

**ECONOMIC AND SOCIAL IMPACTS OF TERRORISM: A CASE STUDY OF
EASTLEIGH IN NAIROBI COUNTY**

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DECLARATION

This research project is my original work and has not been presented for award of a degree or diploma in any other university, college, and institution or for any other purpose.

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This research project has been submitted for examination with my approval as the University supervisor.

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LIST OF ABBREVIATIONS

FDI - Foreign Direct Investment

IED – Improvised Explosive Device

KDF – Kenya Defense Forces

9/11 - September 11th 2001 attack

ABSTRACT

Since the 1998 attack, Kenya has continued to witness more terrorist attacks and the problem has been compounded further following its incursion into Somalia in October 2011. Kenya's military presence in Somalia has seen it become a soft target for revenge attacks by insurgency groups like Al-shabaab with the effects being felt in the economic, social, political and religious facets of the affected parts of the country. Among the most affected regions in the country are Garissa, Mandera, Mombasa, Eastleigh and Lamu. This study sought to assess the economic and social impacts of terrorism in Eastleigh within Nairobi County. The study's focus on Eastleigh was informed by the numerous terrorist attacks perpetrated in the area since December 2011 and the fact that it is an economic hub within Nairobi. The study was guided by two objectives; exploring the effect(s) of terrorism on trading activities in Eastleigh and finding out the impact of terrorism on social interactions among Eastleigh residents. The study findings in terms of economy were; there was a reduction in investment opportunities as some business people closed shop and relocated to other areas in Nairobi, employment levels declined particularly employment of casual laborers who opted to move to neighboring markets such as Gikomba and Kariokor, the cost of living rose due to an increase in the price of basic commodities and operational costs for businesses augmented because business people were forced to boost security procedures to protect their property and customers. Socially, the respondents stated they had adjusted their lifestyles with some stating they had reduced visits to social places such as pubs, shopping malls and restaurants and others stated they knew of people who had relocated to other areas in Nairobi. In terms of attendance of religious functions, immediately after an attack there was a decline in attendance of church/mosque services by faithfuls but after a few weeks the numbers picked up and services resumed normalcy. The study was qualitative in nature and data was drawn from both primary and secondary sources. The primary data was gathered using Focus Group Discussions (FGDs) and in-depth interviews with its main tool of data collection being an interview guide. The study had two FGDs and four in-depth interviews and data was analyzed using thematic analysis.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Today in a world where states have become subject to the effects of globalization, national security has become an increasingly important concern. No international occurrence has demonstrated this challenge more than terrorism. Following the September 11th 2001 attacks in the USA, governments have found themselves confronted with a need to design impermeable security policies against such attacks. However, the major impediment towards countering terrorism has been the metamorphosis of terrorists and their modus operandi to suit the different targets they attack. Clarke (2009) states “the difficulty in assigning a truly comprehensive definition to terrorism lies in the fact that, not only is it challenging to be specific when motives, targets and methods differ so broadly from case-to-case, but the complexity of untangling the overlaps within each of these categories makes the task virtually impossible”. Consequently, for purposes of this study, terrorism shall refer to the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious, or ideological (Department of Defense Dictionary of Military Terms).

The history of terrorism can be traced back to the 1793 French reign of terror, which resulted in the establishment of democratic institutions that allowed opposition in the political spectrum and liberty of all members of society (Silke, 2009). Though this study will not delve much into this history, it is worthwhile to note that terrorism is not a novel phenomenon, rather what is new is its perpetration in societies which were originally considered too sophisticated for such barbaric warfare of ideology and religion. “The 9/11 attack offers credence to the susceptibility of any country to terrorist attacks as it revealed that terrorism undoubtedly poses a grave threat to the security of open societies and that terrorists hold the power to inflict grave harm upon modern economies” (Sandler &Enders 2008; Klein, 2007).

In Africa, terrorist activities have been on the rise with attacks by the Boko Haram group in Nigeria reaching threatening proportions following the adoption of suicide bombing. The worst attack by the group was in August 2011, when it attacked the United Nations house in Abuja resulting in the death of 21 people while 60 others were seriously injured. According to Umejei (2011), this development led to both direct economic costs and an immediate effect on productivity. While the direct cost included declining investor confidence and reductions

in foreign direct investment (FDI), the immediate effect was loss of man hours to bureaucratic security checks at both airports and offices across the country.

The 1998 bombing of the American embassy in Nairobi by the Al-Qaeda network marked a turning point on how Kenya perceived itself as a terrorist target. The attack resulted in massive destruction of two key government buildings, death of over one hundred people and hundreds of others were injured and maimed for life. The Al-Qaeda network in 2002 perpetrated a similar attack when it targeted an Israeli airliner and on missing it bombed the Kikambala hotel, popular with Israeli tourists. Cilliers (2003) argues that the primary goal of these attacks was not to injure Kenya but to harm the interests of its western partners such as the United States and Israel. Shinn (2003) further argues that terrorists are motivated to attack Kenya because of its cooperation with the US on counter-terrorism programs. Additionally, Kenya has also been attacked by Al-Shabaab, a Somalia-based terrorist group with civilian targets in Garissa, Wajir, Mombasa and Nairobi bearing the brunt of these attacks. Koross (2012) states the result of these attacks has been massive carnage, injury and maiming of persons as well as destruction of property. The most recent major terrorist attack in Kenya was perpetrated on September 21st 2013 at the Westgate shopping mall, where terrorists killed hundreds of people, injured and maimed a similar number of persons and destroyed property worth millions of Kenyan shillings.

Klein (2007:3) argues that in addition to the casualties and physical destruction caused by terrorism, terrorists seek to inflict wider psychological, social, political, and economic damage upon targeted societies. Zalman (2013) states that “economically, supply chains become extremely costly in terms of time and money when extra layers of security at ports and land borders are added due to terrorism”. This translates to higher transportation costs, which could have a negative consequence on emerging economies such as affecting a country’s ability to combat poverty. Makinda (2007) also states that “terrorism affects transaction costs and level of investment. This is whereby organizations fear that acts of terrorism can damage their assets and withhold from investing in countries affected by terrorism”.

Finally, it is significant to note that although studies investigating the impact of terrorism on economic activity are relatively new, they are rapidly gaining popularity following the devastating events of the 9/11 attack in the United States. Several scholars argue “the attack had significant costs estimated to be in the range of \$80 to \$90 billion, when subsequent

economic losses in lost wages, workman's compensation, and reduced commerce are included" (Sandler & Enders 2008; Klein, 2007). Consequently, this study shall endeavor to conduct an empirical research to assess the economic and social impacts of terrorism on Eastleigh in Nairobi County.

1.2 Statement of the Research Problem

While there is consensus among researchers that terrorism poses a great threat to a country's socio-economic and political development, there is modest documented work in this area in Kenya. Several scholars assert that "the most-referred-to economic impact of terrorist attacks in Kenya is that on the tourism sector" (Njogu, 2007; Kuto & Groves, 2004). They offer the example of the downward spike of visits to the Kenyan coast by foreigners, following the 1998 attack in Nairobi and the 2002 Kikambala bombings in Mombasa.

This assertion reveals two key knowledge areas this study attempted to explore. First, previous researches as exemplified by Njogu (2007) and Kuto & Groves (2004) have mostly focused on the tourism sector with few documenting on the impact of terrorism on other economic sectors such as the trading and investment sector in Eastleigh. Secondly, preceding studies have mainly focused on the immediate impacts of terrorism such as casualties and physical destruction. But scholars like Klein (2007:3) argue that besides these immediate impacts terrorists seek to inflict wider psychological, social, political, and economic damage upon the societies they target.

Consequently, , the study sought to examine the specific economic and social impacts of terrorism including trading activities , investments opportunities, relocation of individuals as a result of the attacks, peoples' interaction in public places like shopping malls, pubs, hotels as well as attendance of religious functions in Eastleigh. This research was guided by the following questions: What are the impacts of terrorism on trading activities in Eastleigh? What are the effects of terrorism on investment levels in Eastleigh? How has terrorism affected social interactions among residents of Eastleigh? How has terrorism affected religious activities in Eastleigh? What are the psychological impacts of terrorism on the residents of Eastleigh? Therefore, this study attempted to go beyond the researched and documented immediate impacts of terrorism particularly in the tourism sector. It sought to explore the specific economic and social impacts of terrorism in Eastleigh, a booming economic hub within the Nairobi County.

1.3 Objectives of the Study

The overall objective of this study was to assess the economic and social impacts of terrorism in Eastleigh in Nairobi County. The specific objectives of the study were:

1. To explore the impact of terrorism on the trading and investment activities in Eastleigh.
2. To find out the impact of terrorism on social interactions among Eastleigh residents.

1.4 Justification of the Study

Since 2012, Kenya has seen an upsurge in violent terrorist attacks with the most recent being the September 2013 Westgate shopping mall attack. Koross (2012) states that the Kenyan security agencies attributed the attack to Al-Shabaab militants who were retaliating against ‘operation Linda Nchi’, a coordinated military offensive into Somalia by the Kenya Defense Forces (KDF) and other allied forces. Eastleigh, the focus of this study is among several other regions in Kenya that have borne the brunt of terrorist attacks with the immediate known impacts being loss of lives and destruction of property. While there is consensus that terrorism impacts negatively on the economic, social, psychological and political safety of victims, limited studies have been conducted to ascertain these impacts on the residents of Eastleigh. Therefore, this study sought to explore these facets empirically by examining the specific economic and social impacts that have resulted from the numerous terrorist attacks meted on residents of Eastleigh within Nairobi County. Moreover, there is growing concern that more studies need to be done on other economic sectors such as trading and investment sector rather than the traditional tourism sector (Njogu, 2007; Kuto & Grove, 2004; Adan, 2005). Accordingly, this study sought to focus on exploring the economic and social impacts of terrorism on Eastleigh, an economic hub within Nairobi County. The study’s findings will be particularly significant to the Kenyan government in aiding it understand the explicit economic and social impacts of terrorism. This will in turn assist it to develop interventions aimed at tackling the effects of terrorism.

1.5 Scope and limitations of the study

The study restricted itself to assessing the economic and social impacts of terrorism on Eastleigh in Nairobi County. This is because most of the attacks in the Kenyan capital, Nairobi have occurred in Eastleigh, which is a residential and commercial estate predominantly, populated by ethnic Somalis. According to Abdille (2013), Eastleigh has a robust business sector which is sustained by investments done by the Somali Diaspora and

trade networks stretching as far as China. The study included both male and female participants and the main criterion for enlisting them in the study was that they reside or operate businesses in Eastleigh and have experienced/witnessed a terrorist attack.

1.6 Definition of Concepts

1. Terrorism refers to the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious, or ideological (Department of Defense Dictionary of Military Terms). The acts of violence will include grenade attacks, suicide bombing and Improvised Explosive Device (IEDs) attacks.
2. Economic impacts refers to the consequences of terrorism on the entire network of producers, distributors, and consumers of goods and services within Eastleigh.
3. Social interactions refer to the way individuals within Eastleigh communicate and act towards each other and various structures in society. In the study, the interactions will include attending religious functions i.e. church services for Christians and mosque services for Muslims, meeting at social places like shopping malls, pubs and bus stops as well as relocation of people from the area.

1.7 Literature Review

17.1 Introduction

This section seeks to discuss the theories used by the study to assess the impact of terrorism on the economic and social well-being of the individuals in the affected region as well as highlight similar studies conducted on the study topic.

1.7.2 Economic and Social Impacts of Terrorism in Europe and Africa

Terrorism across the globe has left a trail of death, destruction of property and maiming of victims most of whom for years continue to suffer from psychological trauma resulting from what they underwent during the attacks. Few scholars have delved into the specific effects of terrorism particularly in terms of economic, social, psychological and political welfare of such victims. Barth, Li, McCarthy, Phumiwasana & Yago (2006) reinforce this observation by stating that although studies investigating the impact of terrorism on economic activity are relatively new, they are rapidly gaining popularity following the devastating events of the 9/11 attack. Barthaet.al (2006) cite Blomberg, Hess, and Weerapana (2004) who developed a theoretical model that demonstrates that the probability of terrorism is higher in more

democratic and high-income countries than poor economies. Consequently, the question on why do terrorist groups target rich economies like the US and Europe arises. Schneider, Bruck & Meierrieks (2010) provide insight into this question by arguing that rich democracies are likely to be targeted by individuals or organizations from poor economies, because of global distribution of income, whereby the terrorists feel exploited and short changed. On the other hand, democracies are targeted because they are the regimes which will most likely to react to terrorist actions.

Schneider et. al (2010:41) underscore this further by stating that, Europe is targeted by transnational terrorism because of its economic success and relative political openness . So could this same argument hold true for the Kenyan situation? Is it likely that terrorists from the Al-Shabaab cell are targeting Kenya because of its developed democracy and economy or the attacks are aimed at sending an ideological message? Though these questions may not necessarily be answered in this study, the findings by the various scholars reveal that there is need for more studies to be conducted to ascertain the specific economic and social impacts of terrorism on the various regions it has been perpetrated. Barth et al. (2006) expound that terrorist incidents have an immediate and direct economic impact on a nation's capital stock both physical and human. While the terrorist attacks in the United States on 9/11 spurred new research to quantify the economic loss, some results indicated relatively little destruction of capital stock. This however does not negate the economic impact of terrorism particularly in Africa. Guelke (2009:21) states in Africa terrorist groups have sought out economic targets to inflict both financial and human casualties. For example; an Islamic Group staged the Luxor massacre of tourists on 17 November 1997 at Hatshepsut's Temple in Egypt. The attack affected the economy of Luxor region by causing a decline in the number of tourists visiting the area.

Lastly, though research on this study's topic may be limited, the findings by Gaibullov & Sandler (2010) in their study on the adverse effect of transnational and domestic terrorism on growth in Africa provide a starting point for this research. Their findings which were; terrorism may increase investor uncertainty leading to limited investments and diversion of FDI to safer locations as well as raise the costs of doing business through higher wages and larger insurance premiums were the similar to those this study found in Eastleigh.

1.8 Theoretical Framework

1.8.1 Introduction

The study employed two theories to explore the specific economic and social impacts of terrorism in Eastleigh within Nairobi County. They were; rationale choice theory (RCT) and Instrumental theory. Both originate from the social sciences with the former used to explain economics and the latter used to elucidate behavioral or social choices made by individuals.

1.8.2 Rational Choice Theory

Janice Gross Stein and Raymond Tanter are credited with advancing the use of the rational choice theory in studying economic impacts of terrorism. Stein & Raymond (1967) state that “the rational choice theory provides a methodology for assessing decision-making by using empirical evidence to understand revision and choice, thus rationalize the inferences and conclusions made by individuals”. In this study, the inferences, choices and conclusions are the decisions made by terrorists to execute attacks in Eastleigh with the aim of affecting the economic and social well-being of Eastleigh residents. According to Lindauer (2012), “the theory advocates for cost-benefit analysis and constrained utility maximization for terrorists”. Its assumptions are that potential terrorists first often consider a rudimentary form of cost-benefit analysis before perpetrating an attack. They then minimize the expected costs necessary to achieve a specified set of political, religious or ideological objectives and attempt to maximize their expected returns for any given level of effort.

The theory’s assumption that terrorists seek to minimize costs provides insight on the choice of weapons and personnel by terrorists in Eastleigh for maximum impact. In most of the attacks executed in Eastleigh the terrorists have mostly use Improvised Explosive Devices (IEDs), which are cheaper and easier to assembly and lone suicide bombers in perpetrating lethal attacks in the area . They do so to minimize costs and maximize their expected results, which are massive carnage and destruction, which are effects this study is interested in. Consequently, the theory’s assumption on cost-benefit analysis and constrained utility maximization will aid this study explore the impact of terrorism on the trading and investment opportunities as well as social interactions among Eastleigh residents.

1.8.3 Instrumental Approach to Terrorism

The approach is credited to Martha Crenshaw, who states that it is based on the assumption that an act of terrorism is a deliberate choice by a political actor. Crenshaw (1988: 14) argues “the actor, as a unit, acts to achieve collective values, which involve radical changes in

political and social conditions”. Thus, terrorism is interpreted as a response to external stimuli, particularly government actions. Like rational choice theory, “the instrumental approach to terrorism posits that terrorists actions occur because the end sought is overwhelmingly important, the cost of trying is low, the status quo is intolerable and the possibility of succeeding is high” (Crenshaw, 1988).

The theory’s key assumption is that “terrorism is par excellence a strategy of surprise necessary for small groups who must thereby compensate for weakness in numbers and destructive capability” (Crenshaw, 188:4). This means the actions of terrorists are determined by perceptions of enticement and opportunity with the latter stemming from the vulnerability and availability of symbolic targets. An illustration is the December 2012 grenade attack at a Mosque in Eastleigh. Ten people died and twenty others were critically injured including the area Member of Parliament, Yusuf Hassan. The strategic perspective of surprise attack was that the terrorists attacked a mosque (symbolic target) and yet the public perception was that the attackers are Muslims and thus could not perpetrate an attack against their fellow Muslims.

The general assumption of these two theories is that terrorists are rational individuals who make deliberate choices on the strategic impacts their attacks will have on their targets. The strategic impacts vary from political mileage, economic sabotage to ideological advancement. Hence, these two theories aided this study to examine whether terrorism impacts negatively on trading/economic activities and social well-being of Eastleigh residents. To be categorical, the theories were employed to reveal the explicit economic and social impacts of terrorism as a deliberate choice by terrorists against the residents and entrepreneurs of Eastleigh. Lastly, a limitation of both theories is that they cannot explain how the preferences of the actors are determined, since they do not incorporate analyses of the internal workings of terrorist organizations.

1.9 Research Hypotheses

1. Terrorism impacts negatively on the economy of Eastleigh in Nairobi County.
2. Terrorism impairs social interactions among Eastleigh residents.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter seeks to shed light on similar studies conducted on the economic and social impacts of terrorism on an affected region/country. It highlights the knowledge gaps, strengths, weaknesses found in the studies, and contribution of this study in building literature on the topic.

2.2 Background on terrorism

While attention on terrorism has increased sharply in recent years, it is by no means a new phenomenon. For decades terrorists have carried out attacks against non-combatant targets causing massive destruction by means of vicious assaults. Klein (2007: 5) states that “while the objectives and modus operandi have changed, there is no reason to believe that terrorism will completely cease to exist in the near future”. It is worth noting that for years’ scholars studying terrorism and world governments have failed to reach a consensus on a single definition of terrorism and a terrorist. Thus, “terrorism, given its variety of objectives, methods, targets and organizational forms, is elusive as far as definitions go” (Llusa & Tavares, 2006). According to Pettiford & Harding (2003) terrorism has become the defining issue of international politics of the first decade of the 21st century, while research on terrorism and terrorism-related issues has risen in the wake of the 9/11 attacks. “This is not surprising given that 9/11 witnessed the most destructive terrorist assaults in recorded history, and the attacks led to far bloodier conflicts as part of the subsequent war on terror” (Silke, 2009: 28).

In the 21st century, terrorism has become one of the greatest security threats to governments across the globe. By its nature terrorism is an organized and planned event. Thus, “terrorist targets may be developed over time and reflect the pre-meditation of terrorism, but the common denominator remains the intimidation of a particular target community by undermining and damaging its economic-political system” (Cilliers, 2003). “The thing that makes terrorism so terrifying is that attacks are often directed at a group, people or symbol that may not be directly linked to their real target, often a government, system, practice or ideology” (Crenshaw, 1988). So it threatens all of us, such that those who suffer injury, death and material losses are generally innocent onlookers.

According to Llusa and Tavares (2006) in the last ten years, terrorism, its consequences and how to counteract it, have become a household discussion subject and the object of intense

scrutiny by social scientists. In economics the literature on terrorism has made remarkable advances since 2001, building on important work that was already available but gaining a new visibility. Also literature on the same has been strengthened in the range of topics analyzed, as well as the data and methodologies employed. However, in spite of substantial progress, research on the economic and social impacts of terrorism remains insufficiently integrated.

Consequently, this section of the study seeks to bring forth a survey on literature regarding the economic and social impacts of terrorism in a region. The themes the study seeks to bring forward include effects of terrorism on trading/ businesses activities, entrepreneurship, investment, employment levels, levels of income, relocation of population, rate of meeting in social places, attendance of religious functions and psychological trauma of individuals.

2.3 Survey of Studies on the Economic and Social Impacts of Terrorism

Securipedia (2013) states that “considerable costs are incurred by terrorism because terrorist events not only lead to material and immaterial costs for those who have become victimized; but also forces local and national authorities to spend billions on the prevention of terrorism and the detection, prosecution and punishment of terrorists”. To elucidate on the costs of terrorism Securipedia states:-

Due to a terrorist event, economic agents suffer losses in physical and human capital, and, at the same time, they themselves may influence the economy through their immediate responses to the violent shock that occurs. Also in general, the economic impacts of terrorism are as a result of interdependent economic systems in which terrorist attacks cause the disruption of economic entities, which have not been direct targets of the attack. Therefore, terrorist events influence three main types of economic actors, namely: Individual households, the private sector (companies), and the public authorities (Securipedia, 2013).

Accordingly, Zalman (2013:6) assert that “economists and terrorism scholars have tried to calculate the economic impact of terrorism for years with most analyses of terrorism's economic costs beginning with an interpretation of the costs of the 9/11 attacks”. This means that there are direct costs to property and immediate effects on productivity including human hours wasted during security checks at airports and key government offices as well as an increase in government defense expenditure. Economists also assess terrorism's impact on global distribution chains stating it becomes extremely costly in terms of time and money when extra layers of security at ports and land borders are added to the process. “This translates to higher transportation costs, which could have an especially negative effect on

emerging economies that have benefited from a decrease in costs in the last decade thus affecting a country's ability to combat poverty (Morag, 2006:4).

To explicate further on the immediate and direct effects of terrorism, Klein (2007:3) states that "in addition to the casualties and physical destruction directly caused by their attacks, terrorists seek to inflict wider psychological, social, political, and economic damage upon the societies they target". Therefore, terrorists harm economies in various ways; reducing consumers and firms expectations for the future, forcing governments and the private sector to invest in security measures, which reduce efficiency in vulnerable industries (such as transportation and trade) and redirect investment away from more productive economic uses. "This in return alters behavior by inducing economic actors (consumers, investors, businesses) to avoid areas of perceived risk (either sectors, such as aviation, tourism or geographic areas affected by terrorism) and this may trigger wider geopolitical conflict, which may cause further economic disruptions" (Klein 2007:3).

In Baluchistan, Pakistan terrorism has negatively affected business optimism, foreign investment and economic life. In that, "there are several indirect economic effects of terrorism including loss in time, efficiency, security, taxation, devaluation of currency and share prices in the stock market and other deadweight losses (Zaman, Ghutai& Khan, 2012: 10). Also "terrorism has affected the inflation, employment, and business balance of the area and the waves of terrorism have only made the supply of necessities like food, electricity & gas supplies extremely expensive for the public (Zaman et al. 2012:11). Additionally, terrorism is multidimensional in nature and besides economic factors; terrorism also affects the social aspects of economies. Spencer (1987:73) found out that "terrorism results in psychological issues especially among children with survivors of terrorism leading fearful lives that may turn into anxiety, feelings of intolerable danger, nightmares and long term social and psychological syndromes". Moreover, Sabir (2007:43) states that "terrorism not only directly affects economic development and prosperity but results in psycho-social repercussions which heavily damage human personality and the society".

As a result of terrorism social split widens among people belonging to the different schools of thought. This split becomes the cause of significant social division which harms the social fabric and unity negatively. Furthermore, due to the fear of terrorist attacks people try to escape from their social and professional responsibilities such that people perform their duties in a state of fear. Lastly, terrorism affects the social progress and well-being of the people. This is whereby, terrorism makes businesses and economy of the country suffer, which directly lessens job opportunities (Sabir, 2007: 44).

Zaman et.al (2012:12) in their findings stated that one of the worst hit social areas by terrorism is education and religious practices. In that “respondents claimed that the waves of terrorism in the province had deprived them of entertainment and refreshment, adding that people were even afraid of having fun in parks”. Consequently, this reduced social activity in the area as well as affected the earning capacity of the locals.

Based on the literature review it is evident that limited studies have been undertaken to reveal the specific economic and social impacts of terrorism particularly in Africa and Kenya per say. Thus, this study endeavored to explore the extent to which terrorism affects the trading/business activities, investment, employment and income levels as well as the psycho-social effects on residents of Eastleigh. Its findings interlocked with Gaibullov & Sandler (2010) assertion that terrorist attacks enhance economic uncertainty by limiting investments, divert foreign direct investment to safer venues and raises the costs of doing business through higher wages and larger insurance premiums.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter discusses the research design, methods and data collection tools used in the study. It also defines the study target population, details the sampling procedure followed and explains how the study findings were analyzed.

3.2 Population of the Study

The target population for this study was the residents of Eastleigh, a suburb of Nairobi, Kenya. Eastleigh is located east of the Nairobi Central Business District (NCBD) and is predominantly inhabited by both Kenyan-Somalis and Somali immigrants. The study's choice of Eastleigh was influenced by two key factors; First, Eastleigh has experienced over ten terrorist attacks since late 2011 and in most of the attacks, terrorist have used grenades, Improvised Explosive Devices (IEDs) and suicide bombers to kill and maim innocent civilians as well as destroy property. "Though statistics on the exact number of people killed during the attacks conflict, it is estimated that between November 2012 and June 2013 close to 25 people have lost their lives, with several others injured and property worth millions of shillings destroyed (Wachira, 2013; Koross, 2012). Secondly, "in the last two decades a Diaspora –fuelled economic boom has transformed Nairobi's Eastleigh neighborhood into a major East African commercial zone, associated primarily with its large Somali population" (Carrier & Anderson, 2012). This is key to the study as it seeks to explore the impact of terrorism on the economic standing of area residents.

According to the 2009 census report, Eastleigh and its environs have 348,778 inhabitants. The population figure covers Eastleigh North, Air Base, Eastleigh South, California and Kiambiu . Administratively, "Eastleigh is divided into Eastleigh North and Eastleigh South. Both are part of Nairobi's Pumwani division. It is further partitioned into three areas; Section I - from Juja Road, Section II - the commercial center, Section III - situated towards Jogoo Road" (Micheni, 2010). This study confined itself to section I & II, which have been worst hit by terrorist attacks between 2011 and 2013 and are the economic hubs of Eastleigh.

3.3 Research Design

The study was qualitative in nature and employed Focus Group Discussions (FGDs) and in-depth interviews to "understand the meanings people had constructed about their world and their experiences" (Merriam & Associates, 2002:5). During the study the experiences of Eastleigh residents and entrepreneurs revolved around economic impacts such as trading and

business activities, investments and employment levels as well as social impacts such as attendance of religious functions, relocation from the area and meeting of individuals in public places.

3.4 Sampling Strategy

The study used a non- probability sampling procedure to draw its sample from the documented 348,778 residents in the region. To be specific it employed the purposive sampling technique as it explicitly sought to select people that would help the researcher respond to the outlined study's objectives and questions. The study acknowledged that by using a non-probability technique it would not be giving an equal opportunity to all residents of Eastleigh (Davies, 2007; Babbie, 2008).

For the study to reach its sample size of twenty respondents for its FGDs, the sampling process first started by incorporating participants from diverse; age groups , religious backgrounds, economic standing , marital status and gender. The exercise drew thirty five participants who the researcher and a research assistant narrowed down to twenty based on the following characteristics; the respondents had resided in Eastleigh for over a year, run businesses in the area, had experienced a terrorist attack and were aged 18 and above. The rationale behind the characteristics was that the participants were resolutely selected to best help the study understand the problem and research questions at hand. For the four in-depth interviews, the participants were randomly selected based on accessibility and availability. In upholding research ethics, prior to conducting the FGDs and in-depth interviews, the researcher obtained informed consent from the participants. Accordingly, data was captured in both audio and note form.

3.5 Data collection Methods and Tools

This study used Focus Group Discussions and in- depth interviews as its data collection methods. There were two FGDs each encompassing ten respondents and were useful for gaining insight into the range of views they held about the economic and social impacts of terrorism among the residents of Eastleigh. The FGDs also allowed one question to be asked to several individuals systematically and simultaneously thus allowing all participants to participate. The in-depth interviews incorporated the following opinion leaders in the area; an official from the provincial administration, pastor, imam and a business representative. The in-depth interviews were to give the study an administrative outlook on the economic and social impacts of terrorism on Eastleigh in Nairobi.

The study employed a focus group discussion guide as well as an interview guide as its data collection tools. Both the Focus Group Discussion and in-depth interview question guides comprised of mostly open ended questions. The purpose of using these questions was to allow flexibility and facilitate the capture of in-depth knowledge of the respondents on the study's problem.

3.6 Data Analysis

Once the study was complete, the data both in audio and note form were transcribed and grouped based on the two FGDs and four interviews. The data were then collated and edited to ensure all responses were captured. Coding followed whereby emerging themes were analyzed using thematic analysis, which enables one to study themes in participants' responses, trends, and ideological tones as well as provide answers to open ended questions.

CHAPTER FOUR: STUDY FINDINGS

4.1 Introduction

This chapter presents the discussion of the study findings. The study sought to achieve the following objective; to assess the economic and social impacts of terrorism in Eastleigh in Nairobi County. Consequently, this chapter presents its findings and will discuss the study's demographics, economic and social impacts of terrorism among the residents of Eastleigh and provide a summary of the same.

The respondents interviewed in the study were aged between 23 and 58 years old. Over 50% of them had lived in Eastleigh for over 2 years, which is the period within which the area has witnessed most terrorist attacks. The figures below elucidate the two main research demographics.

Figure 1: Age of Respondents

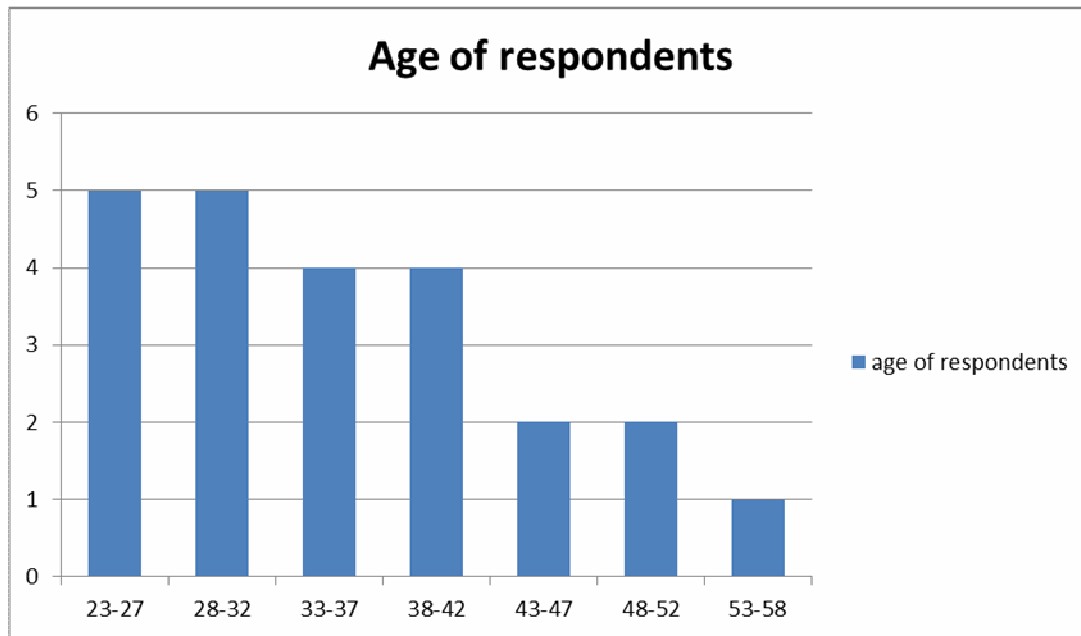
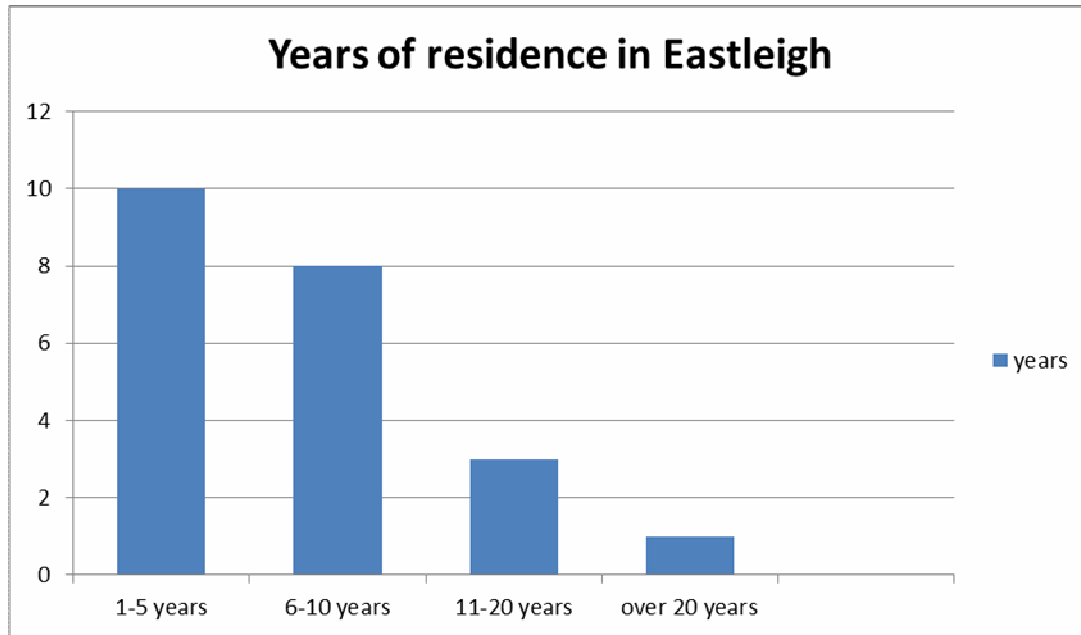


Figure 2: Years of Residence in Eastleigh



4.2 Economic and social impacts of terrorism

In defining terrorism and a terrorist, 40% of respondents within the first focus group described terrorists as 'evil people whose main goal is to kill people so as to further their religion and ideologies. 50% of respondents within the second focus group depicted terrorists as 'selfish people who do not care about innocent victims but rather are interested in their own selfish goals'. From the respondents responses the study deduced that to ordinary citizens, terrorists are individuals who know what they are doing, so their activities are premeditated and aim at inflicting massive carnage. This description concurs with that of the US Department of Defense, which defines terrorism as the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious, or ideological. The responses also concur with the general assumption of the rational choice theory and instrumental theory that terrorists are rational individuals who make deliberate choices to inflict damage on their targets.

In this section, the study findings are presented under various themes, which sought to achieve the research objective and answer the two main research questions. Economic themes include trading and business activities such as investment, employment and income

levels, whereas socially they are meeting of individuals in public places, attendance of religious functions and relocation of individuals from Eastleigh.

4.3 Trading and Investment Activities

The question on how terrorism has affected trading activities in Eastleigh drew some level of consensus among the respondents who agreed that to a significant extent terrorism had negatively affected the area's economy. The respondents stated terrorist activities had affected the way people shop in Eastleigh leading to a decline in sales of clothes and household goods. In relation to this finding a male respondent in the first FGD stated

I sell women's clothes and used to make huge sales especially over the weekend because most women like to shop then but since the attacks started sales have declined and my profit margins are very littlemaybe because most women are afraid of being killed during such attacks.

Respondents also reported that there was a reduction in job opportunities with casual laborers who clean the shopping complexes, cars and act as porters forced to source for employment in neighboring estates and markets such as Gikomba and Kariokor. This in turn affected the income levels of the business community and area residents who reported a decrease in their daily returns/earnings. In line with this finding a female respondent in the first FGD said

A neighbor of ours worked as a porter and used to load and unload lorries bringing goods to the many shopping malls in the area but after the attacks became too many he decided to shift to Gikomba.... There is stiff competition in Gikomba and the guy is having a hard time surviving.....

However all was not lost in terms of employment as the attacks had led to hiring of more security personnel to beef up security. Respondents concurred that the attacks had forced business owners to invest in extra security measures including employing more security guards. The downside to the move was that the investors were also forced to buy security equipment which is expensive and costly to maintain i.e. body scanners and CCTV cameras. As a result of investing in extra security measures the operational costs for businesses increased leading to the traders raising the prices of their commodities in an attempt to recoup their profit margins. A male respondent in the second FGD and who owns two shops in the area stated

Following the attacks ... I was forced to hire more guards and even install CCTV cameras in my two shops just to assure customers of their security and to say the truth those machines are very expensive and am struggling to pay the guardsI don't even make any profits any more....it's bad

Additionally, the terrorist attacks led to some level of inflation in prices of basic commodities such as food, rent and transport costs for the area residents. The main reason cited was that the supply chain within the area was impaired following a decision by some suppliers to stop supplying their products in the area for fear of attacks. The study also found that few entrepreneurs and area residents were willing to set up new businesses within the area for fear that there could be more attacks in future resulting in further losses and no compensation from the government. During the in-depth interview a business representative stated

The situation has been improving day by day as more people are going back to their normal lives of making ends meet ...we are even seeing small businesses open but this wasn't the case after the attacks as most business people chose to close their shops for fear of falling victim to the attacks....

These responses have congruence with the studies conducted by Klein (2007), Gaibullov & Sandler (2010), Sandler & Enders (2008) and Sabir (2007), which affirm that terrorism enhances economic uncertainty thus limiting investments, employment levels and divert foreign direct investment to safer venues and terrorist campaigns raise the costs of doing business through higher wages, larger insurance premiums and extra security measures.

4.4. Meeting of Individuals in Public Places

In relation to the query on how terrorism had affected the area residents social interactions, the study found that as a result of the terrorist attacks residents had been forced to adjust their lifestyles. Some no longer went out to local pubs to chew miraa and have a drink for fear that the pub could be a possible terrorist target, while others particularly women avoided window shopping in the numerous shopping malls in Eastleigh for fear of being terror victims. Also noted was apprehension by area locals to attend public meetings, stand at crowded bus stops and board public vehicles occupied by youths from the Somali Community. To quote one of the female respondents in the first FGD she said

I used to like shopping with my friends particularly for clothes and shoes but since bombs started being thrown here we don't do that anymore coz we fear dying in case a bomb is thrown again.

A male respondent stated

Before terrorists decided to ruin our happy times , I use to frequent bars in the estate to watch football and grab a beer with my friends but nowadays I prefer to do these two things in my house because I don't know which joint may be attacked by Al shabaab.

These responses concurred with Sabir (2007) findings that due to fear of terrorist attacks people try to escape from their social and professional responsibilities such that people perform their duties in a state of fear, which in turn affects their social progress and well-being. Further, Zaman et al. (2012) state that terrorist attacks in Baluchistan have negatively affected the social life of the inhabitants with respondents claiming that terrorism in the province had deprived them of entertainment and refreshment. As a result, the earning capacity of area residents was affected as well as their business activity.

4.5 Attendance of Religious Functions

In responding to the study's question on how terrorism has affected the residents' attendance of religious functions, the study found that the attacks had not stopped them from attending church services but had instead reinforced their religious faith. However, it was noted that the number of faithful and religious activities such as overnight prayers drastically declined after a terrorist attack but after a few weeks the faithful resumed normalcy. During an in-depth interview with a pastor he said

Though am a man of God am also human...when the attacks occurred I was fearful of even conducting our Sunday service but I had to do it even when almost half of my congregation was not there... I had to be strong for them and God heard our prayers because people came back to church again and things were somehow back to normal.....

The study also found that relations between Muslims and Christians were slightly affected as the Christians blamed Muslims for executing the attacks whereas the Muslims stated that Christian youths were converting into Islam and joining terrorist groups for monetary gain. The study findings correspond with the rational choice theory and instrumental approach to terrorism which posit that terrorist actions occur because the end sought is overwhelmingly important, the cost of trying is low, the status quo is intolerable and the possibility of succeeding in instilling fear among victims is high" (Crenshaw, 1988). Additionally, Zaman et.al (2012) observed that the people of Baluchistan were afraid to celebrate their religious ceremonies like Eid and observe prayers in the mosques because of being terrorist targets. An Imam interviewed during the study stated

Terrorists are not Muslims...because Islam does not advocate for the killing of innocent people all in the name of religion....as an Islamic teacher I condemn their actions and call for all faiths to unite to fight them because you never know who will be targeted next...

Previous study findings on feelings of hatred, animosity and revenge increasing within different sects as a result of terrorist attacks however did not explicitly reveal itself during the study. Moreover, the study findings contradicted Sabir (2007) who stated that due to terrorism, social split widens among the people belonging to the different schools of thought. This split becomes the cause of significant social division which harms the social fabric and unity negatively. In Eastleigh, Christians and Muslims continue to engage in economic and social activities as both sides have been affected directly and indirectly by the attacks.

4.6 Relocation of Population

The study found out that some business people and area locals had relocated to other areas within Nairobi and other parts of Kenya for fear of future terrorist attacks. It is worth noting that some of those who relocated from Eastleigh did not do so for fear of further attacks but were escaping police harassment particularly those of Somali origin. Also notable there were persons who did not move out in entirety from the neighborhood but opted to relocate to other sections of Eastleigh which had not been hit by the attacks. An official from the Provincial administration noted

Some families moved from one section of the neighborhood some citing police harassment especially Muslim families but we have reassured them that they are not being targeted because of their ethnicity and have called on them to stay put

4.7 Summary

It is evident from the research findings that in addition to the casualties and physical destruction directly caused by their attacks, terrorists seek to inflict wider psychological, social, political, and economic damage upon the societies they target. They specifically do so by harming economies in various indirect ways including reducing consumers and firms' expectations for the future, forcing governments and the private sector to invest in security measures, which reduce efficiency in vulnerable industries and redirect investment away from more productive economic uses (Klein, 2007). Consequently, in Eastleigh, "terrorism has to an extent affected the inflation, employment, business balance of the area and has made the supply of necessities like food, electricity & water expensive for the public (Zaman et.al, 2012). Furthermore, "there have been subsequent economic losses in lost wages, workmen compensation and reduced commerce (Sanders & Enders, 2008).

Lastly, "terrorism not only directly affects economic development and prosperity but also has psycho-social repercussions and heavily damages human personality and the society" (Sabir, 2007:3). This was observed during the study, whereby terrorism has affected social

interactions in Eastleigh such that individuals are fearful of meeting in public places like pubs, restaurants, shopping malls and bus stops, attend church and mosque services, crusades and overnight prayers and a small portion of the area's population has relocated to other sections of Eastleigh which have not been hit by the attacks, other estates in Nairobi and regions of Kenya. Though not easily quantifiable there was some level of discontentment between Muslims and Christians due to the personality of the attackers and targets. In conclusion, the study findings are not as severe as the study anticipated however they reinforced the research hypotheses that terrorism impacts negatively on the economy of Eastleigh and terrorism impairs social interactions among Eastleigh residents in Nairobi County.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter first presents a summary of the study findings and seeks to discuss the economic and social impacts of terrorism in Eastleigh in Nairobi County. It also provides conclusions by comparing the study findings with previous studies on the topic and offers recommendations to aid the residents of Eastleigh and government mitigate the economic and social impacts of terrorism.

5.2 Summary of the findings

The study established that terrorism has a negative impact on the economic and social well-being of the residents of Eastleigh. The study revealed that economically, terrorists had created fear among entrepreneurs in Eastleigh with some opting to relocate their business to 'safer' zones. As a result there was loss of employment opportunities after the entrepreneurs and some area locals relocated to other areas leaving casual laborers' providing vital services such as washing of clothes, cars, carrying goods to seek employment in other markets such as Gikomba and Kariokor. Additionally, the move by some traders in the area to invest in extra security measures to safeguard their property and their customers also saw a rise in operational cost. This sequentially led to an increase in the price of goods and services as the traders sought to regain their profit margins. There was also an increase in the prices for basic commodities such as food, water and rent as some suppliers opted not to supply goods to the area for fear of being targets.

Socially, the attacks had led to some individuals adjusting their lifestyles such that some did not frequent pubs, restaurants and shopping malls as much as they did before. Some Muslims and Christians became fearful of attending religious functions whereas others had to reduce the number of functions they attend. The study's initial assumption that terrorist attacks had led to a mass exodus of individuals from Eastleigh was dismissed. Only a few cases were reported of families relocating to other regions within Nairobi and Kenya with the rest shifting from one section of the suburb to another to avoid police harassment.

The Instrumental Approach and Rational Choice theory of terrorism state that terrorists tailor their attacks on the basis of cost- benefit analysis so as to achieve political objectives and maximize political returns. This assumption was collaborated by the study findings whereby terrorists choose to execute attacks using IEDs and grenades in Eastleigh, an

economic hub within Nairobi with the aim of inflicting both financial and human casualties while passing their political and religious message.

Barth et al., (2006) stated that “terrorist attacks have a negative and significant impact on the economic growth of the affected region”. The study findings revealed the same supposition as the attacks in Eastleigh had led to an increase in operational costs, prices of goods and services, loss of employment and investment uncertainty as investors were fearful of future attacks. In terms of social interactions, Sabir (2007:4) postulated that “due to fear of terrorist attacks people try to escape from their social and professional responsibilities such that people perform their duties in a state of fear”. This was noted in the study findings whereby some individuals in Eastleigh reduced their frequenting of social places such as restaurants and pubs and others reduced the number of religious functions they attended.

5.3 Conclusions

The study sought to assess the economic and social impacts of terrorism in Eastleigh in Nairobi County and was also guided by two hypotheses; terrorism impacts negatively on the economy of Eastleigh in Nairobi County and terrorism impairs social interactions among Eastleigh residents. The study findings realized its key objective and hypotheses in that terrorism had negatively impacted the trading, investment, employment and income level of Eastleigh residents by increasing operational cost, prices of goods and services, reduced profit margins for businesses and affected the supply chain with some suppliers pulling out of the area for fear of being targets. Though the findings were not of a high magnitude as the study had anticipated they did reinforce the study’s specific objective on the impact of terrorism on the trading and investment activities in Eastleigh. The findings also reinforced the main theoretical assumption that terrorists “minimize the expected costs necessary to achieve a specified set of political, religious or ideological objectives and attempt to maximize their expected returns for any given level of effort.

The study’s other specific objective; to find out the impact of terrorism on social interactions among Eastleigh residents was underpinned by the findings that some area residents were fearful of attending religious events, public gatherings and visiting public places such as pubs and restaurants. The findings augured with Zaman et. al (2012) and Zalman (2013) who stated that terrorism affects “the social interactions of those affected” . Additionally, the

constant state of fear and panic the area locals lived with concurred with Sabir (2007:4) findings that “due to the fear of terrorist attacks people try to escape from their social and professional responsibilities by performing their duties in a state of fear”

5.4 Recommendations

In attempt to address the challenges fronted by the study findings on the economic and social impacts of terrorism among Eastleigh residents, the study came up with the following recommendations.

1. Promote public awareness on how to mitigate impacts of terrorism

Terrorists thrive on the fears and paranoia of a population and therefore it is important for Eastleigh residents to be involved in public awareness campaigns tailored by themselves (public participation) and facilitated by the disaster management agency. Some of the issues they may concern themselves with are; setting up neighborhood watch groups to vet persons moving into the area and weed out persons likely to be involved in terrorism, set up savings Saccos from which they can easily draw money to rebuild their lives as they wait for government pledges and continually invest in security measures rather than wait for an attack to purchase equipment or hire guards (proactive rather than reactive).

2. Promote cohesion among Muslims and Christians

Though it was difficult for the study to quantify the discontent between the two religious groups there is need for their clergy to promote cohesion to fight the common enemy (terrorism). Individuals from both faiths have died during attacks and it is necessary for Muslims and Christians to put on a united front by embracing ideals such as peace, love and unity to combat radicalization of youths who execute the attacks and remain vigilant to thwart future attacks.

3. Promote healthy rapport between citizens and police

The study findings revealed that some area residents particularly those of Somali origin had relocated from the area to escape police harassment. This could negatively impact on efforts made to fight terrorism as some of the victims could opt to join terrorist networks to seek revenge against the government for perceived social injustice. There is need for the police to collaborate closely with Kenyan- Somalis as this will ease vetting of genuine citizens and Somali immigrants. By so doing the government will benefit from insider information on Somalis and non-Somalis involved in terrorist activities given that there will be mutual understanding between the police and citizens.

4. Establishment of counseling centres

Based on the study findings some of the area residents are still fearful about resuming their normal social activities including visiting public places and attending public gatherings. There is need for permanent counseling centres to be established in the area so as to continue counseling the area residents after attacks. This will enable individuals learn to deal with fears and suspicion at their own pace, thus help them resume their previous economic and social activities as well as reintegrate back in society.

The study actualized its objective of assessing the economic and social impacts of terrorism and collaborated its hypotheses that terrorism impacts negatively on the economy of Eastleigh in Nairobi County and terrorism impairs social interactions among Eastleigh residents. In conclusion other scholars may take it upon themselves to conduct qualitative research to ascertain in terms of statics the economic and social impacts of terrorism and thus continue to build literature on the subject.

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APPENDICES

APPENDIX I: INTERVIEW GUIDE FOR FOCUS GROUP DISCUSSION

Dear Participant,

Hallo! My name is Beverly Mukami from the University of Nairobi. I am currently undertaking a postgraduate diploma and am interested in understanding the impact of terrorist attacks on the economic and social interactions of Eastleigh residents. I kindly request for your responses, which will aid this research in effectively addressing the effects of terrorism. Your responses will be treated with strict confidentiality and your name shall not be mentioned in any part of this research. Thank you for agreeing to participate in this study.

1. In your words can you describe who is a terrorist?
2. Have you ever witnessed a terrorist attack within the Eastleigh neighborhood?
3. How was the attack carried out?
4. Why do you think terrorists have mainly targeted Eastleigh?
5. How have these terrorist attacks affected you?
6. In your opinion, how have terrorist activities affected trading activities in Eastleigh?
7. How have terrorist attacks affected employment rates in Eastleigh?
8. Are you aware of individuals who have moved away from Eastleigh as a result of terrorist attacks?
9. In your opinion, have terrorist attacks affected how you attend church or mosque functions?
10. In your view have terrorist attacks affected how you interact with people in public including meeting in hotels, bus stops and shopping malls? How?
11. What can be done to prevent terrorist attacks from occurring in Eastleigh?
12. How can you overcome the economic and social impacts of terrorist activities?

Thank you for your participation

APPENDIX II: INTERVIEW GUIDE FOR KEY INFORMANTS

Dear Participant,

Hallo! My name is Beverly Mukami from the University of Nairobi. I am currently undertaking a postgraduate diploma and am interested in understanding the impact of terrorist attacks on the economic and social interactions of Eastleigh residents. I kindly request for your responses, which will aid this research in effectively addressing the effects of terrorism. Your responses will be treated with strict confidentiality and your name shall not be mentioned in any part of this research. Thank you for agreeing to participate in this study.

1. What is your occupation?.....
2. What is your age category?
 - a) 18-22
 - b) 23-27
 - b) 28-32
 - d) 33-37
 - e) 38-42
 - f) 43-47
 - g) 48-52
 - h) 53-58
 - i) Above 59
3. What is your gender?
 - a) Male
 - b) Female
4. What is your marital status?
 - a. a) Married
 - b) Single
 - b. c) Divorced
 - d) Widowed
 - c. e) Separated
 - e) Cohabiting
5. What is your religion?
 - d. a) Christian
 - b) Muslim
 - e. c) Hindu
 - d) Aeithist
 - f. e) Traditionalist
 - f) Other
6. What is your education level?
 - a) Primary education
 - b) Secondary education
 - c) Post-secondary education (indicate what level).....
7. Have you ever witnessed a terrorist attack within the Eastleigh neighborhood?
8. How was the attack carried out?
9. Why do you think terrorists have mainly targeted Eastleigh in Nairobi?

10. In your opinion, how have terrorist activities affected trading activities in Eastleigh?
11. How have terrorist attacks affected area residents and entrepreneurs in terms of income levels?
12. How have terrorist attacks affected employment rates in Eastleigh?
13. Are you aware of individuals or entrepreneurs who have moved away from Eastleigh as a result of the terrorist attacks?
14. In your opinion, have terrorist attacks affected how individuals attend church or mosque functions? How?
15. In your view have terrorist attacks affected how people interact in public including meeting at hotels, bus stops or shopping malls?
16. In your observation, have relations between Muslims and Christians been affected by the terrorist attacks?
17. In your estimation as a religious leader have you had to cut down on the number of religious services people attend as a result of the terrorist attacks?
18. Have you had people come to you for counseling following the terrorist attacks?
19. What can be done to prevent further terrorist attacks?
20. How can the economic and social impacts of terrorist attacks be resolved?

Thank you for your participation.