

**PROBLEMS AND PROSPECTS OF ESTABLISHING SMALL
SCALE ENTERPRISES IN NIGERIA**

(A CASE STUDY OF SELECTED BAKERIES IN ENUGU URBAN)

BY

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BA/2009/240

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CARITAS UNIVERSITY, AMORJI-NIKE
ENUGU, ENUGU STATE**

AUGUST, 2013

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**A PROJECT RESEARCH PRESENTED TO THE DEPARTMENT
OF BUSINESS ADMINISTRATION FACULTY OF
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ADMINISTRATION**

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CERTIFICATION

This is to certify that this research work was carried out by Aiden Joseph Wamduda with registration number BA/2009/240 on problems and prospects of establishing small scale enterprises in Nigeria with the case study of some selected bakeries in Enugu urban.

Prof. G.U. Nwanguma

Supervisor

Date

Prof. G.U. Nwanguma

Head of Department

Date

DEDICATION

This project is dedicated to God Almighty, my beloved parent Mr. & Mrs. Aiden Jatau Dayam (J.P), Prof. G.U. Nwanguma, Pamela, for their love and God infinite mercies towards me throughout the period of my study.

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ABSTRACT

It also paid attention to the foundling of the small-scale business in Nigeria. Whereas failure of the large-scale import department assembly to propel the country into a satisfactory course of industrialization necessitate the demagnification of strategy to embrace the promotion of small-scale enterprises achievement under the new strategy has not been adequate with expectations of the stated objectives which were economic growth and development through the mobilization of available local resources, employment generation and industrial dispersal as well as mitigation of rural urban migration. Out of a population of eighty drawn from the selected bakeries, sixty seven were selected as the sample size using statistical sample tools (Taro Yamani). A questionnaire was designed and distributed to elicit information from the sample population; also data was sourced through primary and secondary sources. These data collected were presented and analyzed by means of tables and percentages. The hypotheses adduced were tested using such tools as chi-square. It was observed that to achieve economic growth and development to use, such as increasing availability of credit by raising interest rate ceiling and permitting a "spread" that makes it worthwhile for banks to lend to small-scale business or by increasing the number and range of investment etc. problems of small-scale business will be a thing of the past.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The contribution of small –scale business in fostering economic growth and development has been well articulated in different areas of this study .the specific attention on them based on their expected impact and potential contribution on broad and diversified production base, as well as their accelerative effect in achieving macro objectives pertaining to full employment, income distribution and the development of local technology. They are particularly most conducive for diffusion of management skills and emulation of indigenous entrepreneurship overtime.

Small business provides financial opportunity and a chance to develop wealth. It is a place where creative, motivated individuals can use their talents and expertise to the fullest, because it provides satisfying careers and job opportunities and it's also the back bone of the market economy of the word. Every big business starts as a small business, and it started with an entrepreneur (small business), who at first, earns little or no profit. It was the new ideas of small business that brought about Ekene Dili Chukwu Transport, the FAN Milk, Nnewi “Tokumbo” parts, and even the many commercial banks in Nigeria. Untried ideas become annulations that become concepts that changed the business world. And so it goes. Small business is the basis for the economic well being many developed nations including USA/Japan.

Entrepreneurship is what makes a small business successful. Entrepreneurship occurs when an individual develops a new venture, a new approach to an old business or idea, or a unique way of giving the market place a product or service by using resources in a new way under conditions of risk. Small business triumphs and entrepreneurship are closely related to it. It is difficult to separate them.

The unemployment situation in the country coupled with the new government instinctive towards easing social tensions among unemployed youths, through the programmed of the National Directorate of Employment (NDE), were intended to lure a lot of unemployed Nigerians, including graduates into self determination through self employment. Graduates and school leavers are now realizing that government and the established private companies are not ready to come to their aid directly, through paid employment due to the dividing state of the economy. Short of the alternatives, Nigerians including our graduates are therefore launching themselves into various small-scale business ventures, such as cottage soap and cosmetics production, fairing, restaurants, fast food, publishing, writing, block making, garri processing, food processing, refuse disposal, taxi driving, cleaning services, weaving, baking tailoring, advertising and other same business venture which depends mostly on local raw materials. The determination to succeed is also fast becoming the order of the day.

Government has been playing appreciative role in promoting the survival and growth of small-scale enterprise in recognition of them flexible and adaptive nature as well as their re-generative power in promoting economic growth and development. Government also encourages people to establish their own small

business so as to reduce the problem of unemployment in the country and also reduce the problem of importation of goods, more so, to produce exportation products.

Government in believing that a dynamic and growing small manufacturing sub-sector can contribute significantly to the implementation of a wide range development effectives, has thus enunciated various policies to encourage their proliferation and make them veritable engines of growth and development. In the third and for the development plans and the on-going three years rolling plan, priority has been accorded industrialization with greater emphasis on small-scale enterprises. The basic activities of government policies as maintained in the monetary and fiscal policy measures, are to improve the financing and other supportive services of small-scale business by expanding and improving access to credit and infrastructural facilities, reducing their production costs, boosting their profitability, enhancing their survival and growth capacities as well as expanding their contributions to non-oil exports by making their products competitive in the export markets.

Hardly could any major industry succeed without the services of small-business enterprise. The major goals of any profit oriented business are to make profit. A company will make more profit if statistics its customers need better them the competitors. Therefore in the contribution of small-scale business, bakeries would produce what the customers want and by so doing they maximize profit and only bakeries that are effective and efficient can satisfy customer's needs. In reality, it is possible to run a business without profit for a time, but it is not possible for to survive for one day without customers. Customers are the

central theme of any business. Without a total commitment to them, contribution to economic growth and development will have limited and brief effects.

1.2 STATEMENT OF THE PROBLEM

Bakery is in the production industry the quality of products rendered by our Bakeries have been attracting criticisms from people in all works of life. The civil servants, business men and the general public are all very critical of production of cookies like bread, chi-chin, cake, meat pie, boons etc. The complaints ranges from those of poor quality of products, poor packages, high prices, poor delivery, shortage of skilled manpower which affects productivity and restrain expansive the use of potassium bromated which National Agency for food and Drug Administration Commission (NAFDAC) banned for health purpose.

Most bakeries do not put their customers in the prime place as they supposed to be. There is now keen competition and to compete means to contribute to economic growth and development. Dickson (1971:4), agreed with this view when he said that small scale enterprises are ploughed by inadequacies and serious miss-uses of business records and business information. The problem of poor or wrong location of an industry affects its production. Such as nearness to raw materials, market, sources of power and access to supply of labour and transport facilities etc.

Government incentive in industries has previously directed to public investment neglecting private initiative. But a diversified and self-sufficient economy must take into consideration the importance of private sector in capital formation.

1.3 OBJECTIVE OF THE STUDY

Based on the fact that one cannot build a house on a platter of gold without encountering one or two hassles here and there, so in the genesis and revelation of this work as the researcher encountered several problems the course of writing, which ranges from lack of time, financial and material constraints to the inability of reaching all members of the sample due to transport problems and even those reached tend not to render full co-operation thus the total number of people interviewed became smaller.

Other limitations which the researcher encountered in the course of writing are that some of questionnaires distributed to the respondents were not returned despite one or two reminders sent to them, while those that were delivered by hand were non-challantly filled. As such, there have been criticisms about the bakery industries in the way they render services to their customers. i.e. They do not see the customers as king lot in terms of national output and employment. Moreover, Nigeria has various policies on small-scale enterprises in recent National development plan and also in the structural Adjustment programmed (SAP). The researcher wants to carry out a research on what bakeries do and the role they play in economic growth and development the researcher also wants to have an idea base either to support all the sources about the poor impression people have on how to improve their production so as to contribute effectively in national economic growth and development.

Bakeries can do more individualized jobs for customers and thereby attract them on the basis of specialty product quality and personal services rather than on the impersonal of price or mass production of largely identical business. Based on

the above, the need for studying this topic is to show the effectiveness of small-scale business in national economic growth and development.

1.4 RESEARCH QUESTIONS

The importance of small scale business in the promotion of economic growth and development has always been at the forefront of development strategies. However, many developing countries have failed to adopt this strategy owing to their belief that it is a relatively slow process of industrialization which may not be very compatible with their desire to “catch up” with the industrial countries. This along with the relative availability of foreign exchange (particularly through foreign grants and export of basic commodities) in the early days of independence has encouraged many of those countries to follow a different mode of industrialization for transition from a largely agrarian society to a modern industrial sector including Nigeria, adopted import substitution strategy of industrialization aimed mainly at producing domestically consumer goods that were erstwhile imported. This strategy of industrialization often requires continuous dependence on major supplier's over-seas for the provision raw materials and spare parts needed for uninterrupted production in these industries.

Therefore, the aim of this study is to know:

- Whether or not small scale business provides opportunities for individual freedom and economic growth and development.
- To know if small business community makes a significant contribution to our total economic system as suggested earlier

- To find out whether or not bakery industry contribute to the economic growth and development of the country.
- If customers are satisfied by the services tendered by bakeries
- To formulate business strategies and make recommendations that would be more effective in bakery industries.

1.5 RESEARCH HYPOTHESES

To guide the investigation of the issue raise in the problem definition. It is hypothesized that:

HYPOTHESIS 1

H₀: Small-scale industry does not contribute to economic growth & Development

H₁: Small-scale industry contributes to economic growth development.

HYPOTHESIS 2

H₀: Lack of finance is the major problem facing small-scale business

H₁: Small-scale business does not have any problem in terms of Finance.

HYPOTHESIS 3

H₀: Bakeries do not encourage the use of local resources in larger

Scale in Nigeria

H₁: Bakeries encourage the use of local resources in larger scale in

Nigeria

1.6 SIGNIFICANCE OF THE STUDY

This study is very timely, especially today that all hand is on desk to enhance the development and growth of the Nigeria's economy through the small scale enterprises. This study will be of immense benefits to cottage enterprises as well as other small and medium scale enterprise.

Furthermore, the research work will serve as a secondary data to future researches on small and medium scale enterprises.

Finally, this work is of importance to the researcher in the following ways.

- It will expose and enable him to know more about the organization. Enterprises under study.
- It will enable him to more about the role, which small and medium scale enterprises play in Nigeria.
- It will also enable him to know the different meaning/definitions and classifications of small and medium scale enterprises.

1.7 SCOPE OF THE STUDY

The scope of this study i.e. small scale enterprise is very wide it had to be carried out in all small-scale industries in Nigeria.

1.8 LIMITATION OF THE STUDY

The study is therefore limited to bakeries industries in Enugu Urban because of time and material resources to see to the whole nation.

1.9 DEFINITION OF TERMS

NAFDAC: National Agency for Food and Drug Administration Commission

SAP: Structural Adjustment Programmed

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CHAPTER TWO

REVIEW OF RELATED LITERATURE REVIEW

2.1 THEORETICAL FRAME WORK OF THE STUDY

There is no universally accepted definition of a small scale industry. As a matter of fact, most establishments and countries have defined it according to their perspectives and to suit their peculiar circumstances and economic background and policies. These differences in definitions may be due to differences in economic development and advancement. The National Directorate of Employment (NDE) was set up by the Federal Government in November 1986 to work out strategies for dealing with the unemployment in the country especially school leavers and college graduates, and its initial care programmed were formally launched on 30th January 1987 and the (NDE) defined small scale factory/entrepreneur as projects having a capital investment not exceeding five thousand naira (₦5,000.00) excluding land and a staff strength not exceeding three (3). The central Bank of Nigeria defined small scale industries as those with annual turn-over not exceeding five hundred thousand naira (₦500,000.00). The small scale industries of the Federal Ministry of Industries defined small scale industry enterprise having invest capital in equipment machinery and working capital up to sixty thousand naira (₦60,000.00) and employees not more than fifty (50) persons.

The Nigerian Bank for Commerce and Industry (NBCI) defined it as an industry with capital not exceeding ₦750,000.00 including working capital but excluding cost of land.

The center for industrial research and development of Obafemi Awolowo University defined it as those whose total asset in plant equipment and working capital do not exceed ₦250,000.00 and with not more than 50 employees. The SAP defined as those with total investment of between ₦100,000.00 and ₦2m exclusive of land but including working capital.

The FUSSI was established in 1971 with a view to encouraging small scale industries in the states. The NBCI was established in October, 1973 to finance the process of indigenization of the nation's economy. The FUSSI, NBCI, CMC, SAP and various institutions of higher learning in Nigeria all have different definitions of a small scale industry. These various definitions undergo review from time to time. However, generally small scale industry is measured by the following criteria:

- The amount of capital employed.
- Ownership structure
- Management style
- Profit level
- Sales volume
- Number of employee
- Total asset size
- Type of Industry

However, for the purpose of this study, small scale garri processing factory should possess more than two of the following characteristics:

- The factory that produces fairly large quantities of garri for both family consumption and sale.
- The factory that engages more than two workers in garri processing.
- The factory that has existed for more than one year in garri production.

2.2 HISTORICAL BACKGROUND

Prime bread bakery is one of the few multi-national small scale industries that had its beginning in Emene, Enugu. Prime bread bakery is a small family owned operation at inception, have grown to become the predominant bread bakery in Emene, responsible for a manufacture and sale of over three different types of bread brands. The prime bread bakery was incorporated in November 15, 1999 and production of bread began 2001, as a subsidiary of the AG Leventis group with the franchise to seal and sell bread product in Emene, Enugu state.

STARTING A SMALL BUSINESS

Franchising is one of the three basic ways people can start their own business. The other two are starting a new firm from the ground floor and buying an existing business a start up firm is one that a business owner build from scratch the person usually takes a lot of work owners have to obtain financing close an appropriate location, hire trust worldly personnel plan for continuity etc. They must make major decision regarding all aspects of the operation, e.g. should they finance continuing operations through debt capital (financing that involves a loan to be repaid usually with interest) or equity capital (financing which usually require that the investor be given some form of ownership in the venture)? Who

will manage the company if the owner dies or is disabled. These are critical question for small business operation much more than it does large corporations. It is problem like these differentiate between small business owners and large corporation counterparts. This is why these problems must be addressed in the early stage of a business existence. The solutions can mean the different in whether a small business survives or fails. It is problems like these that often prompt small business owners to buy existing business rather than starting their own.

For whatever reason a person buys an existing business, there are several key question that must be considered before the purchase is made. One of the key issues is whether the products or service the business provides fall into the prospective owner's area of expertise and interests. Another is whether the purchase price is reasonable. A third addresses the business turnaround prospects. Then there is the question of tract firms financial condition is it favourable or poor? Naturally, most salient question deals with how to finance the purchase and continuing operation.

2.3 CURRENT LITERTURES ON THEORIES POSTULATED

NATURE AND SCOPE OF SMALL-SCALE BUSINESS

Small-scale business is potentially strong in aiding the diversification of the industrial structure for development. The meaning of small-scale business varies from one country to another and from one industry to another ever within the same industry. The United Nations Industrial Development Organization (UNIDO) has located about fifty (50) different definitions of small-scale industries in

seventy five (75) different countries. (Akinrinade, 1989:28) according to such various definitions were based on parameters such as installed capacity utilization, output, unemployment, capital, type of industry or other criteria which have more relevance to the industrial policies of the specified country.

The small business act of 2000 (USA) provide that a small business concern is one which is independently owned and operated and not dominant in its field of operation (Broom and Longnecker 2006:11), Again the Committee on Economic Development (CED) of the united states of America offers a definition which states that a business will be classified as small if it meets two or more of the following critter is (Broom and Longnecker 1986:12)

- Management is independent i.e. manages are also owners
- Capital is supplied and ownership is held by an individual or a small group.
- The area of operation is mainly local
- The size of the firm is small relative to the industry.

From the foregoing therefore, we propose that a small-scale industry should be defined as any enterprise whose investment capital or total assets range from (n1) one naira to 10million and employing not more than one hundred employees. This definition if adopted as a universally acceptable definition of small-scale industry would help to encourage the growth of small-scale industry in particular and the Nigeria Economy in general. Much have been said and written about contribution of small-scale industry in economic growth and development. The aim and meaning of small-scale business stem from facilitating the conversation of foreign exchange and the development of the scarce resources of management in

development countries. They are able to economies limited resources because of their size or scale of operations, ownership and management structures which is not usually sophisticated. Unlike the large-scale enterprise whose formalities are involved in day-to-day operations of the business. Mobogunje refers to small-scale enterprise as “those whose operations do not involve all the formalities in the large-scale enterprise or government organization” There is a kind of institutional support small-scale enterprises as the Nigeria Bank for Commerce and Industry (NBCI) took the decision in the unshaken belief that the future of the developing nation like Nigeria depends on the development of her small-scale industries. Hence, Akwaeze, on his contribution noted “Nigeria Bank for Commerce and Industry has pledge its continued support for small-scale enterprise in spite of high risk of failure in the sub-sector of the economy. Small-scale enterprise helps in fostering flexibility in the industrial structure. The impact of this is manifested in their greater ability to cater for diversified consumer needs especially at the lower economic echelon side from producing goods and services with high intrinsic value added contents. Because of this, the best environment for small firms is a relatively free market that provides equal distribution and opportunity for all enterprise. It was for this reason that development programmed focused specifically on small-scale enterprises can also be useful provided they reinforce and supplement private sector initiative, rather than replace them. But the primary need in most countries is simple to remove the base and obstacles to small enterprises that are implicit in existing incentives and regulatory system. Hence, Keith observed that small-business have potentially, a crucial role the best intensions.

2.3.1 CLASSIFICATION OF SMALL SCALE

As earlier stated, small scale enterprise does not have any clear-cut definition, because it varies from one countries economy to another, so its classification. However, according to Nnenna Ani, some of the main criteria used to classify small scale business include;

- **According to Initial Capital Outlay:** Here according The third national development plan (1975-1980) small scale was classified as any industry with one hundred and fifty thousand naira capital investment, while the federal ministry of industries in 1973 classified as small business as one with not less than sixty thousand naira.
- **According to Management Style:** In classifying a small-scale according to the management style (Drucker) says it requires at least one man that is not engaged in any other functional work but spends all his time and finance in it. He knows other members who may not be active (e.g. partnership).
- **According to Number Of Employee:** Drucker summed this pattern of classification up by asserting that regardless of titles and position, the maximum number for an organization to qualify, as a small scale business should hardly exceed twelve (12) fifteen (15) men. Why the bottom committee (BC) in their contribution says that a small-scale in one with not more than three (3) persons.
- **According to Market Share:** The bottom committee in one of its characteristics to hard defining small scale and making it significantly different from large firms says for an enterprise to qualify as small it must have a

relatively small share and its owners or part owners must also be its customers.

Other forms of classification according to Ani includes total asset of firm, type of industry, relative position of firm within its industry or a combination of two or more of the above criterion.

2.3.2 FACTORS THAT AFFECT SMALL SCALE BUSINESS

The problems facing small-scale enterprises can be categorized conveniently as financial, managerial, technical, commercial and infrastructural. The financial problems have their origin in the humble circumstances of the small-scale industrialist and his disabilities in making maximum use of the resources of the organized financial sector. Another financial problem is the rigors bureaucratic red-tapirs involved in procuring finance from banks and other government sources such that only the very preserving ones can afford to go through. The situation assures wider dimensions that most small-scale industrialists tend to use them as last resort.

Oghunbiyi (1999:10), also saw key problem facing most small-business in Nigeria as that of lack of finance according to him, this lack is whether for the establishment of new industries or to carry out expansion plans. The inability to attract financial credit has stifled the growth of this sub-sector. In his view, commercial banks which were expected to be the launch pad for the development of small-scale industries through the provision of loans them. Stiff collateral security demanded by banks often means that small-scale industrialists are unable to meet these provisions, consequently losing the chance to obtain loans. In

addition, high interest rates charged on loans scared off potential small-scale entrepreneurs.

Banks on their own part, have argued that they are discouraged to lend to this sub-sector since many potential and existing small-scale entrepreneurs draw up feasibility reports that are not viable, lack managerial skill and do not maintain adequate finance or accounting records about their business. High percentage of default on repayment of loans is among the reasons that led to this sub-sector to be regarded as high risk for lending purposes.

Klade (2001:15) added that commercial banks sometimes shun the small business owners who on getting loan soon divert the funds into other uses while they avoid the banks and resist any investigation into their activities.

The problem related to management arises from the entrepreneur's limited education and training knowledge consists of facts and theories that enable people to understand phenomena and to solve problems. A small-scale business owner who has not acquired enough knowledge about business is likely to fail. Another management problem is the refusal of these small-scale industrialists to team up and pool together available resources, the lack of honesty and desire to develop self rather than business and the import dependent nature of the business just as the large scale enterprises while the technical ones are due to his limited know-how in project planning and appraisal and little or no exposure to modern technology.

(Vesper, 1999) says that incompetence of management is another problem facing management a small business owner may know all the management

principles and theories; his management practice may jeopardize his business. He may not possess his leadership qualities, be willing to delegate responsibilities, lack appropriate human relation ability and may not possess the appropriate skills of management. Such a business operated by small-scale owners may likely to fail. Good management ability is pre-requisite for success in both large and small business firms alike.

Concretely, this means skill in handling men, money and inventory along with the ability to formulate wise policies, select proper method, merchandize aggressively and created good relationship with employees, customers and the general public.

The commercial problems consist of his ability to organize market surveys and product distribution channels. However, Osayi enumerated three major problems of small-scale business in Nigeria as finance and financial control, managerial capacity and capability as well as technology. Another contribution, Osayi was of the view that "development institutions are often established in less developed countries to assist in the development process. Specifically, they are set to provide financial assistance to indigenous companies likely to face problems seeking capital. However, it could be seen that the institutions have failed in performing this function effectively on why such a failure was that the development institutions have contributed to the existing structural imbalance by neglecting the most important industrial sector of the economy that is small-scale industries.

Many of the small-scale units are undercapitalized. They are unable to raise fund in this, they suffer from inadequate working capital resource. They are unable

to arise fund in the capital market because they cannot fulfil the conditions which to them are rather costly, nevertheless, a case can made for shortage of finance as constituting a major obstacle to the growth of a viable small-scale enterprises in Nigeria.

Owuola wrote that “undoubtedly, shortage of finance is not the only problem of small-scale enterprises in Nigeria, others including unfavourable government regulation and policies (such as biased and lack of necessary fiscal incentive) and relatively unsophisticated management.

One of the most serious problems of inhibiting the location of small-scale industry is the shortage of finance capital. The small-scale industry suffers from a market lack of access to institutional credit. The main reason for this is that only of them have enough assets to satisfy the collateral requirements of institutional lenders such a commercial bank in view of this, the already set up industries find it difficult to expand, let alone setting up new ones.

Another problem which prevents accurate assessment of the role played by small-scale enterprises in the definition for instance, as the term of size of employment but difference in factor proportion among establishment, the complexity of capital and the type of organization are some of the considerations which reduce the operational meaning fullness of the meaning.

Teriba and kayoed wrote that “small-scale enterprises are not properly assessed because of their definition. Government funds are not limitless, in the face of competing needs for government resources; sufficient funds are not always available to promote the needs of small-scale business. Credit facilities allowed by

the bank and government are often highly united and as such it is not enough for them to finance the business and thus will not encourage them to carry on with their business with little resources. For example, in 1996 credit guideline by the CBN, the percentage of their credit outstanding to small-scale enterprises is 30%.

2.3.3 THE ROLE OF SMALL-SCALE BUSINESS IN ECONOMIC GROWTH

Small-scale enterprises contributed reasonably to the economic development of Nigeria. Onuoha (1996:326-328) citing Okongwu (1986), Ukwu (1987), Nwosu (1981), Faleye (1985) and theirs concluded that small-scale business perform the following roles in the economic development of the third world countries in general and Nigeria in particular:

- Creation of employment
- Stimulation of indigenous entrepreneurship
- Transformation of tradition industry
- Linkage effects
- Utilization of resources
- Multi nationalization of indigenous enterprises

Also Ekpenyong (1989:72-75), citing the Nigerians third national development plan (1975:80), summarize the role of small business in the development of Nigerian to include:

- Creation of employment

- Manpower development
- Waste utilization
- Local development
- Introduction to big business
- Promotion of competition
- Self reliance
- Aid to industrialization

Well equipped and properly managed small-scale industry workshop will serve the nation as training grounds for our today's technicians and topminnows inventions. On this note Ekpoh, had to say the cost of providing workshop, electricity, water, access to roads, drainage etc recoverable from rents upon these properties. Small and medium scale enterprises acts as a seedbed usually for the indigenous population they serve as venires for the propagation and diffusion of innovative ideas of far reaching dimensions. Although open to debate is their role in providing avenues for moonlighting thus, contributing to labour stability in those sectors (such as in the public sector of developing countries) prone to high rate of labour turnover due to wage inequalities. In promoting the export trade, small firms hesitate to export because of the misconception regarding the inability of small business to exploit market opportunity which is due to the fact that many development countries such as Nigerian have join through too long import substitution oriented development in a comfortable, protected home market. Hence, Agboeye, in his contribution noted "the extent to which small-scale

enterprises will participate in the export trade of the country depend largely on the efficiency of the assistance and supporting services available to them from government agencies or prostates or organizations entrusted with the risk of making small enterprises progressively export oriented. In an article written by Uba (2004) “profit through cassava flour for export” here the federal government ordered the consumers of industrial flour in the country recently especially bakers and confectionaries, to ensure that their total consumption of flour include 10 percent of locally produced cassava flour. Before now, they refused to use cassava flour despite the fact that it possesses the same features and plays the same role as wheat flour. For a way forward, there must be total restructuring of the economy, with adequate attention placed on the programmers that would increase local production and export, using local raw materials. With the new policy and campaign, the cost of raw materials (flour) will be chapter and opportunities created for prospective investors. Some of the fundamental considerations to make when looking for any investment area to embark upon so as to increase local production are:

- Availability of local raw materials
- Technology convenience
- Human resources
- Capital availability
- Infrastructural adequacy.

Of all the factors, availability of local raw materials seems to be the most vital. It is based on these factors the writer carried out research and market survey for setting up this project. Flour has recorded a very high importation level in this country, despite the input of few companies like Nigeria flourmills and others. The demand has overgrown the supply, hence some Nigeria companies resort to importation from statistics, and about 60% of the total demands are sourced overseas countries.

Looking at the application of the flour generally, the demand for the envisaged products of the proposed project remains undutiful. Flour is used in various projects as inputs or raw materials. It is used in making of bread, biscuits (cookies), cakes, chin-chin, puff-puff etc and as a substitute to baking wheat flour. With the growth in the numbers of bakery firms, fast food industries and other end users of the product the demand increases every day. Our research indicated that this product could be sold to overseas countries. Nigerian starch and flour are regarded as one of the best in the world today and have international demand and respect too. Also some foreign countries within the ECOWAS sub-region come to Nigeria to purchase in bulk.

What is the outlook for the continued growth of the small business firm, and the opportunities it provides for individual free-dom and development, as a vital force in the business community? If these questions are answered based only on past performance of small firm; it is apparent that the small firm has an essential role to play not only does the small firm provide avenue through which opportunities are opened to individuals, permitting them to develop and express themselves, but taken collectively, the small business community also makes a

significant contribution to our total economic system, as suggested earlier is given more compelling when the contribution of small business to specific lines of business activity is cited. E.g. in USA 95% of all manufacturing enterprises are small businesses having less than 250 employees and contributing about 35% of the value added by manufactures. Almost 97% of all retailing firms are small business.

These indicators reflect the contributions that have been made by small business. We have observed that they have been and will continue to be an essential member of the total business community. In our economy, the small firm will continue to exist, strive and play a purposeful role.

GOVERNMENT POLICIES FOR PROMOTING SMALL-SCALE BUSINESS

The federal government has continued to play pioneering and active roles since the 1970s in stimulating small-scale enterprises Obitayo, (1991) some of these policies are;

- Industrial development and national integration through industrial dispersal
- Provision of greater employment opportunities
- Increases production of manufactured exports
- The development of indigenous technology
- Increasing local content of industrial output that is the use of local raw materials to promote greater linkages and backward integration to raise general level of economic activity.

- Facilitating and finding institutions like the centre for industrial research and development, Obafemi Awolowo university ile-ife with the purpose of training personnel in small-scale industries management conducting research into small-scale problem.

THE ECONOMIC IMPERATIVE OF SMALL BUSINESS DEVELOPMENT IN NIGERIA

“We have on our hands an entrepreneurial boom, the like of which we have not seen in a century. The most important economic event of last few years, in fact, is the emergence of entrepreneurial development program” this was how peter Drucker, an internationally renowned management expert reacted in 1983 to a reporter’s question which was sought to know whether it will still be possible to start new companies and succeed in America. He went on to explain that in the last decade, the united states of America has created 20million new jobs the largest number ever created anywhere in a short period and at the same time, large established companies have lost several million jobs stating that government has not grown either. Drucker (1983) maintained that most of these 20million additional jobs are in small new enterprises. America is a typical example of entrepreneurial economy, a free enterprise state where the environment boast of almost limitless prospects and reward for private enterprise and self employment. It is an economy that rewards creativity, initiative and hard work and whoever can financially wealthy within the shortest possible time. People are therefore self-determined in their approach to life. Everybody seems to be thinking of what he or she can do with his or her hands and brain. Little wonder the private sector is much stronger economically than the public sector. Nigeria appears to be currently

finding the right path to a possible entrepreneurial venture into the 21st century. Since independence, the country's development plans have laid a great deal of emphasis on public sector control of the economy. We have a situation where the public private sector mix has increasingly tilted towards public sector domination.

According to professor Walter E.L, a writer in finance and development, entrepreneurship has three essential and linked attributes first, the ability to perceive profitable business opportunities, the willingness to act on what is perceived and the necessary organizing skills associated with the project. It is patient to point out here that of the factors militating against government parastatals is unnecessary bureaucratic culture that is bureaucratic with a production mentality which emphasizes maximizing output as the principal objective, while ignoring considerations of costs and markets. Everything is done according to set bureaucratic procedures for example "managers" are appointed for their bureaucratic and political skills and connections, rather than for their commercial acumen. There are also more overheads in parastatals than in private firms, since they do not face the same competition forces and are under greater pressure to provide employment for kinsmen or constituents of political leaders. The sky will be our limit, if only people would rise up to take the task and face the realities of our times in the present development of small business management in Nigeria.

The low literacy level and general ignorance which pervade and cause a lot of bad attitude and malpractice within the Nigerian business environment would be seriously challenged and obliterated eventually assume a new perspective and real industrial and economic development. Gradually, institutional financial

support is now available through the NDE and FEAP (family economic advancement programmed) and a lot of funds now being raised for self-employment through non-official sources. It appears many parents, guardians, private sponsors and up to the challenge. The national association of self-employment graduate (NASEG) and industries and other organizations such as the Nigerian Association of small-scale industries support from the Nigerian chamber of commerce, the Nigerian Bank task because that is what we need for both economic, political and social transformation of the Nigeria society. It has worked in Japan, America, South Korea, Singapore, and others, and it will also work in Nigeria. This constitutes part of our critical challenges ahead.

2.3.4 IMPORTANCE OF SMALL BUSINESS ENTERPRISES

The importance of small business enterprise in any economy cannot be over-estimated. Firstly, the continuing growth in the economy of any nation depends to a large extent on the start-ups and developments of small-scale enterprises are a legitimate and viable component in any strategy for reconstructing the economy.

Further, it is emphasized that the small-scale enterprises make the possibility of the equitable distribution of national income more realistic by providing employment on a large scale. By creating more employment opportunities small business enterprises help in mobilizing capital and human resources that would for such services.

Nigeria has particularly witnessed concrete evidence of small business advantages. Available records show that Nigeria small-scale sector made much bigger

contribution to both gross domestic product (GDP) and employment than the large-scale sector in the 1970s. The contribution of the small firms in a developing country may be exemplified by the Indian experience where small industries accounted for about 50% of industrial output in 1987. They are also responsible for 10 percent industrial fixed capital formation and over 18 percent of the total industrial employment in that country.

The review of the importance of small business enterprises in any economy cannot be exhausted, the main reason why any study aimed at contributing to the improved performance of this sector should be encouraged.

2.3.4 ADVANTAGES OF SMALL-SCALE BUSINESS AND SELF EMPLOYMENT

- Short lines of communication: since there is usually only one level of management in the small business enterprise face-to-face, direct contact is possible between the manager and his employees when giving instruction or discussing specific problems relating to the business. The one-to-one communication relationship significantly increases the chances of reducing or eliminating many common communication problems encountered in larger firms.
- Profits serve as salary: A key incentive for a small business entrepreneur is that being his own boss, he is working for himself. Thus profit derived from company operations serves as his financial reward.
- Close contact with employees as customer's small business provides type of environment in which close personal customer and employee relationship can be cultivated. Since there is usually only one level of management direct interaction is possible between the manager and employees. Through

this relationship, he has the opportunity for greater understanding of their needs and water. Customers may even become known on a first they are buying. Customers may be given personal, individualistic considerations to fit their specific needs since the small business man recognizes the value of such relationship to the success of the business.

- Close to decision making process: Since there is usually, one level management the small businessman is directly involved in all decision affecting the on-going business concern. Otherwise be left idle, while some small business may meet untapped demand, some fill a niche in the market, yet others provide some distinct services that cannot be matched by large organization. In this wise, they contribute to the succession of large business. In other word, if small business were suddenly removed from the contemporary scene, big business would find itself saddled with a myriad of activities that could only be inefficiently performed. The importance of the above observation can be seen in the case of manufactures and wholesalers. The effectiveness of manufactures would be impeded if wholesalers are not handy to enhance the distribution process of the manufactured goods. It is evident too that such professional services such as accounting firms, medical clinics, legal chambers, catering, which are rendered to big firms fall under the scope of small business and most of them are owner-managers. Small-scale business economizes resources, resources such as capital, technical and management skills are scarce and constitute the central problem of under development. Small firms are more capital saving and more labor using and are thus better suited for developing economies. The capital that goes into the start-up of small business is relatively easier

to come by and this is an advantage to a developing economy in view of the limited amount of savings in such economy. Small firms are also far less import dependent than large scale business and often depend on locally fabricated machinery and local raw material inputs. One can buttress this point further, by noting that the less dependence of small business on imported inputs reduces the demand pressure on foreign exchange earnings in the economy consequently, another importance of small business is in its considerable solution to balance of payment problems resulting from less dependence on imported inputs. Small industries have a gestation period and as a result, yield quicker return on investment. They facilitate balanced industrial development in that only such industries can easily be established in many rural areas. In this regard, they also present a potent means of alleviating rural-urban migration and associated urban congestion and unemployment. Innovation is another importance of small business enterprises. One of the essential attribute of entrepreneurs is the ability to perceive business opportunities and a willingness to act on what is perceived. In most cases new services often are introduced by small business owners who perceive the need.

- Ease of entry: An attractive feature of the small business, particularly, the sole proprietorship is the ease which one can go into business for himself. All that is required to open the doors for business is a location, any special operating license required by state government and some capital. No other restriction is normally placed on entrance into small business.
- It can do more individualized jobs for customers and thereby attract them on the basis of specialty product, quality and personal services rather than

on the impersonal factors of price or mass production of largely identical business.

2.3.6 ADVANTAGES OF SELF EMPLOYMENT

- It gives a sense of pride and satisfaction to the owner-operator in building a valuable investment in the future
- It gives one the opportunity to try his/her own ideas and hence can cultivate a sense of independence
- In many cases a new business may mean an opportunity for a higher income
- Moreover, once the business is on an paying basis, it can yield financial and occupational security
- It creates the opportunity for service, a desire for power, or the need to improve one's ability.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

In this research study, the researcher made use of both primary and secondary data. Primary data were collected through a filed study of bakeries in Enugu urban. The researcher also made use of personal interviews, observations and structured questionnaires. This was to provide the researcher with information on the experience of the customs in the bakery industries. Additional information was gotten from management journals, newspapers, magazines, write-ups, papers presented in symposia and also text books. These sources make up secondary data and the research was designed in such a way that points scores were awarded to respondents to know the performance of workers in the selected bakeries in Enugu state. The workers from these bakery industries were taken as sample for study from the population. The data collected during the study were analyzed with a view to establish how the performance of these workers contributes to economic development of the country in their different industries.

3.2 SOURCES OF DATA

The research employed two types of data in the course of this work. These are:

- i. The primary data and
- ii. The secondary data

3.2.1 PRIMARY DATA

This was collected through responses from questionnaire and interviews

- a. Questionnaire: A well structured questionnaire was designed by the researcher for service or an intermediate staff in the selected bakeries. The questionnaire was personally presented to the respondents by the researcher. The questionnaire consisted of printed questions in which the respondents have to fill in the answers. The researcher made use of multiple choices in the questionnaire
- b. Interview: The researcher also used oral/personal interview in collecting primary data. This method served a very useful purpose in obtaining certain facts and data that were not possible through the questionnaire method.

3.2.2 SECONDARY DATA

The researcher also generated data from literature review from text books, and journals including newspaper prints.

3.3 POPULATION OF THE STUDY

The population for this study was made up of three (3) bakeries in Enugu urban. The population to be surveyed is made up of bakery workers. The universe of interest would comprise the totality of the bakeries and their workers in Nigeria. Unfortunately; accurate statistics were based on the workers involved is not available because of the large number of subject in the population total number of bakery workers.

3.4.1 SAMPLE DESIGN AND DETERMINATION OF SAMPLE SIZE

The sample size used in this study is 67 out of a population size of 80 using the formula for the determination of the sample size from the population of the workers. To get the sample size Taro Yamani method will be given:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n = Sample size

N = Population size

e = Level of significance (error)

1 = A constant number

For the purpose of this study, our level of significance (e) = 5% or 0.05 that is 95% confidence limit

Since $n = ?$

$N = 80$

$e = 0.05$ or 5%

Substituting the above values into the formula, we have that:

$$N = \frac{80}{1 + 80(0.05)^2}$$

$$= \frac{80}{1 + 80(0.0025)}$$

$$= \frac{80}{1 + 0.2}$$

$$= \frac{80}{1.2}$$

$$n = 67$$

The sample size of the population is 78 and the researcher issued the same number of questionnaire to the staffs of the company to answer. The entire questionnaire issued to the issued to the sample size was collected immediately because of the method of collection to determine the minimum number of respondents from each of the section of work in the population. Bowely's proportional allocation formula was applied thus:

$$n1 = \frac{n1(n)}{N}$$

Where:

$n1$ = Number of each bakery

n = Total sample size

N = Population size

OVEN FRESH BAKERY

$$\begin{aligned}n1 &= \frac{30(67)}{80} \\ &= \frac{2010}{80} \\ &= 25\end{aligned}$$

PRIME BAKERY

$$\begin{aligned}n1 &= \frac{25(67)}{80} \\ &= \frac{1675}{80} \\ &= 21\end{aligned}$$

OLUCHUKWU BAKERY

$$\begin{aligned}n_1 &= \frac{25(67)}{80} \\ &= \frac{1675}{80} \\ &= 21\end{aligned}$$

3.4.2 SAMPLE TECHNIQUE

In sampling technique, every member of the relevant population has an equal chance of being selected and the probability of this selection is known, for example, if there are 80 staff of an organisation and each staff is qualified for selection, then the probability that a particular staff will be selected is one out of 80.

The commonly used forms of probability sampling are

- Simple random sampling.
- Stratified random sampling.
- Cluster sampling.
- Multi-stage sampling.
- Systematic sampling.

SIMPLE RANDOM SAMPLING

The essential purpose of random selection is to avoid subjective bias arising from a personal choice of sampling units. In simple random sampling, each member of the population is given an equal chance of being selected.

3.5 METHOD OF DATA COLLECTION

The questionnaire of data collection was solely used. Therefore, a total sixty seven (67) structured questionnaire of thirteen questions (13) were administered among the selected bakeries staff among. The questionnaires were personally distributed to the employees by the researcher. The respondents were allowed two (2) days to respond to the questions, after which the (questionnaire) were collected from the respondents. However, some respondents returned their questionnaire the same day. The information obtained through oral interview by the researcher was guided by interview guide where the questions to be asked were listed so that the researcher won't forget anyone.

3.6 METHODS OF DATA PRESENTATION AND ANALYSIS

There are various method used in presenting data on a project. These various methods are use of table, chart and graph but for the sake of this work, the researcher used table to represent the data because of its preciseness.

To facilitate accurate analysis of data the researcher used percentage to analyze the data and chi-square will be used to test the hypotheses. In testing using the test, a comparison is made between the expected frequency and observed frequency.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

The researcher used questionnaires for the presentation of data and was issued out from the staff of the selected bakeries being the case study of the research. The questionnaire was distributed amongst the selected sample size of the selected bakeries, Enugu. It was distributed randomly to the selected bakeries of an accessible population so 67 questionnaires were distributed amongst the sample size being 67 from all categories which serves as the basis for the data presentation.

Table 1: No. of Questionnaires Distributed

Response Option	No. of Questionnaire	Percentage (%)
Returned Questionnaire	50	74.63
Unreturned Questionnaire	17	25.37
Total	67	100

SOURCE: Field Survey 2013

From table 1 above, out of the sixty seven (67) questionnaires that were distributed to the three (3) selected bakeries. With a percentage of represents the questionnaires that were returned while with a percentage of represents the questionnaires that were not returned.

4.2 ANALYSIS BASED ON RESEARCH HYPOTHESES

QUESTION 1: WHAT IS YOUR GENDER?

Table 2:

Response Option	No. of Response	Percentage (%)
Male	52	77.6
Female	15	22.4
Total	67	100

SOURCE: Field Survey 2013

The largest respondents of 52 representing 77.6% are male while the remaining 15 respondents representing 22.4% are female.

QUESTION 2: HOW LONG HAVE YOU BEEN IN BUSINESS?

Table 3:

Response Option	No. of Response	Percentage (%)
1-6 years	30	44.7
7-12 years	20	30.0
13 and above	17	25.3
Total	67	100

SOURCE: Field Survey 2013

The majority of the respondents 30 representing 44.7% have been in business for 1-6 years, 20 respondents representing 30.0% of the respondents have been in business for 7-12 years while 17 respondents representing 25.3% have been in business for 13 years and above.

QUESTION 3: WHAT IS THE NUMBER OF THE FOLLOWING WORKERS?

Table 4:

Response Option	No. of Response	Percentage (%)
Skilled Workers	50	74.6
Unskilled Workers	17	25.4
Total	67	100

SOURCE: Field Survey 2013

From the table above 50 respondents representing 74.6% are skilled workers while 17 respondents representing 25.4% are unskilled workers.

QUESTION 4: DO YOU HAVE A FINANCE PROBLEM?

Table 5:

Response Option	No. of Response	Percentage (%)
Yes	48	71.6
No	19	28.4
Total	67	100

SOURCE: Field Survey 2013

From the table above 48 respondents representing 71.6% agree that they have a financial problem while 19 respondents representing 28.4% disagree that they have a financial problem.

QUESTION 5: DO YOU HAVE ANY NEED FOR EXPANSION?

Table 6:

Response Option	No. of Response	Percentage (%)
Yes	65	97.0
No	2	03.0
Total	67	100

SOURCE: Field Survey 2013

The table above shows that 65 respondents representing 97.0% admit that there is a need for expansion while 2 respondents representing 03.0% feel that there is no need for expansion.

QUESTION 6: IF YES DO YOU NEED LOAN?

Table 7:

Response Option	No. of Response	Percentage (%)
Yes	52	77.6
No	15	22.4
Total	67	100

SOURCE: Field Survey 2013

From the table above 52 respondents representing 77.6% believe that the enterprise needs loan while 15 respondents representing 22.4% do not feel a need for loan.

QUESTION 7: HAVE YOU RECEIVED LOAN FROM BANKS BEFORE?

Table 8:

Response Option	No. of Response	Percentage (%)
Yes	44	65.7
No	23	34.3
Total	67	100

SOURCE: Field Survey 2013

The largest respondents of 44 representing 65.7% say yes while the remaining 23 respondents representing 34.3% say no.

QUESTION 8: DO YOU HAVE ENOUGH RAW MATERIALS?

Table 9:

Response Option	No. of Response	Percentage (%)
Yes	11	16.4
No	56	83.6
Total	67	100

SOURCE: Field Survey 2013

The majority of the respondents 56 representing 83.6% say no to have enough raw materials while 11 respondents representing 16.4% say yes to have enough raw materials.

QUESTION 9: WHERE IS THE SOURCE OF YOUR RAW MATERIALS?

Table 10:

Response Option	No. of Response	Percentage (%)
Nigeria	17	25.3
Imported	30	44.7
Both	20	30.0
Total	67	100

SOURCE: Field Survey 2013

The majority of the respondents 30 representing 44.7% agree that their source of raw materials is imported, 20 respondents representing 30.0% agree that their source of raw materials is from both while 17 representing 25.3% agree that it is from Nigeria.

QUESTION 10: SMALL SCALE INDUSTRIES DOES CONTRIBUTE TO ECONOMIC GROWTH AND DEVELOPMENT

Table 11:

Response Option	No. of Response	Percentage (%)
Yes	60	89.6
No	7	10.4
Total	67	100

SOURCE: Field Survey 2013

The majority of the respondents 60 representing 89.6% say yes while 11 respondents representing 10.4% say no.

QUESTION 11: LACK OF FINANCE IS THE MAJOR PROBLEM FACING SMALL SCALE INDUSTRY

Table 12:

Response Option	No. of Response	Percentage (%)
Yes	57	85.1
No	10	14.9
Total	67	100

SOURCE: Field Survey 2013

The majority of the respondents 57 representing 85.1% say yes while 10 respondents representing 14.9% say no.

QUESTION 12: DO YOU USE LOCAL SUPPLY OF EQUIPMENT IN CARRYING OUT YOUR PRODUCTION?

Table 13:

Response Option	No. of Response	Percentage (%)
Yes	58	86.6
No	9	13.4
Total	67	100

SOURCE: Field Survey 2013

The table above shows that 58 respondents representing 86.6% say yes while 9 respondents representing 13.4% say no.

QUESTION 13: BAKERY DO ENCOURAGE THE USE OF LOCAL RESOURCES IN LARGE SCALE ENTERPRISE IN NIGERIA

Table 14:

Response Option	No. of Response	Percentage (%)
Yes	48	71.6
No	19	28.4
Total	67	100

SOURCE: Field Survey 2013

The table above shows that 48 respondents representing 71.6% say yes while 19 respondents representing 28.4% say no.

4.2.2 TEST OF HYPOTHESIS

HYPOTHESIS 1

H₀: Small scale industry does not contribute to economic growth & development

H₁: Small scale industry does contribute to economic growth & development

The researcher makes use of the chi-square method. This method states that if the calculated chi-square value is more than the value of chi-square in the table at 5% or (0.05) level of significance, the null hypothesis will be rejected.

Formula for calculating chi-square X^2

$$X^2 = \frac{(O_i - E_i)^2}{E_i}$$

Where: X^2 = Chi-square value

O_i = Observed frequency

E_i = Expected frequency

= Summation sign

Level of significance = 5% or (0.05)

Degree of freedom = $R \times C$

Row = $(R - 1)$

Column = $(C - 1)$

We shall use the responses in the table below

QUESTION 10: SMALL SCALE INDUSTRIES DOES CONTRIBUTE TO ECONOMIC GROWTH AND DEVELOPMENT

Response Option	No. of Response	Percentage (%)
Yes	60	89.6
No	7	10.4
Total	67	100

SOURCE: Field Survey 2013

$$\text{Degree of freedom} = (2 - 1) (2 - 1) = 1 \times 1 = 1$$

$$\text{Expected frequency } (Ei) = \frac{67}{2} = 33.5$$

Response Option	O_i	E_i	$O_i - E_i$	$(O_i - E_i)^2$	$\frac{(O_i - E_i)^2}{E_i}$
Yes	60	33.5	26.5	702.25	20.963
No	7	33.5	-26.5	702.25	20.963
Total	67				41.926

The calculated value is 41.926 while the critical value X^2 for 1d.f. at 0.05 chi-square table is 3.841. The calculated value of X_0^2 is higher than the table value X^2_e ($X_0^2 > X^2$)

DECISION

X^2 Computed is 41.926 and is greater than the chi-square table value at 5% level of significance using one (1) degree of freedom (ν) which is 3.841; based on the decision rule, we reject the null hypothesis.

In other words, we accept the alternate hypothesis H₁ Small scale industry does contribute to economic growth & development.

HYPOTHESIS 2

Ho: Lack of finance is the major problem facing small-scale business

Hi: Small-scale business does not have any problem in terms of Finance.

The researcher makes use of the chi-square method. This method states that if the calculated chi-square value is more than the value of chi-square in the table at 5% or (0.05) level of significance, the null hypothesis will be rejected.

Formula for calculating chi-square X^2

$$X^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where: X^2 = Chi-square value

O_i = Observed frequency

E_i = Expected frequency

Σ = Summation sign

Level of significance = 5% or (0.05)

Degree of freedom = R × C

Row = (R - 1)

Column = (C - 1)

We shall use the responses in the table below

QUESTION 11: LACK OF FINANCE IS THE MAJOR PROBLEM FACING SMALL SCALE INDUSTRIES

Response Option	No. of Response	Percentage (%)
Yes	57	85.1
No	10	14.9
Total	67	100

SOURCE: Field Survey 2013

Degree of freedom = $(2 - 1) (2 - 1) = 1 \times 1 = 1$

Expected frequency (E_i) = $\frac{67}{2} = 33.5$

Response Option	O_i	E_i	$O_i - E_i$	$(O_i - E_i)^2$	$\frac{(O_i - E_i)^2}{E_i}$
Yes	57	33.5	23.5	552.25	16.485
No	10	33.5	-23.5	552.25	16.485
Total	67				32.97

The calculated value is 32.7 while the critical value X^2 for 1d.f. at 0.05 chi-square table is 3.841. The calculated value of X_0^2 is higher than the table value X_e^2 ($X_0^2 > X_e^2$)

DECISION

X^2 Computed is 32.7 and is greater than the chi-square table value at 5% level of significance using one (1) degree of freedom (ν) which is 3.841; based on the decision rule, we reject the null hypothesis.

In other words, we accept the alternate hypothesis H_1 Lack of finance is the major problem facing small scale industries.

HYPOTHESIS 3

Ho: Bakeries do not encourage the use of local resources in large scale

Enterprise in Nigeria

Hi: Bakeries do encourage the use of local resources in large scale Enterprise in

Nigeria

The researcher makes use of the chi-square method. This method states that if the calculated chi-square value is more than the value of chi-square in the table at 5% or (0.05) level of significance, the null hypothesis will be rejected.

Formula for calculating chi-square X^2

$$X^2 = \frac{(O_i - E_i)^2}{E_i}$$

Where: X^2 = Chi-square value

O_i = Observed frequency

E_i = Expected frequency

= Summation sign

Level of significance = 5% or (0.05)

Degree of freedom = $R \times C$

Row= $(R - 1)$

Column= $(C - 1)$

We shall use the responses in the table below

QUESTION 13: BAKERY DO ENCOURAGE THE USE OF LOCAL RESOURCES IN LARGE SCALE ENTERPRISE IN NIGERIA

Table 14:

Response Option	No. of Response	Percentage (%)
Yes	48	71.6
No	19	28.4
Total	67	100

SOURCE: Field Survey 2013

Degree of freedom = $(2 - 1) (2 - 1) = 1 \times 1 = 1$

Expected frequency (Ei) = $\frac{67}{2} = 33.5$

Response Option	O_i	E_i	$O_i - E_i$	$(O_i - E_i)^2$	$\frac{(O_i - E_i)^2}{E_i}$
Yes	48	33.5	14.5	210.25	6.2761
No	19	33.5	-14.5	210.25	6.2761
Total	67				12.5522

The calculated value is 12.5522 while the critical value X^2 for 1d.f. at 0.05 chi-square table is 3.841. The calculated value of X_0^2 is higher than the table value X_e^2 ($X_0^2 > X_e^2$)

DECISION

X^2 Computed is 12.5522 and is greater than the chi-square table value at 5% level of significance using one (1) degree of freedom (v) which is 3.841; based on the decision rule, we reject the null hypothesis.

In other words, we accept the alternate hypothesis H_1 Bakeries do encourage the use of local resources in large scale Enterprise in Nigeria.

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CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

The main purpose of this study was to find out the contribution of small-scale business in Economic growth and development using 10 bakeries in Enugu Urban as a case study and also if possible make recommendations how small-scale business can be properly integrated into the economic development in the country.

From the research study, the researcher found out that government objective in promoting development of small-scale enterprises survive and flourish as units of efficient economic activities in the process of industrialization. In addition to benign sources of supply of potential entrepreneurs, small-business discharge other roles of job creation, promotion of self reliance development industrial dispersal etc.

Federal and state government desire to proliferate successful small-scale enterprises is not as successful as one would have desire because education of the small-scale industrialists was neither given its due recognition nor was appropriate provision made for it. A second chance has been appropriate offered to correct this by mobilizing the unemployed university graduates and others who are interested to form a new crop of small-scale industrialists.

Minimizing under-capitalization and to enhance managerial and technical expertise as well as to create a favourable atmosphere for mode entrepreneurship. Specifically, it was shown that there is need for leading-financial institutions and

relevant government agencies to have adequate cadre of professionals among their staff to prepare project profiles and feasibility studies for small industrialists. Their responsibilities should include analysis and testing venture ideas for feasibility and viability. The enormous infrastructure problems of the small-scale enterprises are in the domain of government to are in the domain of government to ameliorate while good intension are not lacking from government it is the failure to translate these intensions into concrete achievement that has perpetuated this monstrous problems.

Supervision of small-scale projects after loans have been obtained has been emphasized. Responsibility of lending financial institution does not end with the sanction and disbursement of loans. There should be intensive follow-up and supervision of the project implementation to ensure that the found advanced has been utilized for the purpose for which the implementation is completed on schedule. It is advocated that a greater part of the cost of supervision be borne by government. Small-scale industries may need special assistance in the procurement of needed foreign exchange because of the financial cost and their well established firms for inadequate available foreign exchange.

Finally, it must be borne in mind that there is no simple method of defining the best course of action for achieving the country's industrialization. Too much emphasis on small-scale enterprises would result in the country being regulated to a second class technological power. On the other hand, over emphasis on industrialization based on aggressive acquisition of modern high technology could lead to greater foreign dependence than is considered acceptable. There is need

therefore for a planned series of trade-offs based on the knowledge of what is desired and can be achieved.

5.2 CONCLUSION

The preparedness of advanced countries shares in the locally operating transition, deriving implicitly or explicitly from facts so far adduced. To put it succinctly here, Nigeria would be made to know and strive, even in the absence of physical violence through a mere concentrated strategy of western industrial nations in the main of cutting off Nigeria from its usual foreign sources of loans, of acquisition of assembly and spare parts and other industrial inputs including technical and managerial expertise and counselling on the one side and from more.

5.3 RECOMMENDATIONS

In actual fact, one is left with no other thing than to wonder why sartorial allocations to priory areas like Agriculture nice results. It might mean that such substantial amount may always be invested on capital equipment by such sectors like one should know that capital equipment does not yield relevant utility before exert cost incurred vis-à-vis depreciation and replacement. Thus the researcher recommends the following components so as to achieve credit self-reliance through small-scale enterprises.

Credit: The availability of credit to small firms can often be increased by raising interest rate ceilings and permitting a spread that makes it worthwhile for banks to land to small-scale enterprises or by increasing the number and range of intermediaries allocating foreign exchange for investment.

Imported raw materials: It is not common, for instance, for middle man than resell their supplies at black market prices to small-scale enterprises that desperately need imported inputs to survive in business but lack influence over the authorities concern.

Technology and equipments: By subsidizing imported machinery would stimulate domestic engineering industries and machine shops which are potentially important in helping small-scale enterprises improve their equipment.

Markets: Often barriers to the trading companies which market the products of small-scale enterprises exist and should be removed export market can be tapped more fully by ensuring that small-scale enterprises benefit from import duty rebates or exemptions on imported materials and components can also that are incorporated into exported products. Government can also directly enlarge the market for small-scale enterprises by subcontracting maintenance and repair services that public agencies might otherwise perform themselves.

Lastly, the best environment for small-scale enterprises is a relatively free market that provides equal incentives and opportunity for all enterprises. Development programmed like schools, loans to unemployed graduates (mass mobilization for economic recovery, self-reliance and social justice) which focused specifically on small-scale enterprises can also be useful, provided the reinforcement and supplementary are in the private sector initiatives rather than replacing them, but the primary need in most countries is simple to remove the biases and obstacle to small-scale enterprises that are existing in creatively and resultantly.

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APPENDIX 1

Department of Business
Administration

Caritas University,

Amorji_Nike,

Enugu

Enugu, State.

Dear respondent,

I am a final year student of the above department, conducting a research on the above topic. It is in partial fulfilment for the award of degree in business administration. I will be glad if you help fill the attached questionnaire to enable me carries out this research successfully.

I assure you that your response will be treated in confidence and used solely for this research. Thanks for your co-operation.

Yours sincerely,

Aiden Joseph .W.

APPENDIX II

INSTRUCTION: Some of the questions contain response alternative you are expected to tick against the alternative (s) of your choice.

1. What is the name of your Bakery.....

2. How long have you been in the business?

A.3-6years [] B.7-12years [] C.13years or Above []

3. What is the number of the following workers?

A. Skilled employed

B. Unskilled employed.....

4. Do you have finance problem?

A. Yes [] b. No []

5. Do you have need for Expansion?

A. Yes [] b. No []

6. If yes, do you need loan?

A. Yes [] b. No []

7. Have you received loan from banks before?

A. Yes [] B. No []

8. Do you have enough raw materials?

A. Yes [] B. No []

9. Where is the source of your raw materials from?

A. Nigeria [] B. Imported [] C. Both []

10. Small scale industries does contribute to economic growth and development

A. Yes [] B. No []

11. Lack of finance is the major problem facing small scale industry

A. Yes [] B. No []

12. Do you use local supply of equipment in carrying out your production?

A. Yes [] B. No []

13. Bakery do encourage the use of local resources in large scale enterprise in
Nigeria

A. Yes [] B. No []