main reason for joining terrorist groups.⁵⁴ The survey also showed that poverty is synonymous with countries that are affected by terrorism and violent extremism.⁵⁵

Terrorism as a Result of Reaction to Oppression

Oppression results from actions which infringe on the rights and freedoms of individuals. These individuals in return commit terrorist acts in the name of justice.⁵⁶ An example of such kind of terrorism occurred in South Africa during the Apartheid regime when terrorist activities occurred during the African National Congress in protest of the Apartheid against the native majority in the country.⁵⁷

⁴⁹ Martha Crenshaw, 'The Causes of Terrorism', Vol.13 NO.4, July 1981, available at <https://www.jstor.org/stable/421717>, accessed on November 19, 2023.

⁵⁰ Maurice Dawson, Dakshina Kisku, Phalguni Gupta, Jamuna Sing, " Developing Next-Generation Countermeasures for Homeland Security Threat Prevention" September 2016, First Edition, available at https://www.researchgate.net/publication/303804653_Developing_Next-Generation_Countermeasures_for_Homeland_Security_Threat_Prevention, accessed on November 21, 2023.

⁵¹ Ambassador David Shinn; Poverty and Terrorism in Africa: The Debate Continues; Georgetown Journal of International Affairs; Vol 2, available at <https://www.jstor.org/stable/pdf/26396167.pdf?refreqid=excelsior%3A3eda2b16da0f883681123ec6dd221807>, accessed on November 21, 2023

⁵² Ibid

⁵³ Mark Lowen, BBC News Nairobi, Kenya Al-Shabab terror recruits 'in it' for the money, available at <https://www.bbc.com/news/world-africa-25934109>, accessed on November 21, 2023.

⁵⁴ Siddharth Chatterjee, (Resident Coordinator of the United Nations and UNDP Resident Representative in Kenya), Driven to extremes- Poverty fuels violent extremism, available at <https://www.ke.undp.org/content/kenya/en/home/blog/2017/10/17/Driven-to-extremes-Poverty-fuels-violent-extremism.html>, accessed on November 21, 2023

⁵⁵ Ibid

⁵⁶ Robert M. Lobato, Miguel Moya, Manuel Moyano and Humberto M. Trujillo, *From Oppression to Violence: The Role of Oppression, Radicalism, Identity and Cultural Intelligence in Violent Disinhibition*, August 20, 2018, available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6109790/>, accessed on November 22, 2023.

⁵⁷ Morgan Norval, *Inside the ANC: The Evolution of a Terrorist Organization* (Washington D.C.: Selous Foundation Press, 1990).

Terrorism as a Result of Religious Fundamentalism

Douglas Pratt argues that religious fundamentalism denotes a shift in thinking from the relative harmlessness of an otherwise quaint, ultra-religious belief system to the readiness to pursue aggressive imposition, and in some cases terrorist activity.⁵⁸ Terrorist organizations inspired by their religion commit terrorist attacks in the name of their faith and religious beliefs such as martyrdom.⁵⁹ Religious terrorism has for a long time been identified with Islam.

Terrorism as a Result of Political Radicalism

Political radicalism is a common cause of terrorism and terrorists seeking political relevance perform terrorist activities with the intention of compelling state authorities to implement their revolutionary ideas or satisfy their political demands.⁶⁰ An example of such a radical group is Al Shabab, engaged in political radicalization.

Nationalism

Nationalism has for a long time been considered a major cause of terrorism and it plays an essential role in leading terrorist groups.⁶¹ Nationalist terrorists tend to seek self-determination and they usually oppose what they consider to be illegitimate powers. Other nationalist groups view immigration as a threat to the native population and they use violence against immigrants. An example of such a nationalist terror group is the Balochistan Liberation Army operating in Pakistan.

SOCIAL AND ECONOMIC EFFECTS OF TERRORISM IN KENYA AND OTHER DEVELOPING COUNTRIES

Economic Effect of Terrorism in Kenya

The preamble of the Algiers Convention of 1999 emphasized on the economic consequences of terrorism for the African continent in the following statement; "terrorism entails serious violation of human rights and impedes socio-economic development through destabilization of states."⁶² Scholars such as Cilliers (2003) have emphasized that the common denominator in terrorism remains the intimidation of a particular target community or undermining/damaging of a particular economic-political system.⁶³ Additionally, Levitsky (2002) argues that the new war should be seen in five interconnected battlefields: diplomatic political, economic-financial, law enforcement, intelligence and military, thus confirming that terrorism does have economic consequences.

⁵⁸ Douglas Pratt, *Terrorism & Religious Fundamentalism Prospects for a Predictive Paradigm*, January 2006, available at https://www.researchgate.net/publication/33050992_Terrorism_and_Religious_Fundamentalism_Prospects_for_a_Predictive_Paradigm, accessed on November 22, 2023.

⁵⁹ Dominic Janes and Alex Houen, *Martyrdom and Terrorism: Pre-modern to Contemporary Perspectives*; Oxford University Press, 2014.

⁶⁰ Clark McCauley & Sophia Moskalenko, *Mechanism of Political Radicalization: Pathway Toward Terrorism*, July 2008, available at https://www.researchgate.net/publication/248947872_Mechanisms_of_Political_Radicalization_Pathways_Toward_Terrorism, accessed on November 22, 2023.

⁶¹ Ekaterina Stepanova; *Terrorism in Asymmetrical Conflict, Ideological & Structured Aspects*, SIRI Research Report, NO. 23, 2008, available at <https://www.sipri.org/sites/default/files/files/RR/SIPRIRR23.pdf>, accessed on November 22, 2023.

⁶² Organization of African Union Convention on the Prevention and Combating of Terrorism, 1999.

⁶³ Cilliers J, *Terrorism and Africa*, January 2003.

Terrorism is a substantial phenomenon in examining the growth of international business in both developed and developing countries across the world. Many governments have come up with counter-terrorism measures after the 9/11 terrorist attack on the World Trade Centre. For instance, the United States of America established the Department of Homeland Security.⁶⁴ Several other governments across the world followed suit by creating measures to combat terrorism.

Terrorism in the international business environment was given low attention prior to the 9/11 terror attack. Studies have shown that fewer than 50% of multinational corporations had formal programs to address terrorist attacks.⁶⁵ Studies have also shown that prior to the 9/11 terror attack, 30% of the largest corporations in the United States of America had no plans for unexpected disasters such as terrorism.⁶⁶

The situation has however changed after the 9/11 terror attack and a survey of global CEOs conducted by the PricewaterhouseCoopers in 2008 revealed that 36% of the respondents identified terrorism as one of the main threats facing international business development in both developed and developing countries.

Investors tend to invest in different locations so as to get different advantages from host countries which will enable their investments to operate successfully. There are several factors which lead firms and investors to expand and invest abroad and create foreign investments. These factors include the availability of infrastructure, availability of domestic markets to sell goods, levels of taxation, availability of raw materials, availability of cheap labour, ease of doing business, favourable climatic conditions as well as high security standards. Individual investors and multinational corporations look for the perfect combination of these factors whenever they want to invest in a foreign state. They also consider the purchasing power of the market as well as the easy access to other markets in addition to cheap cost of labour and attributes of the workforce such as skill and educational levels.⁶¹

The following are the main economic effects of terrorism in Kenya:

Decline in Foreign Direct Investment:

Foreign Direct Investment is among the major sources of foreign capital and economic growth in Kenya and other developing countries.⁶⁷ Terrorism on the other hand is considered as a threat to the flow of FDI in developing countries. For example, a company based in Germany may find a location in Kenya to be attractive for setting up a processing plant because of the availability of cheap and well-trained labour in Kenya. However, if Kenya is also a potential

⁶⁴ Subhash C. Jain & Robert Grosse, *Impact of Terrorism and Security Measures on Global Business Transactions: Some International Business Guidelines*, December 2008, available at <https://www.tandfonline.com/doi/abs/10.1080/15475770802698540>, accessed on November 25, 2023.

⁶⁵ Harvey M.G, *A Survey of Corporate Programs for Managing Terrorist threats*, *Journal of International Business Studies*, 24(3), 340-352.

⁶⁶ Rothfeder, J, *Analysis: Risk management. CIO Insight*, 2-5, November 2001.

⁶⁷ Subhayu Bandyopadhyay and Jared Younas, *Terrorism: A Threat to Foreign Direct Investment*, October 2014, available at <https://www.stlouisfed.org/publications/regional-economist/october-2014/terrorism-a-threat-to-foreign-direct-investment>, accessed on November 25, 2023.

location for insecurity and terrorism, the company will be forced to weigh the benefits of lower wage costs against the possibility of loss of the processing plant, manpower and equipment from terrorist attacks.⁶⁸ Terrorism prompts large outflow of capital in affected countries and once a developing country is viewed as a terrorist target, the said developing country reduces its levels of FDI.⁶⁹ Thus, high cases of terrorism tend to reduce the willingness of investors to invest in a country affected by terrorism.⁷⁰

In the 1960s and 1970s, Kenya was a top choice for foreign investors seeking to establish a presence in East Africa.⁷¹ The situation however changed in the 1980s after the country began to experience several terrorist attacks and it has been an under-performer in attracting FDI compared to its peers in the East Africa Community.⁷² The deterioration in economic performance together with rising problems of terrorism, crime, insecurity and high cost of borrowing generated a long period of low FDI inflow through the 1980s.⁷³

A study by Wesley and Lumumba (2013) on the effects of terrorism on the Nairobi Securities Exchange (NSE) showed that terrorist activities significantly lowered stock returns at the Nairobi Securities Exchange market on the day of the terrorist attack occurrence.⁷⁴

Wesley and Lumumba further concluded that terrorism has a negative effect on Kenya's stock market as it negatively affects transaction processing in the marketplace and slows down the buying and selling of securities by creating fear as well as destroying infrastructural facilities.⁷⁵

A study conducted by economists Subhayu and Javed focusing on 78 developing countries showed that both domestic and transnational terrorism negatively affected FDI in developing countries.⁷⁶ They also found that a one standard deviation increase in incidents of domestic terrorism per 100,000 people reduced net FDI between about \$324 million and \$513 million for the average sample country, with a GDP totaling to \$70 billion.⁷⁷ A one standard deviation increase in incidents of transnational terrorists per 100,000 people reduced net FDI between about \$296 million and \$736 million at the same level of GDP⁷⁸

⁶⁸ Ibid

⁶⁹ Daniel Wagner, *The Impact of Terrorism on Foreign Direct Investment*, February 2006, available at <https://www.irmi.com/articles/expert-commentary/the-impact-of-terrorism-on-foreign-direct-investment>, accessed on November 25, 2023.

⁷⁰ Abadie, Alberto; and Gardeazabal, Javier. "Terrorism and the World Economy," *European Economic Review*, January 2008, Vol. 52, No. 1.

⁷¹ Solomon Kinyanjui, *The Impact of Terrorism on Foreign Direct Investment in Kenya*, November 2014, available at <http://www.sciedu.ca/journal/index.php/ijba/article/view/4772>, accessed on November 25, 2023.

⁷² Ibid

⁷³ Ibid.

⁷⁴ Wesley, K. K., Lumumba, B. L., (2013). "The Effect of Terrorism on Kenya's Securities Market: The Case of The Nairobi Securities Exchange," *OSREA Journal*, 3(3): 66-111.

⁷⁵ Wesley, K. K., Lumumba, B. L., (2013). "The Effect of Terrorism on Kenya's Securities Market: The Case of The Nairobi Securities Exchange," *OSREA Journal*, 3(3): 66-111.

⁷⁶ Bandyopadhyay, Subhayu; Sandler, Todd; and Younas, Javed. "Foreign Direct Investment, Aid, and Terrorism," *Oxford Economic Papers*, January 2014, Vol. 66, No.1. s

⁷⁷ Ibid

⁷⁸ Ibid

Interruptions in International Supply Chains:

Terrorism causes interruptions in international supply chains and eventually results in delays or shortages of products.⁷⁹ It creates barriers to the free flow of goods, affecting the potential success of economic growth.⁸⁰ Studies have shown that supply chain risk can derive from many different sources and affect different parts of the supply chain.⁸¹ Suggestions have also been made for a framework for positioning supply chain risks in three dimensions. These dimensions include a unit of analysis (from the single logistics activities to the whole supply network), type of risk (operating accidents, and risk handling focus (this includes risk analysis, risk assessment and risk management)⁸²

Decline in Buyer Demand:

Terrorism in most cases leads to a decline in buyer demand due to the fear and panic following a terrorist attack.⁸³ An example of such an effect was experienced in the United States of America after 9/11 where psychological response led to a great decline in buyer behavior in the market.⁸⁴ Terrorism thus generally negatively affects financial markets and affects income and consumption.⁸⁵

Increased International Business Transaction Costs:

Terrorism results in an increase in the cost of international business in affected countries. This occurs mostly when firms try to put in measures to combat terrorism and also comply with government requirements regarding the security of commercial activities.⁸⁶ It leads to increased costs of traded goods similar to those produced in a country that is not faced with terrorism.⁸⁷ Terrorism also increases the cost of doing business by raising insurance premiums and security costs, which decreases the competitiveness of goods.⁸⁸ A study by Wesley and Lumumba (2013) on the effects of terrorism on Nairobi Securities Exchange (NSE) found that terrorist activities lowered stock returns at the Nairobi Securities Exchange market on the day of the terrorist attack occurrence. Wesley and Lumumba further concluded that terrorism has

⁷⁹ Michael R., Gary A., Peter W. & John Steen, *Positioning Terrorism in Management and Marketing: Research Propositions*, Journal of International Management, September 2005,

⁸⁰ Ibid

⁸¹ Yossi Sheffi & James B. Rice, *A Supply Chain View of the Resilient Enterprise*, October 15, 2005, available at <https://sloanreview.mit.edu/article/a-supply-chain-view-of-the-resilient-enterprise/>, accessed on March 8, 2020.

⁸² Charles Briggs, Chris Enyinda & Alphonso Ogbuehi, *Global Supply Chain Risks Management: A new Battleground for Gaining Competitive Advantage*, January 2008, available at https://www.researchgate.net/publication/228349231_Global_Supply_Chain_Risks_Management_A_New_Battleground_for_Gaining_Competitive_Advantage, accessed on November 28, 2023.

⁸³ Eckstein & Tsiddon, *Macroeconomic Consequences of Terror: Theory and Case of Israel*, 2004, available at <https://ideas.repec.org/a/eee/moneco/v51y2004i5p971-1002.html>, accessed on November 28, 2023.

⁸⁴ Ibid

⁸⁵ Ibid

⁸⁶ Valbona Zeneli, Michael R. & Gary Knight, *Terrorism, Competitiveness and International Marketing: An Empirical Investigation*, International Journal of Emerging Markets, April 16, 2018, available at <https://www.emerald.com/insight/content/doi/10.1108/IJoEM-03-2016-0065/full/html?skipTracking=true>, accessed on November 28, 2023.

⁸⁷ Ibid

⁸⁸ Ibid

a negative effect on Kenya's stock market as it negatively affects transaction processing in the marketplace and slows down the buying and selling of securities by instilling fear as well as destroying infrastructural facilities.⁸⁹

Effect on Public Spending:

Terrorist attacks have in most cases led to large public spending of funds by governments. Governments tend to focus on counter-terrorism mechanisms and invest heavily in such mechanisms at the expense of economic growth. Terrorist attacks lower the efficiency of tax administration and this distorts the composition of public spending and increases government spending.

Additionally, terrorism has led to a reallocation of government resources from growth-enhancing investment to spending designed to increase national security in Kenya. According to the national budget of 2017/2018, the Kenyan government has over the recent years significantly increased spending on the security sector to over US\$1.3 billion per year compared to US\$0.6 billion to the health sector. On the contrary, with the supply-induced demand of the spending on security, the government is diverting spending from productive investment designed to promote growth, eliminate poverty and sustain tourism development to security, as shown by the increased expenditures on high-tech security equipment such as security surveillance cameras, metal detectors and screening machines that were procured to combat the threats of terrorism and violent extremism.⁹⁰ Terrorism thus diverts government expenditures from more productive investments to less productive security activities.

Impact of Terrorism on the Tourism Industry:

International tourism is the main foreign exchange earner in Kenya and the promotion of international tourism is regarded as an essential part of economic development strategy in Kenya and other African countries.⁹¹ Other benefits that Kenya reaps from the tourism industry include tax revenues and employment opportunities.⁹²

Scholars agree that terrorists have much to gain by targeting tourists and terrorism that targets tourism can be disastrous and the consequent events can result in a serious economic and tourism crisis.⁹³ An example of such a consequence is the likelihood of tourists changing their destination plans following travel advisories issued by their governments.⁹⁴ Studies have shown that in the 8 years after 9/11, terrorist attacks on hotels around the world increased from 30 to 62 and the number of different countries affected rose from 15 to 20.⁹⁵

⁸⁹ Wesley K. K, Lumumba, B.L, *The effect of Terrorism on Kenya's Securities Market: The Case of the Nairobi Securities Exchange*, OSERA Journal.

⁹⁰ Ibid

⁹¹ Akinboade, O. A. & Braimoh, L.A (2010), *International Tourism and Economic Development in South Africa: A Granger Casualty Test*, International Journal of Tourism Research, vol 12.

⁹² Brian Masinde, Steven Buigut & Joseph Mung'atu, *Modelling the Temporal Effect of Terrorism on Tourism in Kenya*, November 2016.

⁹³ Sonmez S. F, Yiorgos, A. & Tarlow P., *Terrorism in Crisis: Managing the Effects of Terrorism*, Journal of Travel Research, 1999.

⁹⁴ Ibid

⁹⁵ Wernick D. & Von Glinow, *Terror incognito: International Business in an era of Heightened geopolitical risk; 2006*.

Kenya has experienced over an average of 80 terrorist attacks since the year 2011. The high-profile attacks include the Westgate shopping mall attack, the Garissa University attack, and the DusitD2 luxury complex attack among others.⁹⁶ These attacks have led to negative impacts such as low tourism demand and changes in travel destinations in the tourism industry. These impacts have been further discussed by scholars such as Witt and Moore.⁹⁷ Seddighi et al. (2001) and Stafford et al. (2002) have also stated that the effects of terrorist attacks may cause political instability, which eventually leads to the decline of tourist arrivals in some tourist destinations.

Buigut and Amendah (2015) show that terrorism has indeed significantly affected tourist arrivals and earnings in Kenya. Their findings show that a 1% increase in fatalities decreases the arrivals of tourists by about 0.132% which suggests an annual loss of about Ksh157.1 million in tourism revenues per unit increase in fatality for the country.⁹⁸ They further illustrated that Kenya marked its biggest decrease in tourism in the years 2013/14 and this had a ripple effect on all sectors of the economy. Kenya's tourist reputation was bad and that led to the loss of its tourism clientele and other investments by multinational corporations.

Kenya was indeed no longer an option to be considered for vacation or investment. The tourism sector which employs over 500,000 staff ranging from tour operators, tour guides, travel agencies, safari drivers, dancers, hoteliers, restaurants, and small business operators to airports and airline personnel was badly affected and there was a significant increase in unemployment cases as many Kenyans lost their jobs.⁹⁹

Effects on Agriculture and Consumption:

Kenya and a majority of developing countries rely on agriculture for both commercial and consumption purposes. Terrorist attacks against agricultural production systems tend to slow down the national economy of states. Studies have shown that many developing countries get into contracts with developed countries on matters related to agricultural supply. A good example of this is the production of tea in Kenya which is exported to many developed countries across Europe. Terrorist attacks in Kenya have slowed down the production and supply of tea in a country that is already struggling economically, hence hindering economic development. Terrorist activities in Nigeria perpetrated by Boko Haram have also negatively affected all the agricultural activities in the region. This has negatively affected cross-border trade with Cameroon, Chad and Niger and severely reduced international business development in the region.

Hindrance in the Achievement of Vision 2030 goals in Kenya:

Vision 2030 blueprint aims to create a universally prosperous and competitive country with a high quality of life by the year 2030.¹⁰⁰ Kenya's Vision 2030 aims to transform Kenya into an

⁹⁶ Steven Buigut, *How Kenya's tourism industry has felt the impact of terrorist attacks*, January 22, 2019.

⁹⁷ Sevilla F. Sonmez, *Tourism, Terrorism and Political Instability*, April 2, 1998, available at <https://www.sciencedirect.com/science/article/abs/pii/S0160738397000935>, accessed on November 28, 2023.

⁹⁸ Steven Buigut, *Effect of Terrorism on Demand for Tourism in Kenya: A Comparative analysis*, November 2015.

⁹⁹ Steven Buigut, *Effect of Terrorism on Demand for Tourism in Kenya: A Comparative analysis*, November 2015.

¹⁰⁰ Kenya Vision 2030, "About Vision 2030", available at <https://vision2030.go.ke/about-vision-2030/>, accessed on December 1, 2023.

enterprising middle-income state which provides a high quality of life in addition to a clean and safe environment to all its citizens. Terrorist attacks hinder the government's progress of Vision 2030.

Social Effects of Terrorism in Kenya

Effect on the Normal Cycle of Social Life:

Terrorism attacks disrupt the normal cycle of life and in most instances, it results in loss of life and severe body injuries. An example of such attacks is the terrorist attack at Nairobi's Westgate shopping Mall on 21st September 2013, where the Al-Shabaab terrorist group attacked customers shopping at the mall and at least 67 people were killed.¹⁰¹ In April 2015, Garissa University College was attacked by gunmen killing almost 150 people and leaving many others critically injured.¹⁰² Nairobi's DusitD2 Complex was attacked on 15th January 2019 and the terrorist killed 21 people and injured several others.¹⁰³ Another terrorist attack which also marks an important history of terrorism in Kenya is the terrorist attack on the United States of America embassy in Nairobi on 7th August 1998. Over 200 people were killed and thousands of other people were badly injured.¹⁰⁴ Terrorist attacks have also caused long term trauma to victims of the attacks as well as their families. Many survivors of terrorist attacks live in fear of suffering another terrorist attack.

Internal Displacement of Persons:

Many local residents have been displaced internally following terrorist attacks. Some of the attacks that have led to the internal displacement of persons include the March 2011 terrorist attacks in Mandera town, which resulted from a fight between the Kenya Defence Forces and the Al-shabaab terror group who had illegally crossed the border to commit terrorist attacks in Mandera town.¹⁰⁵ Several residents fled their hometown of Mandera and were left with nowhere to go.

Inconsistency in Achieving Sustainable Development Goals:

Sustainable development goals are 17 world development goals created by the United Nations in 2016.¹⁰⁶ The sustainable development goals aim to provide peace and prosperity, for people and the planet, now and in the future. Consistent terrorist attacks hinder the achievement of

¹⁰¹ BBC News, 'Kenya's Westgate shopping mall reopens after tragedy', July 18, 2015, available at <https://www.bbc.com/news/world-africa-33578890>, accessed on November 30, 2023.

¹⁰² BBC News, "Kenya attack: 147 dead in Garissa University Assault", April 3, 2015, available at <https://www.bbc.com/news/world-africa-32169080>, accessed on December 1, 2023.

¹⁰³ John Kamau, "Anatomy of terrorist attack on DusitD2 hotel", January 16, 2019, available at <https://nation.africa/kenya/news/Anatomy-of-terrorist-attack-on-DusitD2-hotel/1056-4938626-12wpaun/index.html>, accessed on December 1, 2023.

¹⁰⁴ National Museum of American Diplomacy, "The August 7, 1998, East Africa Embassy Bombings", August 3, 2023, available at <https://diplomacy.state.gov/the-august-7-1998-east-africa-embassy-bombings/>, accessed on December 1, 2023.

¹⁰⁵ Norwegian Refugee Council/Internal Displacement Monitoring Centre (NRC/IDMC), Global Overview 2011: People internally displaced by conflict and violence- Kenya, April 19, 2012, available at <https://www.refworld.org/docid/4f97fb5e2d.html>, accessed on December 1, 2023.

¹⁰⁶ The 17 Goals, United Nations, Department of Economic and Social Affairs, available at <https://sdgs.un.org/goals>, accessed on December 1, 2023.

sustainable development goals since the attacks result in loss of life and properties which contribute to social and economic developments in both developed and developing countries.

COUNTERTERRORISM

There exist several legislations governing counterterrorism in Kenya. In 2012, the Prevention of Terrorism Act was enacted so as to provide an effective legal framework regarding counterterrorism. The Prevention of Terrorism Act established the National Counter-Terrorism Centre, which is responsible for coordinating national counterterrorism efforts to detect, deter and disrupt terrorist activities.¹⁰⁷

RECOMMENDATIONS

It is evident from the study that terrorism is a major global threat to international business development as well as the social and economic development of developing countries. Terrorism will unfortunately continue to be a major threat to social and economic development in developing countries unless further measures are put in place to balance both the prevention of terrorism and the development of international business.

The author recommends the government of Kenya and other developing countries to delve deeper into addressing the causes of terrorism. For instance, poverty is a problem that governments need to address seriously. The government of Kenya should come up with ways to tackle poverty in Kenya. This can for instance be done by fighting unemployment in Kenya. The government should create more jobs and empower unemployed persons to start their own businesses and get income from them. This will prevent the recruitment of vulnerable poor people into terrorism. Governments should also encourage corporate bodies to contribute to the fight against poverty through their Corporate Social Responsibility projects.

The government of Kenya and other developing countries should also consider addressing corruption as a cause of terrorism. Governments should come up with more stringent measures to fight corruption in both public and private sectors since corruption contributes to the success of terrorism and the downfall of international business development. The OECD policies on fighting business corruption are a good example that governments in developing countries can consider in coming up with stringent measures for fighting corruption.

The author also recommends governments to curb financing of terrorist groups by combating money laundering. It is evident from the study that terrorist groups are financed through money laundering. It is thus prudent for governments to seriously fight money laundering and eventually eliminate terrorism financing.

The author additionally also recommends governments to always protect foreign investments during terrorism since foreign investments contributes to the rapid growth of Foreign Direct Investment and eventually the growth of international business. Foreign investors however

¹⁰⁷ Stephen Musau, "Combating Terrorism and Upholding Human Rights in Kenya", January 2018, APCOF research paper, available at <https://apcof.org/wp-content/uploads/no-021-policing-of-terrorism-in-kenya-stephen-musua.pdf>, accessed on December 3, 2023.

tend to avoid making investments in areas that are prone to terrorism. Governments in developing countries should thus always protect foreign investments and promote the growth of international business development in developing countries. I finally recommend more scholars to delve into this area of study and contribute towards the success of social and economic development in developing countries.

CONCLUSION

Terrorism has indeed affected the social and economic development in developing countries. From the study, the author concludes that poverty, corruption as well as money laundering are the components that contribute to the success of terrorism in developing countries. People who are affected by poverty are easily recruited into terrorist groups because they easily get lured with lucrative payments by their recruiters. Corruption also creates a conducive environment for the growth of terrorism. Corruption is present in both private practice such as businesses and public practice such as government ministries. Businesses tend to make huge financial losses as a result of corruption and eventually hinder the successful growth of economic development. Corruption in public practice contributes to the growth of terrorism in many ways, for instance through border corruption where security officers are bribed to let in persons without proper documentation into the country and these people end up performing terrorist activities. Money laundering makes terrorism financing easy and thus terrorist groups continue to grow.

The Republic of Kenya has indeed suffered terrorist attacks over the past four decades and this has translated to negative results in terms of social and economic development. The 1998 bombing of the embassy of the United States in Kenya was a significant attack in the history of terrorism in Kenya and this attack resulted in a negative outcome on both social and economic development since many investors were reluctant to invest in the country, and many still have reservations about making their investments in Kenya. As a result, the country has suffered challenges discussed in the study which are contributing to the slow progress of economic and social developments.