

**A SURVEY OF PROBLEMS OF
ESTABLISHING
SMALL SCALE BUSINESS IN
ADAMAWA STATE.**

A CASE STUDY OF GOMBI LOCAL GOVERNMENT AREA

BY

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MBA/MT/06/0124

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**A SURVEY OF PROBLEMS OF ESTABLISHING SMALL
SCALE**

**BUSINESS IN ADAMAWA STATE. A CASE STUDY OF GOMBI
LOCAL GOVERNMENT AREA**

BY

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**Being a thesis submitted to the Department of
management.**

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**In partial fulfillment of the requirement for
Award of Master Degree in Business Administration
(MBA)**

November, 2008

DECLARATION

I hereby declare that this study has been written by me and it is
a record of my research work. It has not been previously

presented for any higher degree. All quotations are indicated and the source of information are accordingly acknowledged by references.

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Amadu John

date

APPROVAL PAGE

This thesis entitled: A Survey of problems of Establishing Small Scale Business in Adamawa: A case Study of Gombi Local Government Area by Amadu John meets the regulations governing the award of Degree in Master of Business Administration (MBA) Federal University of Technology, Yola and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

I am dedicating this research work to Almighty God for the privilege of completing this programme hale and hearty, and the entire members of my family especially my beloved wife (Sonia) and Children (Fwanya, Enuseh and Fuseh) for their patience throughout the study period which most a times kept me out for sight.

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A research work of this nature is actually a product of contributions from different quarters which deserves mentioning.

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ABSTRACT

This thesis investigates the problem of establishing and management of small scale business in Gombi Local Government of Adamawa State. Using four research questions data was collected from the respondents. The data was treated using frequency distribution tables, percentages and mean scores. The study reveals the crucial poor access to developing finance and highlights areas in which funding of small scale business could substantially contribute to development in Nigeria. In spite of the existence of funding scheme, and the roles that small scale businesses are expected to play in grassroots development, these businesses are yet to enjoy reasonable access to funds, and they still depend largely on personal, family and informal source of funds. Shortage of loan seems to be the main handicap of the Small Scale Business in the Local Government Area. In the other hand, the fundamental problem which constitute small scale business are the high mortality rate as well as

mismanagement, poor funding of businesses and lack of infrastructural facilities.

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CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Since the adoption of economic reform programme in 1986, there has been a decisive of emphasis form grandiose, capital intensive, large scale business projects based on the philosophy of impacts substations of small scale business with immense of potentials for developing domestic linkage for rapid sustainable business development. A part from their potential for ensuring self reliant industrialization, in terms of ability to rely largely on local raw materials small scale business are also in a better position to boost employment, guarantee a more even distribution of business development in the country and facilitate the growth of non-oil export. Consequently, both the federal and state government and

some local government have stopped efforts to promote the development of small-scale business though improved incentive scheme, which include budgetary allocations for technical assistance programmed. It has been recognized and accepted that small-scale business are key elements of economic development. Small-scale business is an important sector that contributes quite to the significantly living standard of the populace.

Many people think about running a business of their own at some time in their lives. The public depend more small-scale business because out of small business is significantly close to people who are accepted by them. In Nigeria, the definition of small-scale business varies time to time and according to institution. For instance, the Central Bank of Nigeria (CBN) monitoring policy circular No.22 of (1988) defined smalls scale business as the total investment (including land and working capital) that did not exceed N500,000.00 and then annual turnover did not exceed N5million. Following the persistent depreciation in the rate of the naira, the

maximum size of capital investment has been raised to N5million and the turn over N25.0million since 1990.

General problem limit the growth and effective contributions of the growth of Nigeria. This problems have been consequently griped by experts as financial management technical and commercial without any doubt, the financial problems should be expected given the limited capital of most of the expert permanents in the small scale business sectors and their inability to top maximum benefits from the resources of organize financial sector, other problem which are critical for brought of these enterprises the training and educational limits at the entrepreneur as well as the inability to purchase expert advices. These contribute considerable to managerial problems. Technical problems have been attributed to limited access to modern equipment and technology including maintenance and the lack of knowledge of projects appraisal. Commercial problems are associated with lack of proper market surveys and inadequate distribution channels for scale of products and or service.

The grouping of problem that do not affect small scale business in Nigeria are general in nature and not specifically peculiar to any location thus becomes imperative to delineate the specific problems that is relevant to the local business environment in Gombi local government area.

The EconomyWatch (2009), postulates that a small business is a business that is privately owned and operated, with a small number of employees and relatively low volume of sales. The legal definition of "small" often varies by country and industry, but is generally under 100 employees in the United States and under 50 employees in the European Union. In comparison, the definition of mid-sized business by the number of employees is generally under 500 in the U.S. and 250 for the European Union. In Australia, a small business is defined as 1-19 employees and a medium business as 20-200 employees. Small businesses are

normally privately owned corporations, partnerships, or sole proprietorships.

In addition to number of employees, other methods used to classify small companies include annual sales (turnover), value of assets and net profit (balance sheet), alone or in a mixed definition. These criteria are followed by the European Union, for instance (headcount, turnover and balance sheet totals). Small businesses are usually not dominant in their field of operation.

Small businesses are common in many countries, depending on the economic system in operation. Typical examples include: convenience stores, other small shops (such as a bakery or delicatessen), hairdressers, tradesmen, lawyers, accountants, restaurants, guest houses, photographers, small-scale manufacturing etc.

The smallest businesses, often located in private homes, are called micro businesses (term used by international

organizations such as the World Bank and the International Finance Corporation) or SoHos. The term "mom and pop business" is a common colloquial expression for a single-family operated business with few (or no) employees other than the owners. When judged by the number of employees, the American and the European definitions are the same: under 10 employees.

1.1 Statement of the Problem

In spite of growing awareness of the role of small-scale business, the sector is generally unable to muster sufficient financial resources of its operations, even when government put in place many specialize dimensions to provide their financial needs. The major problems of establishing and managing small-scale business have frequently complained at inadequate access to institutional loans and discriminations. Lack of funds and proper feasibility study of the business hinders most entrepreneurs from effectively establishing industries and managing small-scale business. As a result

of this unfortunate situation, this research becomes necessary in order to ascertain these problems and proffer lasting solutions.

1.2 Research Questions

1. What are the problems associated with feasibility studies in Gombi local government area?
2. What are the problems of establishing and managing of small-scale business in Gombi local government?
3. What are the sources of financing of small-scale business in Gombi Local Government Area?
4. What role does government play in establishing small-scale business in Gombi Local Government Area?

1.3 Aims of the Study

The study seeks to:-

1. Identify the problems associated with feasibility studies in Gombi local government area.
2. Find out the problems of establishing and managing of small-scale business in Gombi local government.
3. Determine the sources of financing of small-scale business in Gombi Local Government Area.
4. Ascertain the role government play in establishing small-scale business in Gombi Local Government Area.

1.4 Significance of Study

The study will be of benefits to potential entrepreneurs and those already operating such businesses. The finding will help them to overcome the problems of managing their businesses well. It will also be of benefits to the Ministry of Commerce and Industry in the State. The findings will help them assist those who have interest in small scale business to develop and succeed in them.

1.5 Scope of the study

This research work is limited to small scale business in Gombi local government area alone.

1.6 Limitations

This study was limited in some areas which are beyond the control of the researcher. These includes problem of time frame for the study, financial resources and pressure from office.

1.7. Operational Definition of Terms

- i. Small Scale Business -a business outfit with capital not exceeding N500,000.00 and annual turnover not exceeding N5Million.
- ii. Capitalization -The initial capital injected into starting a business concerned.
- iii. Assets -Combination of items owned by the business concerned.
- iv. Mortality Rate -the level in which these businesses go bankrupt and subsequently fold up.

- v. Business -System which links the input flows from a source in the environment.
- vi. Loan -Monies borrowed for the growth of the business.
- vii. Entrepreneurs -A person who has possession of an enterprise or venture.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

This chapter presents a review of related literature to the thesis under study. The review was done to examine earlier works carried out by researchers in this area. This will help in determining what contributions this study can make in terms of adding new knowledge to the existing ones. The chapter covers the nature of small scale business, Importance of small scale business, Essentials of business systems, past and present efforts of promoting the development of small scale business, funding of small scale business and Problems in managing small scale business.

Small Scale Business

Small Scale Businesses help every economy to achieve industrial growth and industrial diversification. The EconomyWatch (2009) postulates that Small Scale Business Enterprises are mainly of four different categories:

1.Small Scale Industrial Undertaking

A Business Enterprise will be called Small Scale Business Undertaking if Investment in Fixed Assets, in Plant and Machinery, whether held on Ownership basis or on Lease or on Hire Purchase does not exceed 10 million Rupees and it is in no way owned, controlled or subsidiary of any other industrial undertaking. Here it should be explained that if two or more enterprises are set up by a same person as a sole proprietor, each such enterprise shall be considered to be controlled by the other industrial undertaking or undertakings. If two or more undertakings are set up as partnership firms and one or more partners are common, then each enterprise shall be considered as controlled by other industrial undertakings. In such cases none of these business enterprises will be graded as Small Scale Industrial Undertaking even if Investment is below 10

million. Here it should also be mentioned that investment in Plant and Machinery includes cost of tools, dies, spare parts for maintenance, R&D equipments, pollution control equipments, generator sets, fire-fighting equipments, cost of installation of plant and machinery, cost of transportation of machinery and cost of import duty, sales tax, shipping charges in case of imported machinery.

2.Ancillary Industrial Undertakings

Ancillary Industrial Undertaking is that business enterprise which is engaged in manufacturing and supplying of parts, components and intermediaries or is engaged in providing services by the amount not less than 50% of its total production or services and the total investment in fixed assets, in plant and machinery, whether held on ownership basis or on lease or on hire purchase does not exceed 10

million rupees.

3.Tiny Enterprise

Tiny Enterprise is that business enterprise in which total investment in plant and machinery does not exceed 2.5 million rupees.

4.Enterprise by Women Entrepreneurs

If a small business enterprise is operated by one or more women entrepreneurs or if there is women proprietorship or if women have individually or jointly not less than 51% capital investment as partners or shareholders, then the business enterprise will be graded as Enterprise by Women Entrepreneurs. The contribution of Small Scale Business to the country is enormous. Its' contributions to the different genres of the economy are:

- Production Contribution-The small-scale sector has really grown over the years revealing a highly impressive growth rate in every plan period. The small-scale businesses altogether produce almost 40% of gross manufacture of Indian Economy.

- Employment Generation Contribution-Next to Agriculture, Small Scale Industries Sector in India generates largest Number of employments, which is very crucial for an overpopulated country like India.

- Export Contribution-Small Scale Businesses in India play a vital role as far as the export of the economy is concerned.45% to 50% of total export of the economy is generated by small-scale enterprises. Among these almost 35% is direct export and nearly 15% is indirect export. This indirect export happens through merchant exporters, trading houses or in the form of export order from large business houses, which use intermediary goods made by

small-scale industries in manufacturing finished products.

Opportunities in Small Scale Business

As Small Scale Businesses are less capital intensive and highly labor intensive, there are huge opportunities for this sector in a labor-abundant capital-scarce economy like India. The other factors that cater to the fast growth of this sector are Extensive Promotion & Support by the govt., available grants & Subsidies, raw material procurement, rising export demand for Indian products and rising domestic demand which is the result of overall economic growth. But, the growth rates can increase further if more development measures are taken to improve the Technology and Marketing side of Small Scale Business and thus small-scale businesses can construct the most dynamic and vibrant sector of the economy.

2.1 Nature of Small Scale Business

Small scale business as a concept itself has no acceptable universal meaning among academics and industries because the classification of business into small sale or large scale is a subjective and qualitative judgment (EK Peyong and Nyong 1992). The classification of small scale business with the level of economic development of a country. Moreover, each country tends to define this category of enterprises based on their peculiar needs of public policies. Even within a country, the classification changes overtime, depending on circumstances and specific objectives of institutions.

There are however, some common indicators in most definitions namely the size of the capital investment (fixed assets), value of annual turnover (gross output), and number of paid employees. The popularity of the three indicators defers largely on their ease of measurement. A business may be regarded as a giant one in a less developed country, e.g. Nigeria but such a business may be regarded

as small scale business in a developed country e.g. America. Vent he same organization gives different definitions depending on time and circumstances.

In countries such as America, Canada and Britain small scale business is defined in terms of annual turnover and the number of paid employees. In Britain for instance, a small scale business is defined as an industry with annual turnover of £2m or with less than 200 paid employees.

In Japan, a small scale industry is defined according to the type of industry. For instance, small scale medium scale enterprises in a manufacturing industry is defined as an industry with 100 million Yen as paid up capital and 300 employees, while those in whole sale enterprises should Y30million as paid up capital and 100 employees.

In Nigeria, the definition of small scale enterprises also rises from time to time and according to institutions. For instance, the Central Bank of Nigeria (CBN) monetary policy circular No.22 of 1988 defined small scale business (excluding general commerce) as

enterprises in which the total investment N500,000.00 or the annual turnover did not exceed N5.0million.

In the late 1970s, the federal ministry of commerce in conjunction with the state ministry of commerce and industry defined small scale business for the purposes of financial assistance. It was defined as any enterprises where the assets do not exceed N500,000.00 the third national development plan (1975-1980). (FGN 1975) reviewed the upper ceiling of capital investment upward to N150,000.00 though without reference to any number of employees.

During the 1980s, the definition was changed by reviewing the total asset value of N250,000.00 in the 1990 budget the federal government of Nigeria defined small scale enterprises for the purpose of commercial bank loan as those enterprises with annual run-over not exceeding N500,000.00 and for merchant bank loans those enterprises with capital investment not exceeding N20million (excluding cost of land), or a maximum of N5million. The national economic reconstruction fund (NERFUND) puts the ceiling for small

scale business at N10million. Section 37(6) of the companies and allied matters, decree of 1990 defines a small scale company with:

Annual turnover of more than N2million

Met asset value of not more than N1million

In 2005 the definition of business according to Roggers 2005 is any business whose total cost including working capital but excluding cost of land, in 1million, but not more than N40million and the labour force is less than 20.

However, the criteria used in defining small scale business depend on the defining organization and the circumstance under which the definition is made.

For the purpose of this write-up a small scale businesses defined as one whose total cost excluding cost of land but including working capital is below N1million but not exceeding N10million. This is the new national definition as contained in CBN monetary policy guidance of 1993 fiscal year. Through the interaction of powerful forces small and medium scale enterprises (SMEs) has

emerged as an important agent of economic and social transformation in all the countries of the world. The promotion of SMEs is not just the business of the world association of small and medium scale enterprises (WASME) and its other non-governmental organizations (NGOs). It has become a public plan of policy in business and developing countries alike. In developing countries, the SMEs have remained the dynamic sector of the economy.

2.2 Roles and Importance of Small Scale Business

In the light of recent economic realities, the government now places high priority on the development of SMEs. The importance is based on the belief that such enterprises is likely to facilitate the development of a broader base indigenous entrepreneur culture in the country and higher value added to the domestic industrial production. In addition, the promotion of small-scale business is seen as a major tool for boosting employment, as they employ a large number of people per limit of investment capital than the large-scale capital-intensive enterprises. Other objectives for promoting small scale business include: -

- Enhancement of regional economic balance through business including rural areas.
- Moderation of rural urban migration
- Promotion of effective domestic resource utilization
- Facilitation of intermediate goods for use in large industries.

With recent trend in rapid changes of commodity prices, international interest rates exchange ratios, small scale business can adjust better to external shocks than large scale enterprises. They can also serve as a rich seed of entrepreneurship. Small scale business seems to employ relatively more labour intensive production method and can therefore create jobs at a low cost while contributing to poverty alleviation.

Small scale business promote business disposal and the efficient utilization of local inputs and foster through industrial linkages and diffusion of technology especially where they produce for exports or supply inputs to large scale enterprises.

Advantages of small scale enterprises

Economics (e.g. Cukori 1974) have in addition to the above roles expected of the SSEs, also identified specific advantages associated with small scale enterprises. These include the following:

- Small scale enterprises are relatively less capital intensive and therefore ideal as a channel of industrial development for deficient development economies.
- They are relatively more flexible and can meet quickly and easily to changes and special requirement and are therefore better suited of launching new products, where scale of operations can be made very small at the set and allowed to expand in case of success, thereby keeping risk under greater control than large enterprises.
- Besides the size of these enterprises enable great flexibility in their management and are therefore viable testing grounds for new techniques of production.
- Small scale enterprises can easily adopt to local market and local sources of raw materials and may thus achieve saving in

transport cost and therefore more suited for promoting business disposal decentralization of business in rural areas.

- They are suited for mobilizing small saving for productive purpose, which would not be readily forthcoming, or at least not in business capital formation within the context of large scale projects.
- Smalls scale enterprises are more efficient than the large scale plants in utilizing and training a small number of skilled labour, which can be more readily and effectively utilized.

It is thus clear those small scale enterprises as a group has a very crucial role to play in the process of economic development, especially in capital scale economics like Nigeria.

Major disadvantages of SSEs

Under the importance of small scale enterprises to a nations development has been well recognized, these enterprise are equally beset with a number of structural problems which have constrained their ability to play the pivotal role expected of them. Although most people often regard inadequate finance as the major

inhabited, the development of small scale business, these are indeed other quality critical problems of which the poor access credit is a more manifestation. Some of the problem are summarizing below:

i. Under Capitalization

The major source of financing small scale enterprises the world over is the owner's capital. In Nigeria as in many other developing countries, is problems are as contacted by the unwillingness of sole proprietors to allow the participation of outsiders in usual considered personal or family ventures.

ii. Small size SSEs

There is also a problem of size it set which often given neither encouragement nor attracts the attention of outsider interest.

iii. Dearth of tangible assets

Another factors, which hinders the flow of financial assistance to small scale enterprises, is the fact that individual small scale enterprises and theory owners usually lack adequate tangible assets,

which could serve as collateral to secure loans from private institution.

iv. High mortality rate

Available evidence also shows that number of all newly registered small scale enterprise usually fold up during their first years of registration, while even lower number hardly survive the first ten years operation. Thus, apart from the problem of under capitalization, the high rate of business failure among the SSEs has been ascribed as such factors as poor knowledge of project conceptualization and implementation, given the dearth of managerial and technical skills among the SSEs.

v. High risk rating

As a direct consequence of some of the above mentioned problems, nearly all small scale enterprises are usually classified as high risk venture by most leading institution. Consequently they usually acceded very low proper rating in institutions leading schemes. This

problem is also often associated with high degree of loan diversion of unscheduled activities and high rate of default in loan repayment.

vi. Low productivity among the SSEs

Finally as a result of poor financial base and smallness of their market share, the productivity of these enterprises is generally very low they are therefore hardly able to compensate effectively in both factor a product market.

Also it is generally recognized and accepted that small scale business are the key element of economic development small scale business makes up the bulk of business in any given economy. It has been estimated that 85% of business in Nigeria are made up of small scale business.

Small scale business is important to any economy for the following reasons.

- They often more employment opportunities per unit of investment because they are characterized by labour intensive operations.

- The public depends more small scale business for goods and services to satisfy their demand rather the large scale. This is because output of small scale business is significant, close to the people and accepted by them. In addition, they serve as major suppliers of intervention goods and component to large scale industries.
- They provide opportunity for the development of local skill and technology acquisition through adoption.
- They are vehicle through which new idea and products make their ways to the consuming public.

It is pertinent to appreciate the fact that small scale business before they grow over time. Some successful small scale businesses that grow in to aims contribute general growth of the economy.

The role of small scale industries in the overall development of the economic process is recognized globally. However, this awareness appears to have been better articulated in Japan, India, and other countries of South Asia where a lot can be shown for existence of the sector. Appreciable amount of consumer even industrial goods are produced by small scale enterprises. In

addition, the sector employs a high percentage of labour force. In these countries, the development of small scale industries sector is adequately backed up by government and legislation and their support in terms of finance and other resources.

Like these countries, industrial survey carried out in Nigeria since 1973 revealed that the small scale industrial sector employees more than 70% of the labour force at the artisan level both at the rural and urban area of the Country (I.L Bashir and Ode Ojowu 1990). Furthermore, the small scale industrial sector offer the best opportunity for the development of indigenous entrepreneurship, mobilization of domestic savings, utilization of domestic resources, modernization of the rural sector creation of self reliance in consumer and industrial goods it provides the best strategy for balanced regional development and checking rural-urban drift.

Perhaps, what explains why we have not be able to achieve most of these benefits and to produce a dynamic and realistic framework for the development of the sector, for example, Kenya and Botswana are known to have used a village polytechnic to build

a bridge and ease movement respectively to achieve balance rural development? In addition, India represents a typical example of support training with credit/loan incentives.

2.3 Essential of Business System

These are certain things essential to be financially successful.

According to Jroin (1987) the essentials are:

- Product or service demand
- Adequate capital
- Competent management
- Well defined objectives
- A strategic location or locations
- A loyal and motivated work force
- An adequate accounting system
- Capable financial control

The proper form of organization of products or services in demand the first essential of successful business is to have product or services. The consumers will buy in large quantity to make the

enterprise profitable. This is a much circulate the will best path to your door. This is a dangerous way to look out product because it put the product before the customer, it seems to imply that of a product was quality or if it price right it will be a winner.

In actual practice, some products that seem to have more merit are extremely hard to sell others, which absolutely like inherent merit, sell easily.

The secret of a good product or service therefore depends on the needs and want of customers.

Modern management realizes that this customers oriented spells the difference between success and mediocrity perhaps failure. The need for adequate capital every step in the organization and development of an enterprise in every manufacturing operation the marketing activities readiness the expenditure of capital in one form or another. The cost of building tools for example, materials supplied arises, wages, fringes, benefits and taxes, electrical power must be paid. Many persons underestimate the amount or capital requirement to put a business on profitable basis. This failure to

appreciate the financial requirement of running a business is one of the main problem of business failure.

Some have the concern to make enough money to be self-supporting from the start. Others however, may need several months outplayed requirement, some contingencies should be anticipated when the financing of the business is initially undertaken otherwise a business that might be highly successful may fail without such precaution.

Component management: to be successful a business must have component management executives who can set goals and then achieve them. Success depends on effectively planning and coordinating and controlling the chief functions of management. In addition, these functions must be exercised on every level of management from the top down the first line of supervision.

The functions must take place in every phase of the business, in administration, in production, in marketing and finance. In each business there must be leadership. Leaders must select those who will work under them, and they must be responsible for the

activities entrusted to the workers. Well-defined objective without a clear-cut objective the business will drive without direction and no one will be able to tell, if it is making progress. If the management does not know where it is supposed to be going it has no means of knowing if it is going there.

A business also needs policies. There are standards to guide management. A successful business follows a well-defined policies based on sound business principles.

In a corporation or company policies which management regard as top administrative policies are formulated by the board of directors. These include board policies related to the company as a whole as well as those governing the major phase of the business. The top executive of the company follows through by applying the board policies to the work of the department or division over which they have jurisdictions.

A strategic Location

Many businesses own their success to their locations. Similarly, other businesses fail or remain mediocre because their location is their hindrance. Depending on the type of business location may be important because of the labour supply, accessibility to the market, proximity the needed transportation availability of raw materials, the cost of road construction, the stage and local taxes, the source of money, and regulations.

What is important for one enterprise may be a negligible factor to another in the same location or retail store. For example, the number and buying powers of passersby, the parking facilities and the neighboring stores may be important. However, these considerations would not be relevant for a corporation selecting a new site for a factory. A legal and motivated workforce, sound labour relation so essential to the responsibility of the consideration would not be relevant if a corporation was election a site for a new factory. A legal and motivated workforce is essential to a business, but is the responsibility of the operating management. Top

management must spell out the company's personnel policies. It is their responsibility to see that these responsibilities are carried though all the way down the line to supervision inc lose daily contact with individual workers.

The attention of management today is much on means as it is on process or methods. And these is not how it should be, when things go wrong the company is headed for trouble, there is increase emphasis on motivation on how to lead the people, how to get them to do what you want them to do. These involves letting them know why his job is important, what is expected of him, and where he attends. It involves winning his perspective, giving formal recognition for accomplishment, showing personal interest in him, above all, a skillful communication.

An adequate accounting system: accordingly provides a source card as a means of measuring performance on how a company is doing. And within the high speed techniques now available because of the computer, accounting can come with the scores so often and

so fast that corrective action can be taken as soon as set back or adversity occurs.

As a manager tool, accounting information is valuable as basis of action, products can be gauged on the basis of accounting data and or by decision made financial statement analyzed to spot variation from the amount or expected cash flow can be anticipated.

Without accounting a modern business can be properly evaluated, calculating taxes, or trying to figure out who owns what would be literally impossible without an accounting system. In addition, as a corollary, the better the accounting system the greater the chances of the firm's success. Capable financial control, the management of income and the distribution of the company's funds are of vital importance to any business and they must be handled with judgment and care initially with the problems of securing adequate capital afterward comes the problem of insuring adequate working capital to stages in the life of the business if this problem is solved.

Management must provide for serving debts setting up reserves distribution dividends and meeting everyday contingencies, of prime importance is the maintenance of a sound wages and salaries, administration and effective system of budgeting control.

The proper form of organization: finally the proper form of organization is to its aims and objectives and how to carry out these objectives so that it can be achieved properly. Therefore, a business must be organized properly before it can achieve its aims and objectives.

2.4 Past and present effort of promoting small scale business

However, it could be said that the first industrial development centre was established in Owerre in 1962. No significant effort was made to encourage nationwide development of small scale business until the 1970's. It was on the 1975-1980 national development plans and more emphatically with the 1981-1985 development plan, the plan that appreciable and firm policy statements on the role and place of small and medium scale enterprises were made. The document contained programs aimed at achieving some policy

objectives, unfortunately however, it was during the third and fourth plan periods that funds increasingly became short and so policy implementation as stated. Indeed it can be said that whatever progress has been achieved in the development of small and medium scale enterprises is attributed mainly to the push from foreign government and international agencies like the World Bank although more favourable official policies are now available at federal, state and local government levels, rather unfortunately, the wherewithal to implement these policies is sadly due to the fact that government appear to be directly very substantial resources to the development of small scale business federal ministry of industry and state ministry of commerce and industry.

2.5 funding of small scale business

In spite of the under attention paid to the large scale sector, the federal government has continues to show interest in the development of smalls scale sector for channeling funds and business through the Nigeria Bank for Commerce and Industry (NBIC). The federal government has designed the NBCI to be administering loans

to the small scale industries and business in the country. In responses to the 1988 policy, the federal government provided N1million the state through the bank for the development industries in the state considered vital for the promotion of small scale industries and business in Nigeria within the state. The NBCI has so much involved in the development of small scale industries and business that part from administering loans, it also provide investment counseling to industrials and in addition carry out project identification, loan appraisal and project monitoring.

According to EconomyWatch (2009), Business finance is also known as corporate finance. Business finance is basically providing funds to the different activities of a corporation. Business finance is of two types:

Long term: A corporation depends on ownership equity or bonds for its long-term finance. These decisions are determined by the company's capital structure.

Short term: Short-term funds are provided by the banks. This is also known as the company's working capital.

Small business finance is used to satisfy the different financial needs of small and growing business enterprises.

Small business finance is provided by different financial institutions and even by the government.

Small businesses use several sources available for start-up capital:

- Self-financing by the owner through Cash, equity loan on his or her home, and or other assets.
- Loans from friends or relatives
- Private stock issue
- Forming partnerships
- Angel Investors
- SME finance, including Collateral based lending and Venture capital, given sufficiently sound business venture plans

Some small businesses are further financed through credit card debt - usually a poor choice, given that the interest rate on credit cards is often several times the rate that would be paid on a line of credit or bank loan. Many owners seek a

bank loan in the name of their business, however banks will usually insist on a personal guarantee by the business owner. In the United States, the Small Business Administration (SBA) runs several loan programs that may help a small business secure loans. In these programs, the SBA guarantees a portion of the loan to the issuing bank and thus relieves the bank of some of the risk of extending the loan to a small business. The SBA also requires business owners to pledge personal assets and sign as a personal guarantee for the loan.

Canadian small businesses can take advantage of federally funded programs and services. See Federal financing for small businesses in Canada (grants and loans).

2.6 Problems of small scale business

Vickywebworld (2009) observed that in Nigeria, Statistics show that “two-thirds of new employer establishments survive at least two years, and 44 percent survive at least four years.” This is a far cry from the

previous long-held belief that 50 percent of businesses fail in the first year and 95 percent fail within five years. Hence why Nigeria Business Fail is because of the following:

1. Starting the Wrong Business
2. Poor Power Supply
3. Multiple Taxation
4. Insufficient Capital to sustain the Business
5. Bad location
6. Lack or Inadequate Planning
7. Absence of good and Functional website

In a document of EconomyWatch (2009) it is stated that Small businesses often face a variety of problems related to their size. A frequent cause of bankruptcy is undercapitalization. This is often a result of poor planning rather than economic conditions - it is common rule of thumb that the entrepreneur should have access to a sum of money at least equal to the projected revenue for the first year of business in addition to his anticipated expenses. For

example, if the prospective owner thinks that he will generate \$100,000 in revenues in the first year with \$150,000 in start-up expenses, then he should have no less than \$250,000 available. Failure to provide this level of funding for the company could leave the owner liable for all of the company's debt should he end up in bankruptcy court, under the theory of undercapitalization.

In addition to ensuring that the business has enough capital, the small business owner must also be mindful of contribution margin (sales minus variable costs). To break even, the business must be able to reach a level of sales where the contribution margin equals fixed costs. When they first start out, many small business owners underpriced their products to a point where even at their maximum capacity, it would be impossible to break even. Cost controls or price increases often resolve this problem.

In the United States, some of the largest concerns of small business owners are insurance costs (such as liability and

health), rising energy costs and taxes. In the United Kingdom and Australia, small business owners tend to be more concerned with excessive governmental red tape.

Another problem for many small businesses is termed the 'Entrepreneurial Myth' or E-Myth. The mythic assumption is that an expert in a given technical field will also be expert at running that kind of business. Additional business management skills are needed to keep a business running smoothly.

Despite the various initiatives taken by a number of institutions in both and private sector of the economy is yet to respond with desired result. This is an a result of problems faced by them. Onwueme 2000, Obiyato 2001 and Olarishola 2002 highlighted the various constraints inhibition the growth and development of small scale industries and business include:

- a. Restricted access to credit facilities: most small scale business has limited access to institutional finance. Some of the key

reason for this is that most of the small scale business lack continuity, sole ownership and poor management.

- b. Fiscal indiscipline impact negatively on private investment and survival of small, scale business.
- c. In ward production orientation: most small scale business and industries see themselves as producing for import substitution with markets most specifically the local areas. This attitude makes their goods to be liken in competitive quality. Also small scale business sand industries that require foreign inputs change the market with record devaluation of currency. It becomes too difficult for them to import machinery, spare part and raw materials.
- d. Low degree of linkages: This dispersed nature for small scale business has made it increasingly difficult to establish linkage among the operators through sub-contracting with the large scale businesses well as evolving strategies to achieve collective official linkage problems common to them all.
- e. Use of obsolete technology: small scale business and industries are still using outdated technology. Many types of machinery

are refurbished and imported from abroad, the result is the production of sub-standard goods, higher maintenance cost, lower output and low capital utilization.

- f. Lack of access to enterprises support services and business information: most state government and agencies are only paying lip services to the development of small scale business.

There is no one-stop office where an entrepreneur can have access to all the information and support services required to start and operate. There is hardly any information dissemination on domestic and foreign markets. Moreover there is no useful information on research and development, new products and process is made available to small, scale industries and business. In addition based on these problems, the majority of the entrepreneur's manufacturing and services industries identify management problems and inadequate technology as their ability to carry out effective management functions such as planning, organizing, directing and controlling.

Success enquires that the organization anticipate change continually and to start from new combination of activities that generally do not and were not any code of business ethics.

THE IMPACT OF SMALL SCALE BUSINESSES IN NIGERIA

As documented in the EconomyWatch (2009) a small scale business can be said to be one that requires a small amount of capital to establish it, this kind of businesses usually have a small number of employees or in most cases personally handled by the owner, and are referred to as micro businesses (this is a term used by international organizations such as The World Bank and The International Finance Corporations. The term "mini business" or "Bop business" is a common colloquial expression for a single family operated business with few or no employees other than them). Adapting to change is crucial in business and particularly in small businesses not being tied to and bureaucratic inertia makes it easier to respond to the market place quicker. These proprietors of small scale businesses tend to be intimate with their customers and clients thereby resulting in greater accountability and responsiveness. These

kinds of businesses are common in many countries depending on the economic system in operation. Example of these businesses are, hawking, street retailing, small shop, market place etc. Before considering the effect of small scale businesses Nigeria, certain things need to be looked on which will be clearly stated.

HAWKING

In this form of small scale business, goods are carried from one place to another, either on the hands, by carts or by canoes. Hawking is the most cheapest and popular means of trading goods in Nigeria. People who are involved in hawking are called either hawkers or itinerants or door to door.

ADVANTAGES OF HAWKING

1. Hawking is carried out with a small amount of capital
2. It provides door to door services for consumers.
3. It serves as a medium for advertising

4. Goods sold by hawkers are likely cheap.

5. Hawking serves as a stepping stone to bigger business.

DISADVANTAGES OF HAWKING

1. Hawking goods on major roads put the life of the hawker in danger of road accidents.

2. It causes traffic and hold-up in big cities

3. Young girls who are hawkers easily fall prey to men, who rape them and the result becomes an early pregnancy.

4. Food items are exposed to health hazards by hawkers.

5. Hawking deprives some children of education if their parents prefer them hawking than them going to school.

STREET RETAILING

These are retail traders who display their goods along major streets or urban areas. These traders are different from hawkers because they operate from a particular point. Some of these retailers go as far as

raising illegal structures in form of stores to protect themselves and their goods from rain and sun. their products may range from clothing, to motor spare-parts, food items etc.

In many towns in Nigeria, there are by-laws prohibiting traders from displaying their goods along major streets and bus-stops.

MARKET PLACE BUSINESS

This is a method whereby traders agglomerate in a common meeting place-local market to buy and sell goods. Each trader has his own store or lock-up-store. The amount of capital required for this type of business depends mainly on the type and quantity of goods sold. All form of goods sold in this type of market range from food stuff to hard wares.

SMALL STORES BUSINESS

There are small stores where goods traded found in front of residential houses of the traders own building rents purposely for that type of business. These types of small stores are found in both urban and rural

areas. Their capital requirement depends mainly in the type of quantity of goods sold in them.

MOBILE SHOP

This are small trade businesses where shops are moved from one place to another in motor van car lories. Like hawking trade, they are moved from area to area or road to road selling goods and services to people. Mobile shops sell almost all types of goods and they reach consumer easily including those in rural areas. These shops use all sort of advertising methods like playing music, the use of microphones to shout their waves etc. in order to bring the existence of their goods to the knowledge of the consumer.

TIED SHOP BUSINESS

These are businesses that confine whatever they sell in common with what their producer supply directly to them. The manufacturer of these products sold in these tied shops, support machinery for the sale of such product. Tied shops sell single products like beer, ice cream etc.

VENDING MACHINE BUSINESSES

These are forms of small scale business in which costumers obtain self service from automatic machines, these machine sell goods like hot and cold drinks, coffee etc. to customers. All the customer has to do in order to obtain whatever he or she wants is to slot in the correct amount of money and then press a button indicating the kind of product you want. The machine will release the product to the tune of the amount you have slotted in, these kinds of machines are commonly used in advanced nations. Many business organizations like post offices use them to sell their products after working hours.

WHY THERE ARE MANY SMALL SCALE BUSINESSES IN NIGERIA

1. Lack of sufficient capital in the part of business men that should be used in establishing large business organizations saving as a result of low per capital income.
2. Majority of the people in Nigeria fall into low income groups who can only afford to buy goods in units.

3. Majority of the people in Nigeria are in small scale business like hawking because they fail to obtain white collar jobs.

4. lack of true entrepreneurship prevent many people from establishing large business units.

5. A small scale business requires small capital which many people can easily provide.

6. Small scale business does not incur much capital which many people can afford.

The effect of small scale businesses in Nigeria can be traced to its positive and negative effects on Nigeria's economy which should be critically examined. EconomyWatch (2009)

ADVANTAGES OF SMALL SCALE BUSINESS IN NIGERIA

1. Small scale business trade requires small capital.

2. It is located near the consumers residential houses

3. Customers are highly recognized and respected in small scale businesses
4. Small scale business is closely supervised and render efficient service than their larger counterpart
5. It serves as a stepping stone to bigger business.
6. Small scale business serves as a good medium for advertising goods.
7. The owner of the business may combine other forms of business with his small scale business.
8. Small scale business does not require high running expanses like rent and wages.
9. It also provides employment to those who could not get white collar jobs.

DISADVANTAGES OF SMALL SCALE BUSINESS IN NIGERIA

1. These types of business face the problem of inadequate capital.
2. Limited expansion as a result of lack of enough capital.
3. Small scale businesses do not enjoy economic offsets.
4. The amount of profit it makes is low compared to larger ones.

EconomyWatch (2009)

WHY SMALL SCALE BUSINESSES CONTINUE TO EXIST DESPITE STIFF COMPATITION FROM LARGE ONES

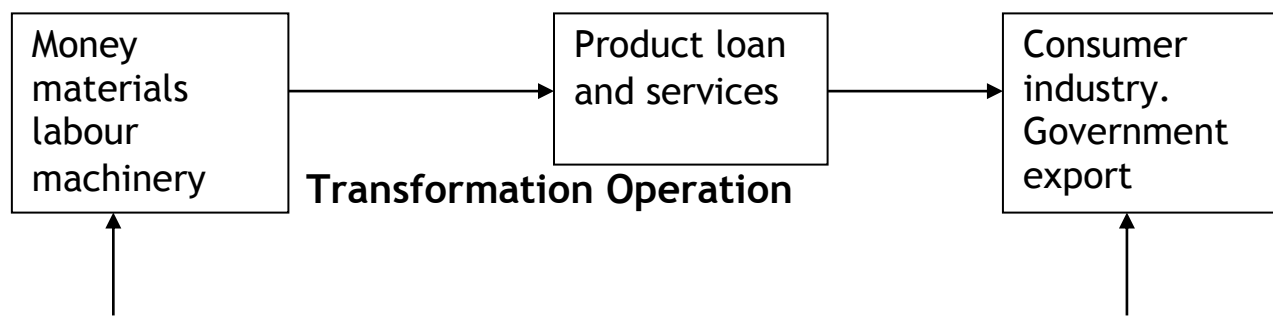
1. Small scale businesses require small capital and can continue to exist no matter how small its capital is
2. Customers patronize small scale business because it provides door-to-door services and they do not live to go far in order to get their needs.
3. The owner of a small scale business shows more personal interest and attention to the business.

4. Small scale business is carried out with flexible policies, rules and regulation that are easy to change with the changing conditions in order to suit the customers.
5. Customers are highly respected by the owners of small scale businesses.
6. Small scale business opens from early in the morning till late in the night, on Saturdays, Sundays and even on public holidays.
7. Price of goods sold in small scale retail trade are low which result in small profit but quick turnover.
8. As a result of the closeness of the owner of a small scale business to customers, he grants them credit facilities which make them to continue patronizing the business hence, it continues to exist.
9. Small scale business sells mainly popular goods like food items that are always in high demand. EconomyWatch (2009)

How to start a small business enterprise

Starting new business and making it grow involves both science of creating and management. It involves a lot of risk but change of making it success will be better if one understands the problems that will be met better, if met and works out of many of them as possible before the business takes off.

Management



This model shows different variables business management has to centre in operating and enterprise.

The check list for going into business includes:

- i. Personality of the potential investors.
 - a. He must be self start and have strong self confidence

- b. He has to have the attribute of a leader and getting along well with others.
 - c. He must possess vision
 - d. He must be a good organizer and a hard worker willing to put in long hours.
 - e. He should be able to make decision and take responsibility for the outcome.
 - f. He must be in good health
- ii. The product/market
 - a. Look for products whose market have already been developed
 - b. Product that have the opportunity of using available local raw materials.
 - c. A pre-visibility study is needed in identifying a suitable product. Ideal products will such that will experience high turn-over at regular intervals.
 - iii. Finances

- a. How much money will be needed to get the particular business started?
 - b. How much is the potential investor ready to put in.
 - c. Does the investor know to own or how to get the rest of the money?
 - d. Has he talked to any banker about his plans?
 - e. Is he aware of the federal government incentive scheme for small scale industry?
- iv. Partner/human resources
- a. It has to be people you can get along with.
 - b. Do not hire employees just because they are your relatives even when you are sure such employees constitute a nuisance to your business. Hiring such employees is not a problem, firing; only a few people may attract the wrath of a town union.
- v. Customers

- a. Find out if people use to live to visit the area where you want to establish the business.
- b. Is there similar business sin the area?

vi. Business

The danger sign in business help the owner to recognize the management problems in the early stage so that such dangers should be sort out early enough. Such can manifest in one or more of the following areas.

- a. goods and services
- b. goods and services
- c. buying and selling
- d. records

1. Customers

- a. There is no danger of many customer visit to the shop and eventually work out purchasing no goods or services.

- b. If customers returns more goods than they should do because of complaints.
- c. If sales is much below that was in the last month or the previous years.
- d. When old and regular customers stop visiting the shop.

2. Goods

- a. There is danger if the shop displays only old products
- b. If the display shelves and containers are dusty and un-kept.
- c. If the shop is crowded with goods that are not often requested for.

3. Manufacturing and production

- a. There is danger if there is scarcity of raw materials for production.
- b. If there is considerable decline in the demand for the manufactured products and the warehouse is full of slow moving goods.

4. Employees

- a. This is a warning alarm if the customers anoint unnecessary.
- b. If the employees lack unity and are miserable.
- c. If the sales person lack knowledge about the product of services being offered.
- d. If the good employer or the businessperson leaves the enterprise to be employed but the competitors.
- e. If the customers complain and the employees are rude or show no interest.
- f. If there are too many mistake by the employers.

5. Money

There is financial danger if:

- a. The Business breaks even at the end of the month or quarter.
- b. If the bank is not reluctant to loan money to the entrepreneur.

6. Record keeping

- a. There is danger is the business uses the same bank account for the business and foe personal enterprise.
- b. If the credit customer do not pay their bills on time.
- c. If the gross profit is less than those of others in similar business.
- d. If the network of business is decreasing.

2.7 Summary of the Literature Review

The small scale business has no acceptable universal meaning because the classification into small and large scale is subjective and qualitative judgment. However, there are common indicators in most definitions namely the size of the capital investment (gross output); numbers of paid employees, the new national definition contained in the CBN monetary policy guideline for 1993 fiscal year is that a small scale is defined as whose total cost excluding the cost of land but including working capital below 1million.

The role of small scale business are the sources of dynamism and growth in the process of economic development with recent

trends involving rapid changes in commodity prices, international interest rates and changes rates. Small scale business can adjust better to external shock than large scale enterprise. Small scale business tends to employ more labour intensive methods of production and they can create jobs at low capital cost while contributing to poverty alleviation.

The essential of business system, through each business is unique to some extent, all must possess certain essential qualities to be financially successful. These include products or services on demand, adequate capital, competent management well defined objectives and adequate accounting system, capable financial, control and proper form of organization.

Whatever progress has been achieved in the development in small and medium scale enterprises are attributable to the push from foreign government and internal agencies like World Bank. The various constraints inhibiting the growth and development of small scale business and industries in Nigeria includes inadequate infrastructure, restricted access to credit facilities, low

entrepreneurial skills, inconsistent policy environment and regulations. Increased production orientation, low degree of linkages, and use of obsolete technology and lack of access to entrepreneurial information.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research design, population of study, Sample and Sampling technique, instrument of data collection, procedure for data gathering and the method of data analysis.

3.1 Research Design

The research design for this study is the survey research design. According to Mohammed (2005), a research design is said to be survey design if it has no control group. It involves gathering required data and information from the observation of the sample of the given population devoid of any manipulation of cause and effect relationship. From this assertion, this study can be referred to as a survey research.

3.2 Population of the Study

The population of the study covers 43 registered and unregistered small scale businesses in Gombi LGA of Adamawa State. This is presented in the table below:

Table 3.1: Distribution of Respondents by nature of Business

S/N	Nature of business	Frequency	Percentage
1	Rice Mill	8	
2	Barbing Saloon	10	
3	Groundnut oil production	11	
4	Shoe cobblers	11	
	Total	40	100

3.3 Sampling and sample technique

Since the population of the study is not much, the researcher decided to take all the population as sample of the study. Hence, the sample size of 40.

3.4 Instrument for Data Collection

In conducting this research the researcher used questionnaire as instrument for data gathering. This is in line with Akuezuilo (1993), who postulates that the survey researcher utilizes instruments like questionnaire, interview and observation. It is the belief of the researcher that the questionnaire is adequate to provide the data required for the study.

3.5 Data gathering procedure

The researcher personally administered and collected the entire questionnaire to all the respondents. The questionnaire was divided into two sections. Section “A” covers the bio data of the respondents, while section “B” covers issues related to the study.

3.6 Method of Data Analysis

The researcher adopted descriptive statistics in analyzing the data collected from the respondents. These include the use of frequency tables, percentages and mean scores.

CHAPTER FOUR

DATA REPRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents the data analysis used to answer the research questions.

4.1 Response Rate

A total of forty (40) copies of questionnaire were distributed. All were duly filled and returned. This represents 100% response rate. The maximum response rate is as a result of the size of the respondents and the personal efforts of the researcher in persuading them to respond.

4.2 Data presentation and analysis

This section presents the analysis of data collected for the purpose of answering the four research questions raised in the study. Frequencies, percentages and mean scores of the data were computed and the results discussed. This is presented as follows:

4.2.1 Problems associated with feasibility study in Gombi Local Government Area

The researcher provided the respondents with five (5) statements on the problems associated with feasibility study. They were requested to indicate their level of agreement with the statements. The data collected in this regard was analyzed and presented in table 4.1 below:

Table 4.1: Problems associated with feasibility study in Gombi LGA

S/N	STATEMENT	RESPONSE					Mean	Remark
		SA (4)	A (3)	D (2)	SD (1)	U (0)		
1	The small scale entrepreneur is not interested in feasibility study in Gombi LGA.	25	10	3	2	-	3.45	Agree
2	Most small scale entrepreneur in Gombi LGA do not know what feasibility study is.	30	5	1	4	-	3.53	Strongly agree
3	Policies and norms of small scale business in Gombi LGA do not support feasibility study.	10	5	20	5	-	2.5	Disagreed
4	There is no expert of feasibility studies in Gombi LGA	18	8	5	9	-	2.88	Disagreed
5.	The cost for embarking on feasibility studies hinders the small scale business from conduction feasibility studies.	20	10	6	4	-	3.15	Agree

From the table above the mean of 3.45 agrees that small scale entrepreneurs are not interest in feasibility studies, 3.53 of the respondents strongly agree that they do not know what feasibility study is, 2 disagree that policies and norms do not encourage feasibility studies, 3.15 agree that the cost for embarking on feasibility studies hinders the studies in Gombi LGA.

4.2.2 Problems of establishing and managing of small-scale business in Gombi LGA

The researcher provided the respondents with five (5) statements on the problems of establishing and management of small scale business in Gombi LGA. They were requested to indicate their level of agreement with the statements. The data collected in this regard was analyzed and presented in table4.2 below:

Table 4.2 Problems of establishing and managing of small-scale business in Gombi LGA

S/N	STATEMENT	RESPONSE					Mean	Remark
		SA (4)	A (3)	D (2)	SD (1)	U (0)		
1	Lack of land affect the establishment of small scale business.	32	3	3	1	1	3.76	Strongly agreed
2	High cost of rent affects the establishment of small scale business.	36	2	1	1	-	3.83	Strongly agreed
3	Lack of registration of business affect the establishment of small scale business	19	12	4	5	-	3.13	Agree
4	Lack of education in relevant field affect the establishment of small scale business.	10	4	18	8	-	2.4	Disagree
5	Obtaining capital from commercial banks help in the establishment of small scale business.	22	10	3	5	-	3.23	Agree

The table above indicates that the means of 3.76 strongly agree that lack of land affect the establishment of small scale business, 3.83 strongly affect that high cost of rent affect the establishment of small scale business, 3.13 agree that lack of

business registration affect the establishing of small scale business and 3.23 agree that obtaining loan from commercial banks helps in the establishment of small scale business Gombi Local Government Area.

4.2.3 Sources of financing of small-scale business in Gombi Local Government Area?

The researcher provided the respondents with five (5) statements on sources of financing small scale business in Gombi LGA. They were requested to indicate their level of agreement with the statements. The data collected in this regard was analyzed and presented in table4.3 below:

Table 4.3 financing of small-scale business in Gombi Local Government Area

S/N	STATEMENT	RESPONSE					Mean	Remark
		SA (4)	A (3)	D (2)	SD (1)	U (0)		
1	State government helps in financing small scale business in Gombi LGA.	22	11	3	4	-	3.28	Agree
2	Individual can obtain loan from embanks to establish a small scale business.	23	7	6	1	3	3.23	Agree
3	Corporate bodies do finance the establishment of small scale business.	20	7	9	4	-	3.08	Agree
4	The LGA do funds the establishment of small scale business.	10	10	12	8	-	2.25	Disagree
5	Small scale business is financed by foreign financial institutions e.g. Fadama II, World Bank and UNDP.	26	6	3	5	-	3.33	Agree

From the above responses, the mean of 3.28 agree that the state government helps in financing the establishment of small scale business, 3.23 agree that individual can obtain loan from banks to establish small scale business, 3.08 agree that corporate bodies do

finance the establishment of small scale business, 2.25 disagree on government funding of small scale business are funded by foreign financial institutions.

4.2.4 Role of government in establishing small-scale business in Gombi LGA

The researcher provided the respondents with five (5) statements on role of government in establishing small scale business in Gombi LGA. They were requested to indicate their level of agreement with the statements. The data collected in this regard was analyzed and presented in table4.4 below:

Table 4.4 Role of government in establishing small-scale business in Gombi LGA

S/N	STATEMENT	RESPONSE					Mean	Remark
		SA (4)	A (3)	D (2)	SD (1)	U (0)		
1	Government introduce the National Directorate of employment to provide soft loans to enable youths set up small scale business for self-reliance.	30	6	2	2	-	3.6	Strongly agree
2	Nigeria export and import bank was introduced to boost non-oil sectors in Nigeria and to help small scale business to have direct access to the international market.	28	8	2	2	-	3.55	Strongly agree
3	Women development centres train women in various profession like sewing, typing, home economics etc. to promote self-employment.	29	8	2	1	-	3.63	Strongly agree
4	The national economic construction fund provides relatively long term loan to small and medium scale enterprises at lower rates in order to establish business.	29	8	2	1	-	3.63	Strongly agree
5	People's bank of Nigeria and Community Banks are government efforts in financing and promoting credit facilities.	30	4	4	2	-	3.55	Strongly agree

From the table above, 3.6, 3.55, 3.63, 3.63 and 3.55 strongly agree that Nigeria export import bank, women development centres,

NERF, and people's bank of Nigeria help in boosting, training women, providing loan, and financing of small-scale business respectively.

4.3 Findings

The following findings were extracted by the researcher: -

- There is no awareness on feasibility studies before embarking on a small scale business.
- The cost of feasibility studies hinder small scale entrepreneurs from embarking on the studies.
- There is no funding of small scale business in Gombi LGA, which makes it difficult for the common person to establish business.
- High cost of land and rent affect the establishment of small scale business.
- The interventions of government in the small scale business are low especially in the study area.
- Incompetent management of government roles towards small-scale business affects the establishment of the business.

4.3 Discussion of Findings

- i. The project reviewed the effort of promoting small scale business, which was first introduced in 1962 to encourage the small scale business nationwide. It was during the National development Plan in 1975 and 1980 that policy statement on the role of small scale business were made.
- ii. The findings review an evidence of problems faced by small-scale business, which was introduced in 2000 and 2002, these include the financial institutions such as the restricted access to credit facilities, inadequate infrastructure base, and loans diversion and high rate of inhibit of the ability of small-scale business to attract bank funds, inconsistent policy environment and regulation, inward production orientation, low degree of linkage, use of obsolete technology, high cost land and rent, inability to carry out feasibility studies affects the small-scale business. Like Dadinkowa Vegfru, the Kumo Tomato Company just to mentions a few.

- iii. The findings also reviewed the main fund course which government introduced to boost the flow of credit to small-scale business.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The establishment, growth and development of business enterprises are a prime factor necessary for the transformation of any society economically, socially and otherwise.

Numerous business enterprises both small and medium constitute an outstanding factor of Gombi LGA as the LGA has many business opportunities.

The problem of establishing and managing of small scale business in the LGA prompted the researcher to carry out an investigation regarding the problem of establishing and managing of small scale business in the LGA.

At the initial state of the study the researcher indentified the problem of the study and formulated the topic “A Survey of Problems of establishing Small Scale Businesses in Adamawa State: A case study of Gombi Local Government Area”. The researcher

formulated research questions to guide and given direction on the study.

At the next stage, the procedure and review of related literature of previous and present studies were established, documented and analyzed.

Further more, on the methodology the researcher identified (40) respondents for the study. The data gathered were analyzed using the frequency table and mean scores to answer the research questions.

The findings which were obtained from the studies such as there is no funding of small scale business which some business difficult to establish, lack of awareness of feasibility study, high cost of rent and land, and low cost of government intervention affect the establishment of business.

5.2 Conclusion

In order to achieve success it is important to decide on ways and means of attracting a set of objectives from its findings.

The following conclusion has been made: -

- Government has recognized the vital role small and medium scale business can play in ensuring meaningful and sustainable growth, towards these end a number of policies and programme have been introduced to assist the growth of this class of business.
- Businesses are profit direct to economic and commercial activity that provides goods and services to a nation's standard of living. Successful business activities determine the growth, management and development of any society or the survival of any economy, which is the function of small scale business operations within the economy. However, a lot of businesses have problems because of the numerous factors which adversely affect small-scale business.

5.3 Recommendations

In view of the findings made from this study, the researcher made the following recommendations.

- i. There should be adequate awareness of feasibility studies in order to set up or establish a business.
- ii. The Government should made land available to those who want to establish business and the cost of rent should be looked upon, so that land lords will reduce the cost to enable small-scale business owners to rend shops.
- iii. Government should provide enough funds for the LGA to enable them support small-scale business.
- iv. Government should provide intervention funds for the growth and development of small scale business.
- v. There should be adequate financial assistance through loans by commercial banks and corporation bodies to support small scale business.

- vi. These should be adequate funding of small scale business through the establishment of various schemes to ensure continuity.

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