

Agada Famous Adejoh

Management of Small-Scale Business Enterprises in the 21st Century (Challenges and Prospects)



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TITLE PAGE

MANAGEMENT OF SMALL – SCALE BUSINESS

ENTERPRISES IN THE 21ST CENTURY

(Challenges & Prospects)

**A study of selected small - Scale businesses in
Makurdi Local Government Area of Benue State**

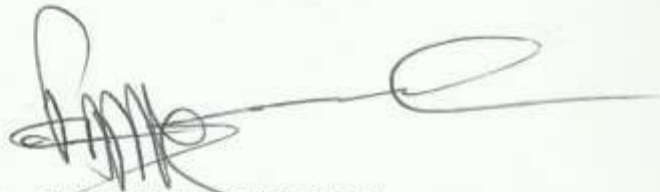
Submitted by

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**To the Department of Business Management, Faculty
of Management Sciences, Benue State University,
Makurdi in partial fulfillment of the requirement for
the award of a Post – Graduate Diploma in
Management (PGDM) of the
Benue State University, Makurdi.**

DECLARATION

This literary piece of work is a hybrid of my research findings and the works of some leading authorities on the subject matter. The authorities whose works I have cited in this research work are acknowledged

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

AGADA, FAMOUS – ADEJOH

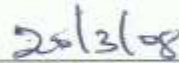
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APPROVAL PAGE



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Project Supervisor



Date

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Date

DEDICATION

This research work is dedicated to the Almighty God from who all good things flow for his providence and Protection during the course of study.

This work is also dedicated to the Ever Green Memory of my beloved sibling and confidant the late **BLESSING ELEOJO AGADA** who transited from this world in her prime.

ACKNOWLEDGEMENT

I want to acknowledge profoundly the various authors whose works I cited in the course of writing this work. I am equally very grateful to **Mr. Nongo S.E.** my Supervisor for his diligence, tremendous and unequalled contributions and assistance to me in the course of my academic pursuit especially the writing of this research project.

I am also grateful to my benefactor and rock of Gibraltar **Chief Samuel Ortom** and his jewel of inestimable value **Eunice** for their financial and moral support at all times.

I want to acknowledge in a special way all my course lecturers who drilled and taught me well. Great scholars I appreciate you all.

I want to place on record the contributions of the following personalities whom the Almighty God has used to enhance my well-being in the context of the total man – **Hon (Dr.) Chief Daniel O. Ulegede the Ochorigogo I of Uwoukwu**, **Hon. Chief Denis E. Ogbu the Ogakwu of Idoma Kingdom**, **Hon. Chief Fabian A. Agada the**

Okpleko K. Idoma, Hon. Danjuma Sule, Citizen Yahaya Ocholi, His Excellency Senator Joseph Akaagerger Ph.D, Ambe U Konshisha, Chief Godwin Obla the Okwubi K Idoma, Rt. Hon. Emmanuel Jime, MHR, Rt. Hon. Ochai Onazi and others who for want of space I can't name.

I also pay glowing tribute to my mother **Mama Salome Agada** who through sheer hard work and courage filled perfectly the shoes left by my deceased father the late **Pa. Yusuf Agada**.

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Last but not the least all the constituents of the Post-Graduate Diploma in Management Class of the 2006/2007 academic session of the Benue State University, Makurdi are also appreciated

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ABSTRACT

Small Scale enterprises are veritable vehicles for the development and sustenance of macro and mirco economics the world over the years governments at all levels especially in the developed world have recognized the core values of Small Scale Enterprises (SSEs) to the growth of World's Gross domestic product (GDP) (Wealth Creation, employment Generation, Mobilization of Capital, economic growth and utilization of indigenous resources) this has led to the formulation of programmes and policies which are aimed at encouraging the establishments and nurturing of Small-Scale business entities. It's a altruism that most Business organization started operations as SSE. In a desperate bid to develop a non-oil driven economy the democratically elected government of Nigeria has accorded SSE a pride of place in the national scheme of things. Programmes sush as National Poverty Eradication Programme, National Directorate of Employment are some of the programmes meant to stimulate activities in the SSE sub-sector of the economy. However some challenges have impinged the desire of most SSEs in this part of the world to realize their core values. Given the right impetus Nigeria could indeed become the African equivalent of the Asian tiger in the next decade

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY.

Many economies in the first and third worlds owe their virile development to the basic framework provided by their small – scale business concerns. For example Wal-Mart, the world's largest retail outlet stated as a small departmental shop. In Benue State the following business outfits readily come to mind, Tito dairies, Oracle Business Limited, and the Royal Choice Guest Inn.

Due to the vital roles which small scale business entity play in the economic development of Nations Governments all over the world and some Non-government organizations working under the auspices of the united Nations and other donor and developmental agencies have formulated deliberate and comprehensive policies to stimulate the establishment, sustenance of Small-Scale Enterprises.

Despite the dynamism, witty innovation, efficiency and small size often associated with Small-Scale Business Enterprises. There are other variables which also characterize these important vehicles of micro and macro Economic Transformation.

This study will attempt to bring to the fore the various impediments especially the challenges and prospects small scale business managers face in the day to day administration of their entities while highlighting the enormous potentials of Small– Scale Business Organizations.

1.2. STATEMENT OF THE PROBLEM.

Though the importance of Small-Scale Business entities to the economic development of world economy cannot be disputed the rate of failure and stagnation is alarming. When Small-Scale Business entities situated in Benue State of Nigeria are juxtaposed with their peers in the western world the disparity is so wide in terms of every criterion.

A critical assessment of the overall performance of most Small-Scale Business entities in Benue State reveals poor performance which is a function of poor management. The inability of most small-scale business entities to transform into medium or large-scale business organizations like their counter parts elsewhere is indicative of the very poor managerial skills which managers have brought to bear in the discharge of their responsibilities. These very trends have negative impacts on the country's drive to attain a non-oil driven economy.

It is in this light that this research becomes necessary as a matter of priority to expose and bring to the fore the various challenges faced by managers of Small Scale Enterprises and prospects of Small-Scale Businesses in the 21st Century

1.3 RESEARCH QUESTIONS

- (Qa). What are the various problems encountered in the Management of Small-Scale Businesses?
- (Qb). What are the Challenges confronting Small-Scale Business Managers?
- (Qc). Are there any prospects for Small-Scale Business?
- (Qd). Is the Management of Small-Scale businesses efficient and effective?

1.4 STATEMENT OF HYPOTHESIS.

In view of the research questions put forward above. It is hypothesized as follows

- Ho1: There are no problems encountered in the Management of Small Scale businesses
- Ha1: There are problems encountered in the Management of Small-Scale Businesses.
- Ho2: Managers of Small-Scale businesses do not face challenges in Managing Small- Scale businesses
- Ha2: Managers of Small – Scale Business face challenges in managing Small Scale Business
- Ho3: There are no greater prospects for Effective Management of Small-Scale Businesses
- Ha3: There are greater prospects for effective Management of Small-Scale Businesses
- Ho4: Management of Small-Scale Businesses is not effective and efficient
- Ha4: Management of Small Businesses are Effective and Efficient

1.5 THE OBJECTIVES OF THE STUDY

The Objectives of the Study are

- (a). To identify the challenges, and problem confronting Small-Scale businesses
- (b). to identify the various challenges faces by Managers of Small-Scale Businesses
- (c). To identify the prospects of Small-Scale Businesses Enterprises

1.6 SIGNIFICANCE OF THE STUDY

This study while enlightening Managers of Small-Scale businesses on effective and efficient ways of running their organizations will also provide relevant data for further research works.

1.7 SCOPE AND LIMITATION OF THE STUDY.

The scope of this study is devoted to the Management of Small-Scale Businesses. Its Challenges and prospects with Oracle Business limited, Mars sachet water factory and Jusen Shopping Plaza as the guinea pigs. The limitations of this research work were

- (a) **Finance** – I hadn't enough money to print and circulate questionnaires to respondents in large quantity also the absence of enough finance hindered my desire to buy relevant literature on the subject matter..
- (b) **Time** – Due to my involvement in several diversified activities the problem of time Management poised a serious Limitation to this research work.

1.8 BRIEF BACKGROUND OF SOME SELECTED SMALL SCALE BUSINESSES IN MAKURDI LOCAL GOVERNMENT AREA.

- A. **ORACLE BUSINESS LIMITED:** was established in the year 2001. It is located at 16 Abdullah Shelleng road High-level Makurdi. It is principally involved in the business of general printing and allied services. The initial capital out lay was N500, 000.00 (five Hundred thousand Naira) only. It is registered by the corporate affairs commission of Nigeria. It has a staff strength of one Hundred. This number is made up of Permanent and Apprentice staff.

- B. MARS SACHET WATER FACTORY.** This Small-Scale business enterprise is involved in the packaging, distribution and sale of quality drinking water. The “factory” is Located on Gboko road, Makurdi. It was established in the year 2006. She has a staff strength of fifteen.
- C. JUSEN SHOPPING PLAZA:** This is a one man business organization. This Shopping Plaza is Located in the Modern market ward of Makurdi Metropolis. It is an entity which is involved in the sale of convenience goods to the constituents of her Locality. She has a staff strength of eight.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPTS OF MANAGEMENT AND SMALL-SCALE BUSINESS ENTERPRISES

The word Management has no single universally accepted definition. The term means different thing to different categories of persons what is important however is the context in which it is used.

According to *Nongo (2005:0)* there are different views of the term 'Management'

Management as a discipline holds that Management is a field of academic study which is learned and can be transferred from a person to another.

Management as a profession – this means that Management is practiced as a career. **Management as a science and / or art.** Management can be looked at as an art which is the practice of Management. Or as a science which is the embodiment of the theories of Management or it can be seen as a combination of both theory and practice

Nongo (2005:2) submitted that the most useful view of Management is Management as a process. According to him it is of the greatest concern because in almost all academic exercises, it is Management as a process that is discussed.

As a process, Management is viewed as involving some specific activities and functions. It is the collective performance of these functions and activities that is referred to as Management.

Based on the general agreement that management should be defined as a process because it is all embracing the following great authorities on Management have put forward the following definitions

Bateman And Snell (1999:6) State that Management is the process of working with people and resources to accomplish organizational goals. **Ivankevich, Lorenzi and skinner (1994:9)** as stated in *Nongo (2005:3)* state that Management is a process involving certain functions and work activities that managers must perform to achieve an enterprise's goals.

Donnelly et al (1995) state that Management is the process undertaken by one or more individuals to coordinate the activities of others to achieve results not achievable by individuals acting alone.

Nwachukwu (1988:4) State that Management is scientifically defined as the coordination of all the resources of an organization through the process of planning, organizing directing and controlling in order to attain organizational objectives.

Daniel Hartzell (2006:250) define Management variously as making the most effective use of available resources whether in form of machines, money or man. The people responsible for the Management of an organization i.e. For the implementation of its policies and the attainment of its objectives. He also stated that Management is the process of organizing,

using and controlling human activities and other resources towards specific ends; the group of persons responsible for running an organization or directions human activity towards specific ends.

SMALL-SCALE ENTERPRISES: The concept of small – Scale business enterprise according to *Hallberg (2000:0)* are a very heterogeneous group. They include a wide range of firms, village handicrafts makers, firms that possess a wide range of services that are needed in small bits or quantities. He stated further that statistical definition of Small- Scale enterprises vary from country to country. However the main criteria used in determining the Size of Business entities is based on the number of paid employees and the total number of assets. He averred that the lower limit for Small-Scale business enterprises is usually set at five to ten employees.

Onuigbo (1992:449) stated that there is no Unanimous definition of a Small – Scale business enterprise. According to him the United Nations industrial development organization (UNIDO) defined Small – Scale enterprises as those with less than one hundred employees on their pay roll, while the central bank of Nigeria regards it as enterprises whose annual turnover is less than five hundred thousand Naira only.

The small and medium Scale enterprises and equity investment scheme (SMIEIS) brochure (2002) defined Small – Scale business as any enterprise with a Maximum asset base of two hundred million naira excluding land and working capital

2.2 FEATURES OF SMALL –SCALE BUSINESSES

According to *Vanger (2005)* the features of a typical Small – Scale business entity anywhere in the world are many. They include amongst others

Finance : Relatively little capital is needed or required to establish a Small – Scale business. The initial Capital is provided by the owner or promoter and later on he ploughs back the profit to expand or increase the capital base of the business.

Organization: The structural framework of business is simpler than large businesses. The organogram is not complex at all.

Localization of Operation: Most Small –Scale businesses are sited in neighborhoods and at street corners and they concentrate on serving patrons in their respective markets.

The owners of Small –Scale business assure responsibility for the failure or success of their businesses.

Most Small – Scale businesses are bulk –breakers because they buy in large Consignments from Manufacturers or sales representatives and sell in little bits to consumers.

Overhead costs like wages and salaries, Utility bills, taxes are relatively less than those of large businesses.

They have little or no access to credit facilities offered by banks and other financial institutions

The personality of the promoter is normally tied to that of his business.

Usually it is not a going concern because the death of the owner brings the business to an abrupt end.

The rate of failure is very high due to poor managerial skills.

The nature of the products churned out by Small – Scale Manufacturers does not call for the installation of sophisticated machinery and equipment for example a Small – Scale producer of cosmetics might require only a small automotive machine or plant for mixing and blending and a dozen or so of home made containers or vessels and other simple equipment.

2.3. TYPES OF SMALL – SCALE BUSINESSES

According to *Aluko (1989)* Small Scale businesses in Nigeria engage in twenty-five activities. These activities are Black-Smiting, automobile and motor – cycle repairs, Animal husbandry, baking, printing, merchandising, carving, carpentry, brewing, metal and wood works, pottery, brick and block making, general construction, welding, sewing, saw-mills, restaurants, clinics, rest homes, weaving, bead making retailing

2.4. PROBLEMS OF SMALL – SCALE BUSINESS ENTERPRISES

The problems that beset Small-Scale business enterprises in Makurdi Local government area just like else where in the world are those of finance, organization and management. Relying on *Onuigbo* (1992:449) These Problems are:

2.4.1 **Finance:** All the problems that beset small-scale business enterprise in Makurdi Local Government Area emanates from lack of adequate financing. Managers of Small-Scale Enterprise entities generally lack knowledge of the right source(s) of finance for investment and working capital. To add salt to injury institutional source(s) of finance are often unwilling to provide facilities for these enterprises. Hence many of them are faced with perennial problem of shortage of working capital which renders their ability to produce grounded. The upshot is that many of these enterprises have to depend on alternative source(s) of funds in form of family savings or borrowing from middle men and even from unscrupulous money – lenders where interest rates, security and terms of repayment are more exerting than those of the normal financial institutions. Another aspect of the problem of finance is that it limits the small entrepreneur's ability to engage in aggressive Selling/Marketing techniques for example the Small-Scale Business enterprises surveyed do not offer competitive credit terms usually given by large-Scale producers or distributors.

2.4.2 **Organization:** *Onuigbo* (1992:449) stated that organizational problem is an outcome of the firm's size and inability to retain highly specialized workers in the functional lines of Management and accounting. The demand for the

skills of such people by the firm may be so small that the workers remain under – employed.

- 2.4.3 **Technology:** under this factor *Onuigbo (1992:449)* stated that the problem of technology may arise in the sense that the Small-Scale Business Enterprise may not be able to avail's herself of the service of ready-made technologist because of financial constraints. The tendency is then to develop the technological know-how on the job.

2.5. CAUSES OF FAILURES OF SMALL-SCALE BUSINESS ENTERPRISES

Vanger (2005) stated that there are basically two types of business failures. According to him these are financial and economic failures. A business is said to have financial failure if it is suffering from technical insolvency. This means that the business is unable to meet it's current legitimate obligations as they fall due even though its total assets exceed it's liabilities. Economic failure results from a situation where total revenue does not cover total expenditure. He stated further that many Small-Scale businesses in Nigeria have failed due to the following reasons.

- 2.5.1 **Insufficient Capital:** most of the owners of Small-Scale Enterprises do not have enough money to produce or buy goods in large quantities. Therefore they are forced to operate on a very low Scale. As they operate on a low – Scale they find it difficult to service the market effectively after a short while they fold up since they can not compete against the large –Scale businesses.

2.5.2 Inadequate preparation or lack of planning: Most Small-Scale Business owners rarely plan and because they have failed to plan, their failure is just a matter of time before it becomes a reality.

2.5.3 Poor Management skills: Since most owners of Small-Scale Businesses have poor management skills they can not manage their entities effectively and efficiently because they cannot direct, control, plan or organize their entities operations well.

2.5.4 Lack of experience: most owners of Small-Scale businesses do not look well before making the leap. They just jump into business ventures because they see other people succeeding in such business lines. As a result of the lack of the requisite or cognate experience they fail.

2.5.5 Poor Motivation: this is particularly true when the return on investment is very low. The owners become disillusioned and fold-up

2.5.6 Poor Health: when owners of Small-Scale Business Enterprises take ill they tend to concentrate more on their health here by allowing the business to suffer and if the malady continues for a long time such, business ventures fold up.

2.5.7 Acts of God: unplanned for natural and man-made disasters, floods, fire-outbreaks, earth-quakes, land-slide are some of the world's major causes of Small-Scale business failures because when they occur the enterprises never recover as a result they go into oblivion. This is particularly true in third

world economies where government assistance to the Small-Scale Enterprises owner is more rhetoric than actions.

In addition to these factors, some businesses fail due to the following factors, despite the enthusiasm exhibited by the entrepreneur(s) as noted by *Nwachukwu (1990)*

- (a). Lack of training and adequate preparation
- (b). Lack of understanding and appreciation of the art and science of management
- (c). Frustration of Changing Competitive Conditions because of the inability of the Small-Scale Enterprises to evaluate these condition and learn how to win them.
- (d). Inability to separate self from business in which case the entrepreneur uses business money as he deems fit.
- (e). Lack of proper understanding of the market. In some instances the entrepreneur defines his market very narrowly or broadly.
- (f). Lack of financial understanding: inability to determine the availability of funds and how to use them to the best advantage.
- (g). Lack of appreciation and use of accounting functions and conventions.
- (h). Lack of planning : the entrepreneur gets too involved or pre-occupied with the day to day details that he has no time to plan or analyze his business
- (i). Lack of adequate capital and over stretching of available capital.
- (j). Too much or too little interest in investment in fixed assets
- (k). poor credit management

2.6. POTENTIALS OF SMALL-SCALE BUSINESS ENTERPRISES

Small-Scale Business Enterprises are believed to be the engine room for the development of any economy. So states the International Finance Corporation (2002) (*discussion paper number 40.*) because they form the bulk of business activities in a growing economy like Nigeria. This is manifested in the following ways.

2.6.1 Employment Generation: According to *Kristen Hallberg* (2000) Small-Scale Enterprise contribute about thirty percent (30%) to Global Gross Domestic product (GDP). Its employment generation capacity is about fifty-eight (58%) percent of global working population. According to *Onuigbo* (1992:451) Small-Scale Enterprises constitute over seventy (70%) percent of all Registered Companies in Nigeria thus, if encouraged, these enterprises would provide opportunities for employment on a large-Scale and therefore make the possibility of equitable distribution of national income more realistic. In fact as more and more people operate their own businesses, they will engage more and more of the school leavers to engage in constructive ventures in order to so reduce the level of unemployment.

2.6.2 Rural Development: Small-Scale Business Enterprises constitute major avenues for income generation and participation in economic activities. In the lower income and rural brackets of developing societies Small-Scale Enterprises in Agriculture, trading and allied service offer employment opportunities which apparently reduces rural urban migration and allows for even development

2.6.3 Mobilization of Capital, Human Resources and Development of

Intermediate Management Cadre: By the nature of their operations Small – Scale Business Enterprises can help to facilitate the Mobilization of Capital and human resource that would otherwise be idle. By using the Mobilized resources, Small-Scale Enterprises help to arrest the persistent decline in the value of the gross domestic product (GDP). In fact they can be relied upon for promoting stability and growth in the GDP through the quick returns on the investment they generate.

Again, it is already identified that one of the problems in the way of rapid industrialization in Nigeria and other developing economies is the dearth of entrepreneurs who can conceive, initiate, execute investment programmes, as well as organize production activities in industries. Such people (or intermediate management) are required in all classes or categories of industries because of their less complex design and simple management. Small-Scale Business Enterprises provide opportunities for developing the class of this rare but indispensable people. Small-Scale Business Enterprises afford maiden exposure to management and provide a convenient stepping stone to enable the entrepreneur manage a more complex enterprise.

2.6.4 Economic Growth and Industrialization: National economic development prospects hinge on the entrepreneurial energy of vibrant Small-Scale business enterprises. Most big business concerns grew from Small-Scale to become big icons. Small-Scale businesses protect nations from the geographical cost-benefit permutations of a few multinationals who are ever prepared to close up their businesses and relocate to another geographical entity at the slightest provocation or appearance of economic downturn. In their host communities

2.6.5 Better Utilization of Indigenous Resources: The Considerable low capital outlay required for setting up Small-Scale business enterprises enables them to convert minimal resources into productive ventures. They also veritable outlets for technological advancements especially in businesses with rudimentary technological requirement.

2.7 Challenges of Small-Scale Business Enterprises Management:

There are monumental challenges facing managers of Small-Scale Business Enterprises in Makurdi Local Government Area. These Challenges are the same universally. According to *Onuigbo (1992:453)* the most worrying of these Challenges is funding. Most Small-Scale Business Enterprises are not very attractive prospects for banks as the banks want to minimize their risks profiles.

Two serious Challenge facing managers of Small – Scale business enterprises in Makurdi Local Government Area are that of electricity and water supply. The energy obtained from the Power Holding Company of Nigeria is very low. Water supply from the water board is at best very erratic therefore Small-Scale Business Enterprises depend to a large extent on water hawkers for water supply and purchase of electricity generating plants for energy. All these contribute to high operational costs.

According to the bankers committee on the funding of Small and medium-Scale enterprises the following variables are Challenges which Small-Scale Business Enterprises face.

- (a.) Insufficient personal savings/funds resulting from low initial promoter's Equity.
- (b.) Uncoordinated business ideas and plans

- (c.) Non-bankable projects by entrepreneurs
- (d.) The Inability of the Customers Small and Medium Scale Enterprises (Small and Medium Scale Industry) to satisfy high credit risk standards including security and collaterals.
- (e.) The inability of banks to provide long-term funds due to the mismatch between tenors of bank loans sought.
- (f.) Fluctuating and prohibitive interest rates regime and volatile exchange rate regime. *Kpelai (2000)* stated that the following factors are the Challenges that Small-Scale business enterprises face.
 - (a). Insufficient Capital
 - (b). Inaccessibility to cheaper sources of finance
 - (c). Inadequate infrastructural Facilities (Industrial layout, electricity, water, good road, network)
 - (d). Lack of modern technology (Obsolescence)
 - (e). Poor Managerial Skills
 - (f). Poor record keeping
 - (g). Lack of Skilled Manpower
 - (h). Poor business plans
 - (i). Lack of Modern research technique
 - (j). Low growth rate
 - (k). Multiple taxes and levies
 - (l). Poor Marketing techniques/strategies
 - (m). Poor Communication network
 - (n). Lack of Succession plans

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

Descriptive research design was adopted and used for this research work because the aim of this research was to ascertain the challenges and prospects associated with the management of Small-Scale Business Enterprises in the 21st century. Sample survey method was used to obtain a meaningful population size to investigate the research questions

3.2. POPULATION

The total number of population of the selected studies was hundred and twenty-three. This is made up of owners and employees.

3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE

The sampling size chosen for this study was seventy-five people drawn from the three selected Small-Scale Businesses. Random sampling technique was used to afford each person the opportunity of being picked to ensure that the data collected represent the true position of thing in respect of the subject matter under the spot light.

3.4. DATA COLLECTION METHODOLOGY

Questionnaires were administered on the respondents. The structured type of questionnaires was used. A structured questionnaire is that type of questionnaire that demands specific answers to stated questions. A

respondent is expected to limit himself/herself to only the questions contained in this type of questionnaire

3.5 MERITS AND DEMERIT OF DATA COLLECTION METHOD

The structured questionnaire has the following merits.

They are very simple and easy for the respondents to comprehend and react to appropriately.

The tabulation and analysis of the result is also easy.

It is easy to count, classify and code received data.

Does not allow the real motive of the respondents to be drawn and is rigid.

3.6 ANALYTICAL TECHNIQUE

Simple percentage method is used in this study for analysis. The percentage for response for each group was obtained by dividing the total number of responses of the same kind of a particular question and multiplying the result obtained by one hundred. Tabulation was used for result presentation, while Chi-square was used to test hypothesis. The Chi-square is used to determine the goodness of fit when researchers face the problem of how far observed values conform to expected values. The higher the X^2 value the less the agreement between observed and expected values.

Chi-square (X^2) has a standard formula

$$X^2 = \sum \frac{(O-E)^2}{E}$$

E

Where O = Observed Values

E = Expected Values

ACCEPTANCE/ REJECTION CRITERION

If the calculated value is greater than the table value we reject the null hypothesis and accept the alternative hypothesis

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 DATA PRESENTATION AND ANALYSIS

TABLE 4.1 RESPONDENTS COMPOSITION

SEX	NUMBER	PERCENTAGE
Male	42	56%
Female	33	44%
Total	75	100%

Source: Field Survey, 2007

The above shows that 56% of the 75 respondents were male while the variance of 33 constitutes 44% respondents who were female only this is a clear manifestation that both sexes are active participants in the management of Small Scale Businesses in Makurdi Local Government Area.

TABLE 4.2
EDUCATIONAL QUALIFICATION

HND/DEGREE/ABOVE	6	8%
GCE/ND/NCE	27	36%
FSLC	42	56%
Total	75	100%

Source: Field Survey 2007

8% of the respondents are eminently qualified to manage Small-Scale Businesses while the largest percentage have little or no education at all, therefore they can not manage Small Scale Businesses efficiently.

ACQUISITIONS OF PROFESSIONAL TRAINING /MEMBERSHIP

TABLE 4.3

RESPONSE	NUMBER	PERCENTAGE
Yes	6	8%
No	69	92%
Total	75	100%

Source: Field Survey, 2007

Only a little percentage (8%) of the respondents have the requisite professional training to manage Small Scale Business Enterprise effectively and efficiently. While 69 respondents or 92% do not.

TABLE 4.4 YEARS ON THE JOB EXPERIENCE

RESPONSE	NUMBER	PERCENTAGE
1-2	20	26.7%
3-5	20	26.7%
6 and above years	35	46.6%
Total	75	100%

Source: Field Survey 2007

46.6% representing 35 respondents have a long pedigree in Small Scale Businesses enterprises management. While 53.5% have between 1 to 5 years experience

TABLE 4.5 RELATIONSHIPS BETWEEN EMPLOYEES AND THEIR EMPLOYERS

RESPONSE	NUMBER	PERCENTAGE
Relatives as Staff	48	64%
Non-relatives as Staff	27	36%
Total	75	100%

Source: Field Survey 2007

From the table 4.5 shown above one can deduce that most of the promoters of small scale business entities in Makurdi local Government Area especially those of our studies prefer to engage their relatives in running their entities while 36% of the respondents as can be seen from the table are non-relatives.

TABLE 4.6 PERFORMANCE OF THE BUSINESS

RESPONSE	NUMBER	PERCENTAGE
At a loss	42	56%
At profit	33	44%
Total	75	100%

Source: Field Survey 2007

56% or 42 respondents state that they operate at a loss while 44% of the respondents state that they operate at a profit.

TABLE 4.7 MAINTENANCE OF REQUISITE FINANCIAL RECORDS

RESPONSE	NUMBER	PERCENTAGE
Yes	33	44%
No	42	56%
Total	75	100%

Source: Field Survey, 2007

56% or 42 respondents state that they do not keep proper records while 44% or 33 respondents answered in the affirmative. This is a clear attestation why small scale businesses in this part of the world fail.

TABLE 4.8 ISSUANCE/KEEPING OF CASH RECEIPTS AND STORES RECEIPT VOUCHERS FOR SALES AND PURCHASES MADE.

RESPONSE	NUMBER	PERCENTAGE
Yes	33	44%
No	42	56%
Total	75	100%

Source: Field Survey, 2007

The table shows poor inventory handling and management 56% of the respondents state that they do not issue cash receipts for sales and likewise do not raise the necessary stores receipt vouchers for purchases made. However 33 which is 44% of the respondents affirm that cash /issues receipts are raised for purchases made.

TABLE 4.9 AVAILABILITY OF FINANCE FOR INVESTMENT.

RESPONSE	NUMBER	PERCENTAGE
Yes	25	33.4%
No	50	66.6%
Total	75	100%

Source: Field Survey, 2007

66.6 % of the respondents state that they lack finance to invest into their business while 33.4% state that they have access to finance to invest in their business. This table goes a long way to prove that non-availability of finance is a major challenge facing Small Scale Business Enterprises in the 21st century.

TABLE 4.10 EXISTENCE OF MUTUAL MISTRUST BETWEEN THE EMPLOYEES AND THE OWNERS OF SMALL SCALE BUSINESS ENTERPRISES

RESPONSE	NUMBER	PERCENTAGE
Yes	50	66.6%
No	25	33.4%
Total	75	100%

Source: Field survey, 2007

50 respondents representing 66.6% confirm and also admitted that natural mistrust exist between the two parties. The employers also admitted that they do not have confidence in workers to act honestly, so they assume direct responsibility for their business operations. Only 33.4% or 25 of the respondents responded on the contrary.

TABLE 4.11 THE EFFECTS OF POLYGAMY AND EXTENDED FAMILY ON MANAGEMENT OF SMALL SCALE BUSINESS

RESPONSE/No OF WIVES	NUMBER	PERCENTAGE
One	33	44%
Two and above	42	56%
Total	75	100%

Source: Field Survey, 2007

This table reveal that 42 respondents or 56% opinioned that most small scale business entities in Makurdi local government especially those in the hinterland are owned by polygamist with very large nuclear and extended families. However 33 respondents representing 44% answered on the contrary.

TABLE 4.12 OTHER PROBLEMS AFFECTING SMALL SCALE BUSINESS IN MAKURDI LOCAL GOVERNMENT AREA

RESPONSE	NUMBER	PERCENTAGE
Yes	48	64%
No	27	36%
Total	75	100%

Source: Field Survey, 2007

64% of the respondents acknowledged the existence of other factors or problems that impinge on the efficient and effective management of Small Scale Business Enterprises. The other problems identified are changing business environment, multiple levies and pilferage. Since a coin must have two sides 36% of the respondents do not acknowledge the existence of those problems

TABLE 4.13 PROSPECTS FOR SMALL SCALE BUSINESSES

RESPONSE	NUMBER	PERCENTAGE
Yes	48	64%
No	27	36%
Total	75	100%

Source: Field Survey, 2007

From the table above 48 respondents representing 64% of the respondents confirm that small scale business have prospects while 36% or 27 respondents do not fore see any prospects for small scale businesses in Makurdi Local Government Area

4.14 IMPROVED INFORMATION AND COMMUNICATION TECHNOLOGY AND ITS IMPLICATION FOR SMALL SCALE BUSINESS

RESPONSE	NUMBER	PERCENTAGE
Yes	48	64%
No	27	36%
Total	75	100%

Source: Field survey, 2007

48 respondents confirmed that improved information and communication technology offer unlimited prospects for small scale business concerns. While 36% of the respondents do not see any positive impact of information and communication technology to Small-Scale enterprises

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

In Nigeria, the greatest percentage of small Scale business enterprises are engaged in distributive trading and general merchandising with a little percentage involved in some form of production. But they tend to fail quickly due to some factors which are either internal or external to the firm's business environment. It is in the light of this realization that this research work was undertaken to ascertain the challenges which managers of small scale business enterprise contend with and also to high light the enormous prospects of small scale businesses in the study area.

To effectively prosecute this research work, three research questions were drawn as follows.

What are the problems encountered in the management of small scale business enterprises?

Are there prospects for effective management of small scale businesses?

What are the challenges confronting managers of small scale enterprises?

The objective of this research has to identify the challenges and prospects of managing small scale business enterprises in the 21st century.

The scope of this research was designed to cover three selected small scale business concerns in Makurdi Local Government Area of Benue State .

The researcher embarked on field survey in the Local Government Area of Study. The population size of the study was 123 with a sample size of 75. Questionnaire were administered to the 75 respondents on simple random sampling

5.2 CONCLUSIONS

Consequent upon the research conducted, it is concluded that

Small Scale business enterprises in Makurdi local government Area just like any where in the third or developing world suffer from a lot of problems or challenges chiefly amongst these challenges is lack of funds, Mismanagement, pilferage, lack of experience, lack of necessary connections, lack of proper organization, lack of motivation and poor inventory management.

There are greater prospects for small Scale Businesses because the sub-sector has been brought to the front burner in the national scheme of things especially since the return of the country to democratic governance Small and Medium Enterprises (SMEs) have become a

popular phrase in the Nigeria lexicon. Key policy-makers in the public and private sectors now comments on this issue every often hopefully this signifies core values that small and medium scale SME's can deliver to Nigeria in the world context such as job creation, poverty alleviation and foreign exchange conservation. To accelerate the realization of these prospects the government has put in place programmes such as the National poverty eradication and small and medium industries equity investment scheme. These strategies were designed to ease borrowing of funds and enhance man-power development through apprenticeship training and re-training schemes

The major challenge confronting small scale enterprises in Makurdi local government area is how to address the problems of in-efficiency and ineffectiveness that are inherent in the system.

5.3 RECOMMENDATIONS

Sequel to the findings revealed. The researcher therefore makes the following recommendations.

Benue State Government should provide basic social and infrastructural facilities to assist small scale businesses. Government should impress upon the banks to change their orientation towards the small scale enterprises by way of provision of financial, advisory, technical and managerial support.

Government should establish a well funded national credit guarantee fund that will act as buffer for credit facilities from banks and other financial institutions over and above the equity provided by the bankers committee

Government should as a matter of priority harmonize all the taxes paid by small scale and medium scale enterprise to check the incidence of multiple taxations.

Government should as a matter of urgency accelerate the development of markets (financial and non-financial) suited to small and medium scale enterprise by building institutional capacity.

Government should reconsider public policies and regulations that discriminate against small firms.

Reduction in the risk associated with lending to small businesses by financial institutions by focusing on laws governing the enforcement of contract, forfeiture and collection of collateral.

Improving information on the credit worthiness of potential borrowers by promoting the establishment of credit bureaus to help small and medium-scale enterprises prepare business plans and financial projections.

Professional bodies in functional areas like management and finance should organize workshop conferences and seminars periodically at the third-tier of government usually referred to as the grass root to make managers of small medium scale enterprises at that level conversant with the basics of management and accounting skills

Motivation of employees should be pursued by the employees to enhance productive and reduce acts of sabotage like pilferage and outright theft of goods.

The culture of financial prudence should be imbibed by all and sundry to check financial recklessness

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APPENDIX

QUESTIONNAIRE

1. Duration spent in Business
 - a. 1-2 Years
 - b. 3-5 Years
 - c. 6 Years and Above
2. What is your designation
 - a. Proprietor
 - b. Manager
 - c. Worker
 - d. Owner/Manager
3. If you are not the proprietor what is your relationship with the proprietor
 - a. Child
 - b. Spouse
 - c. Relative
 - d. Friend
4. Is your Business Operating at a loss or profit presently?
 - a. At a Loss At a Profit
5. Do you Keep the prime books of

- a. Accounts e.g. Journals, Cashbook, Ledgers, and Trading, Profit and loss account regularly
- b. Are you satisfied with the way your employees keep such records.
 Yes No
6. Do you issue and keep receipt for purchases and sales made
 Yes No Not all the time
7. Is your Business well financed
 Yes No
8. If you are a Manager/Proprietor, Do you have confidence and trust in your workers as to allow them treat some functions with dispatch?
 Yes No
9. How many Wives and Children does your Manager have?
 One Two & Above
10. (a) Apart from finance are there other problems that militate against the Management of Small-Scale Business in Makurdi Local Government Area?
 Yes No
 (b). If yes please list such factors
 a.
 b.
 c.

d.

11. Does the present Nigeria Business Environment offer any prospect for Small-Scale Business Enterprises?

Yes ☐ No ☐

12. Does improved information and Communication technology offer any hope for the establishment, growth and sustenance of Small-Scale Businesses?

13. Do Managers face challenges in the Management of Small-Scale Business in Makurdi Local Government Area?

14. What general conclusion would you make of the Management of Small-Scale Business Enterprises in Makurdi Local Government Area.

- a. The Management of Small-Scale Business in Makurdi Local Government Area is highly efficient and effective
- b. The Management of Small-Scale Business in Makurdi Local Government Area is Moderately Efficient and Effective
- c. The Management of Small-Scale Business in Makurdi are Highly inefficient and ineffective

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