

**THE ROLE OF SMALL-SCALE ENTERPRISES IN THE ACHIEVEMENT  
OF ECONOMIC GROWTH IN NIGERIA**

**BY**

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**ABSTRACT**

*This article examined the role of small scale enterprises in the achievement of economic growth in Nigeria. The problems hindering the small scale enterprises from achieving their full potentials as the agents of growth and development were highlighted. Suggestions and recommendations were made with a view to solving the identified problems. One essential function of small scale enterprises is that they provide employment to large number of Nigerians residing in both the rural areas and the urban centres thereby helping to solve the nagging problem of unemployment in the country. When unemployed people are given gainful employment, it reduced the spate of social ills, such as, robbery, prostitution, advance fee fraud (419) and kidnapping in the society. The operation of numerous small scale enterprises also boosts trading activities because the employed people are earning money which they can spend in obtaining good and services. Descriptive research method was adopted in this article. The study population used consists of 50 small-scale enterprises chosen through simple random sampling from businesses operating in two states (Lagos and Anambra States).*

*A total of 250 questionnaires were administered (that is five questionnaires for each of the 50 enterprises). Tables and percentages were subsequently used to analyze the data extracted from the completed questionnaires. Apart from other supportive facts and figures, more than 77.7% of the respondents strongly believed that small-scale enterprises in Nigeria serve as veritable instrument for achieving economic growth.*

*Key words: **Small-Scale Enterprises, Unemployment, Economic Growth, National Development.***

## **INTRODUCTION**

A small scale enterprise is a business that is not large, in terms of its size, scope of operation, financial involvement and the workforce involved. Most small scale enterprises are owned by one entrepreneur. Sometimes a small scale enterprise is said to be a firm that is independently owned and operated and which is not dominant in its field of operation. In general, we should recognize that a small scale business must have few employees, limited capital investment and small scale operation (Nicholas, 1997).

As far as the development of the rural and urban areas in Nigeria is concerned, the role of small scale enterprises cannot be under-estimated. The present administration realizes the importance of these small scale ventures hence the various policies being put in place to encourage their growth. The small scale businesses have the potentiality to reduce the rate of unemployment in Nigeria and thus to contribute to the Gross Domestic Product (GDP) and economic growth of the nation (Oshagbemi, 1983).

The industrialized nations which have attained technological advancement today owe their present position to the establishment of small scale industries in the past. The small scale businesses served as pivot for technological take off and self-reliance. In the commercial world, there are numerous kinds of business undertakings. This varies from private enterprises to public corporations. A small scale enterprise is defined as a business which is independent, small in size and often localized. Most small scale businesses are operated by private individuals or group of individuals (Onuoha, 1944).

Due to the positive contribution of small scale businesses to the economic development of the nation, there is the increased need for the government to be seriously involved in the support and

encouragement of the small scale ventures to enable them realize their full potentials to the benefit of the whole nation.

### **CONCEPTUAL CLARIFICATION**

Generally speaking, the definition of small scale business varies from country to country, from industry to industry and from one financial institution to another. If project cost is used as the criteria for measuring the size of a business, price inflation may render the definition meaningless over time. If the number of employees engaged in a business forms the yardstick for measurement, it may not be realistic bearing in mind that some firms are capital intensive needing only very few employees. Other firms are labour intensive employing large number of people but utilizing only small capital fund (Osadi, 2007).

The Federal Ministry of Industries (2001) defined a small scale enterprise as an enterprise whose total cost including working capital but excluding cost of land, does not fall below One Million Naira and does not exceed Forty Million Naira and having number of employees between 11 to 35 workers.

The Committee for Economic Development in the United States of America considered a business to be small when, at least, two of the following features prevail:

- The person managing the business is the owner
- Capital is provided by the individual owner(s) of the business
- The area of operation is local
- The size of the business within the industry is small when compared with the bigger units in its field.

The World Bank defined small scale enterprise as any on-going concern whose total project cost is not more than N30,000.00. Today this definition has lost its relevance, at least in Nigeria, due to the effect of inflation.

## **THEORETICAL FRAMEWORK**

### **The Nature of Small Scale Enterprise**

A small scale enterprise can be defined in many ways. The parameters for the definition include value of assets, number of employees, sales revenue, size of capital, and turnover rate. A small scale enterprise is one that is independently owned and operated, and in which the owner is the sole decision maker and the overall boss (Onuoha, 1944).

In general, a small scale enterprise is a business in which its owner influences the entire decision-making process and the business has relatively small market share and low capital requirement for its operation. A small scale enterprise has also been described as a small business in which the manager personally performs all the functions of management. Other authors see small scale enterprise as a manufacturing establishment employing less than ten (10) workers and having capital base not exceeding N2 Million Naira. The American small business Act of 1953 also advanced its own definition. The act defined a small scale enterprise as a business which is independently owned and operated and is not dominant in its field of operation.

### **Characteristics of Small Scale Enterprises**

A major characteristic of small-scale enterprises in Nigeria relates to ownership structure which largely revolves around a key man or a family. Hence, a preponderance of the small-scale enterprises is either sole proprietorships or partnerships. Even where the registration status is takes the shape of limited liability company, the true ownership structure is that of a one-man or

partnership business. Policy makers and scholars such as Dozie (1995), Owualah (1999), and Lawal (2000), described the characteristics of small scale enterprises as follows:

- (1) Personal savings of the owner forms the start-up capital of the business
- (2) Low Initial capital requirement
- (3) Simple technology
- (4) Low level of managerial skills
- (5) Difficulty in accessing external funds for establishing and running the business
- (6) Keeping little or no accounting records of the business
- (7) Reluctance in risk taking by the owner to expand the business
- (8) Low level of education and technical expertise on the part of the business owner
- (9) Little influence on the market and small market share.
10. Small scale enterprises general have high mortality rate.
11. Concentration of management on the key man
12. Limited access to long term funds
13. High cost of funds as a result of high interest rates and bank charges
14. Over-dependence on imported raw materials and spare parts
15. Poor inter and intra-sectoral linkages – hence they hardly enjoy the advantages of economies of scale
16. Poor managerial skills due to their inability to pay for skilled labour.
17. Poor product quality output
18. Absence of research and development effort
19. Little or no training and development for their employees
20. Low entrepreneurial skills, inadequate educational or technical background

21. Lack of adequate financial record-keeping
22. Poor management of financial resources and inability to distinguish between personal and business finance.
23. High production costs due to inadequate infrastructure and wastages.
24. Use of rather outdated and inefficient technology especially as it relates to processing, preservation and storage.
25. Lack of access to international market
26. Lack of succession plan
27. Poor access to vital information.

### **Government Intervention in Small-Scale Enterprises**

In every economy be it the developed or developing nation, small-scale enterprises are seen as the instrument of economic growth and national development. Data from the Federal Office of Statistics in Nigeria confirmed that about 97% of the entire enterprises in the country are small-scale enterprises and they employ an average of 50% of the working population as well as contributing about 50% of the country's industrial output Ariyo (1999) and Ihua (2009) averred that the small-scale enterprises in Nigeria are not only catalysts of economic growth and national development but are also the bedrock of the nation.

Although small-scale enterprises had existed since the period of independence in Nigeria, conscious attention on small and medium scale enterprises as the instrument of economic growth and national development started in 1970-79 when Nigeria adopted the policy of indigenization through its national development plan programme. The development plan articulated the need

for the Nigerian economy to be self reliant through industrialization, entrepreneurial development employment generation and development through increasing export trade.

The Federal government singled out the small-scale enterprises as the key area of intervention.

This was premised on the government desire to support small-scale industries in the country as a way of meeting up with its commitment to the development plan and the indigenization policy.

The intention was that it would be a reaction against the dominance of the economy by the international capitalist entrepreneur and on the account that revitalizing small and medium scale enterprise would enhance the capacity of the indigenous capitalist class, as a potential player in economic growth and national development.

## **RESEARCH METHODOLOGY**

Descriptive research method was adopted in this article. Descriptive research method is essentially used to find meaning and obtain understanding of the present conditions. This method of research is based on information gathered through questionnaires, interviews, inventories, rating scales, and observation. The results obtained through this procedure can be statistically analyzed.

**Data Analysis:** The study population consists of 50 small-scale enterprises chosen through simple random sampling from businesses operating in two states (Lagos and Anambra States).

A total of 250 questionnaires were administered (that is five questionnaires for each of the 50 enterprises). Tables and percentages were subsequently used to analyze the data extracted from the completed questionnaires. Apart from other supportive facts and figure through observation and interviews, the result of the exercise clearly showed that more than 77.7% of the respondents

strongly believed that small-scale enterprises in Nigeria serve as veritable instrument for achieving economic growth.

## **LITERATURE REVIEW**

### **Common Types of Small Scale Enterprise in Nigeria**

There are multiple types of small scale enterprises. It is based upon the area of business in which the individual intends to operate. Some of the common types of small scale enterprise are given below:

1. Cassava Processing Business
2. Soap and Pomade Production
3. Plastic manufacturing business
4. Nail Production
5. Bakery and Allied Products
6. Cloth Weaving
7. Block Moulding and Clay Brick Making
8. Leather and Animal Skin Processing.
9. Hair-dressing and barbing Saloon
10. Tailoring Services
11. Welding work

### **Challenges of Small Scale Enterprises in Nigeria**

Small scale enterprises in Nigeria have numerous challenges. Some of the more common ones are discussed below:

#### **(a) Financial Challenge**

One of the basic problems of small scale enterprises is financing for business operation. Almost always, the only source of fund for the entrepreneur is his own personal savings and, sometimes, little borrowing from friends and relatives. The business cannot easily attract loan from the bank because the entrepreneur cannot provide the collateral security the bank requires before lending out money.

**(b) Managerial Challenge**

This challenge arises from the fact that most small scale enterprises are owned and run by individuals that do not possess high level of education and managerial skills. Therefore, lack of prudent management skills is one of the major problems facing the small scale enterprises in Nigeria.

**(c) Production Challenge**

Production starts from the raw material which constitutes the basic input into the production process. Most small scale enterprises do not have the required raw material input to further their production activities. The reason for this is because they lack the funds for raw material acquisition. Furthermore, they cannot compete with the large firms in quest for raw material input. The local entrepreneurs cannot afford to acquire specialized machinery and equipment required for quality production. Another major problem is that the small scale entrepreneurs cannot avail themselves of skilled technicians because they will be unable to pay the prevailing wages and salaries to retain the services of qualified technicians.

**(d) Personnel Challenge**

Personnel issue tends to revolve around the selection, training and development of the workforce. With respect to recruitment and selection of prospective applicants for a job, most entrepreneurs do not pass through objective selection process. It is a common phenomenon to see entrepreneurs recruiting relatives and friends who do not possess the right skills and savvy required by the business. It is a dangerous thing to recruit people without the skills needed for production. Those people will simply remain in the organization earning money and contributing nothing to actual productivity.

**(e) Marketing challenge**

Because the entrepreneur has no adequate capital back up, he cannot undertake proper marketing research for his product. He will find it difficult to identify his channel of distribution, and he will not have adequate funds to compensate the sales personnel and pay for other marketing services. Making sales requires advertising and sales promotion, the entrepreneur is, most of the time, unwilling and reluctant to spend money on advertising and sales promotion activities.

**(f) Record-Keeping challenge**

It has been observed that improper record-keeping and good accounting procedures contribute, in no small way, to the growth and success of business enterprises. The use of accounting documents such as, stock cards, vouchers, cash book, invoices, etc. are essential to the smooth running of a business. However, most of the small scale enterprises do not keep records of their transactions.

**(g) Challenge Resulting from Poor Organization of Work**

Work arrangement in the small scale enterprises is often very poor. Responsibilities are usually given to people as the need arises while the administration is extremely centralized around the owner of the business. The extensive centralization in management makes control and direction to become limited to the amount of time and capabilities of the manager to cover all functional areas of management. The manager hereby finds it difficult to appreciate the need of organization expansion to meet the increasing demand for delegation, and therefore breed a situation where the growth of the business can no longer be met successfully by one-man management. The inability of the manager to appreciate the need for organizational expansion may bring about weak organization.

#### **(h) Challenge from Inadequate Provision of Tools and Raw Materials**

Production tools such as machinery and equipment used in the production of goods and services are inadequate and this is due to the limited resources available. Some entrepreneurs find it difficult to maintain a constant source of supply for the purchase of tools and raw materials.

Other challenges include lack of adequate information for planning, decision-making and forecasting the future of the business. Also political instability which makes economic policies unstable, underdevelopment of infrastructure and inadequate supply of industrial manpower hamper the growth and development of the small scale enterprises.

#### **Contribution of Small Scale Enterprises to Economic Growth**

Crusher (2010), Lawal (1993) listed the following as the contribution of the small scale enterprises to the growth and development of the Nigerian economy:

- (1) Increased output of goods and services for the generality of the people of Nigeria.
- (2) Helping to solve the daunting unemployment situation in the country by the creation of jobs and employment of large number of unskilled and semi-skilled people.
- (3) The small scale enterprises, in a way, develop a pool of skilled and semi-skilled manpower. Because people with inadequate skills are engaged by the entrepreneur, they have the opportunity to develop their skills for future advanced functions in well-established industries.
- (4) Small scale businesses improve backward linkages between them and the agricultural economy.
- (5) The small scale enterprises provide opportunity for developing and adapting appropriate technology and serve as excellent breeding ground for entrepreneurial and managerial capacity. They also stimulate indigenous entrepreneurship.
- (6) The operation of small scale enterprises makes possible increased utilization of local resources as inputs for processing and production of goods.
- (7) They supply large firms with intermediate materials and help to distribute the products of large firms on commission basis or serving as sole distributors for the large firms.
- (8) The small scale enterprises, especially the ones operating in the rural areas, help to reduce rural-urban migration (or population movement) by the employment of youths in the rural

areas.

- (9) They help to preserve competition and prevent monopolistic tendencies by the large firms.
- (10) They have great flexibility for innovation and extend the frontiers of knowledge on local products and services.

### **Government Intervention to Stimulate the Establishment of Small Scale Enterprises**

In Nigeria, the government recognizes the small scale enterprises as the agents of economic growth and national development. For this reason the government has taken a number of steps to encourage the establishment of more small scale enterprises in the country. Some of these efforts include; the creation of enabling environment for small businesses to thrive. The government has liberalized the existing regulatory framework and also provided physical infrastructure such as water electricity and road network to facilitate the establishment and operation of small scale enterprises. Research findings are being disseminated cheaply to small scale enterprises.

Creation of market for the products of small scale enterprises is being done through the policy of “Buy Made in Nigeria Goods Only”. Manpower training institutions such as Administrative Staff College of Nigeria (ASCON), Centre for Management Development (CMD), Polytechnics and the Universities provide training for both the entrepreneurs and the generality of workers.

Moreover, government is encouraging the small scale enterprises by providing incentives through the financial institutions which grant them micro-credits (CBN, 1966). Such credit granting institutions include: National Economic Reconstruction Fund (NERFUND),

Microfinance Banks and National Export and Import Bank (EXIM) (Fatai, 2011).

Other sources of funding made possible by the policy of the government are: Government banks and commercial banks providing short and medium-term financing, Development Banks (e.g.

Mortgage Bank, Industrial Development Bank, Nigerian Bank for Commerce and Industry).

Other financing institutions include; Merchant Banks providing medium and long-term financing, and United Nations Development Programme (UNDP).

The Bankers' Committee intervened in 2001 with a scheme termed the Small and Medium Industries Equity Investment Scheme (SMIEIS). The scheme is expected to aid small and medium industries play the role of promoting rapid industrialization, poverty alleviation, employment generation and sustainable economic development (Crusher, 2010). The scheme will also help entrepreneurs to establish new and viable projects.

Alternative sources of funding include; independent fund manager, which is an investment advisory company established by African Capital Alliance providing equity investment in Nigeria for small scale enterprises. Also available are: Bank of Industry, the New Partnership for African Development (NEPAD) and African Growth and Opportunity Act (AGOA), an initiative of the United States of America.

### **Prospects of Small Scale Enterprises**

In addition to government efforts in the past, there is a renewed support for small scale enterprises. There are programmes, such as, National Economic Empowerment Development Strategies (NEEDS), at the national level, SEEDS at the state level, and LRRDS at the local government level, all of which are development plans for employment generation and poverty alleviation.

In 2005, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was commissioned. The Agency has already completed a nation-wide survey on small and medium scale enterprises as basis for articulating ideas for micro, small and medium enterprises policy thrust.

While government is contributing, the organized private sector is also making vital contribution. The Capital Market driven by the Nigerian Stock Exchange and the Security and Exchange Commission have not only been expanding facilities but also providing windows for small and medium scale enterprises to access funds from the market (Fatai, 2011).

At the international front, the globalization and reforms like liberalization of trade, commercialization and privatization have the aims of opening up new vista of opportunities for the small and medium scaled enterprises and entrepreneurs. The liberalization of trade through world trade agreement has opened up opportunities for the small and medium scale enterprises to access international markets. The African Growth and Opportunity Act offer incentives to exporters from African countries to the United States of America (Onugu,2005; Omotola, 2008).

### **Funding of Small Scale Enterprises**

For example, in an advanced economy such as the United States of America, it is taken for granted that the small business can obtain loans when they need such help. It is very important for the small businessman to know where to go for funds, and the proper approach to take to get the money from lenders. According to Fatai (2008) funds can be obtained for running small scale enterprises from the following sources:

#### **1. Private Sources**

When we think of private sources of fund, there are three possibilities; personal savings of the entrepreneur, borrowing from friends and relatives and borrowing from private investment companies. They can provide funds in form of loans and equity capital. Savings of the small businessman is the first plan that is used as a source of funds. Such a procedure does not only allow the owner to earn a return on his funds but also allows the small business to deduct the cost of these funds (i.e. the interest paid) as a business expenses.

## **2. Funds from Private Investment Companies**

This is a situation where a group of individuals establish a company to lend money or invest in other businesses. The advantage of an investment company over a private money lender is that the investment company was established for private loan and takes the risk involved. The big task is to locate such a source and to establish a sufficient need to obtain funds.

There are also Loan Companies which are solely in operation to lend funds to businesses both large and small funds. They fall into two broad categories; those which finance equipment purchases and those which lend on accounts receivable.

## **3. Commercial Banks**

Commercial banks are, by far, the most common source of borrowing for small business operation. Banks are in business to provide funds both long and short-term funds to business people to promote operations.

## **4. Trade Credit**

Trade credit is the source, which, in all likelihood, will provide the greatest amount of funds to the small business. The advantage of obtaining funding from this source is that, in all intents and purposes, they are free. These are funds lent to small businesses for a short period since goods are purchased but not paid for until sometime in the future.

## **5. Government Lending Programmes**

The Federal Government of Nigeria, since The structural Adjustment (SAP) period has made concerted efforts to establish sources of funds for small businesses in the country. The most popular lending institutions have been the Peoples' Bank and the Community Banks. Prior to these two are the various agencies such as the NDE, which helps to obtain funds from commercial banks and the NERFUND.

## **6. Equipment Finance Companies**

Equipment Finance Companies are in operation to help the purchaser of an equipment to acquire it and to help the vendor sell his merchandise. When the small businessman or a small scale enterprise is in need of a new piece of equipment, he decides what he needs and from which source he intends to purchase it. If he is unable to pay cash for the equipment, the vendor usually can find a finance company willing to provide the funds and use the equipment as collateral for the loan.

### **Role of Small Scale Enterprises in Nigeria**

The small scale enterprises operating in the country have the following role to play towards the development of the society, the raising of the standard of living of the people, and the development of the economy:

- (1) The small scale enterprises help in the effective distribution of goods and services in the entire economy.
- (2) The small scale enterprises help to reduce the level of unemployment in the country.
- (3) The small scale enterprises render direct and personal services to the generality of the people.
- (4) Research has also shown that small scale enterprises serve as agents of change and can easily adapt to changes.
- (5) Small scale enterprises are small in size and so the owners try to put more effort to improve their skills to attract more customers. The promotion of small scale enterprises in the country can assist in providing a lasting solution to the current problem of spatial

- imbalance in the distribution of industries between the rural and urban areas and thus check the rural-urban migration which is heightening social tension in the big cities.
- (6) The small scale enterprises also serve as sources of revenue generation in the local areas of their operation as the owners pay tax based on the size volume and nature of their business.
  - (7) The establishment of small scale enterprises leads to upward growth of the Gross Domestic Product (GDP), National Income and Per-capita Income thereby bringing an increase in the average standard of living of the people.
  - (8) The existence and operation of small scale enterprises make it possible to produce goods that are locally manufactured instead of obtaining such good from foreign countries. This saves Nigeria the foreign exchange that would have been spent in acquiring such good from abroad.
  - (9) The small scale businesses challenge the large establishments in several ways causing the large concerns to sit up and become more efficient and more responsive to customer needs.
  - (10) The small scale enterprises also encourage technical innovation. More than half of the major technological innovations in the nation originated from individual investors and small business in Nigeria as well as in many developing nations. This is because economic growth and development depend largely on the advancement of technology.

### **Survival of small-Scale Businesses in a Turbulent Environment**

The survival of business enterprises depends on how dynamically related they are in their target market. This is because assets and products of a business will be of little or no value if there is

no customer demand for the goods and services produced by the business. The operation of every enterprise is most of the time, influenced by both internal and external factors.

The internal factors are controllable by management. The internal factors affecting the attainment of organizational objectives can be explained from two broad areas:

- Identification of major resources of an organization, and
- Analysis on the perception that the organization members share about the nature of the organization, its character and management style.

The resources of an organization include:

- Financial resources
- Physical resources
- Human resources

**Financial Resources:** Financial resources have to do with the availability of capital in general. Capital, as we know it, is very vital in the setting up and subsequently operational activities of any business, as such, there is every need for any given enterprise to acquire, allocate and control money for financial planning, construction, maintaining inventory, embarking on research and development activities.

**Physical Resources:** Physical resources, on the other hand, are concerned with the existence of efficient manufacturing plant and other facilities, location of such facilities with respect to market needs and convenience of suppliers.

**Human Resources:** Human resources have to do with the entire workforce of an organization including the specialists such as the accountants, engineers and scientists, etc. Whether the organization is a charitable venture or a profit-making organization, the importance of human

beings working in the enterprise cannot be under-estimated. They are the human elements that bring life, dynamism and success to an organization.

### **Factors in the External Environment of an organization**

Factors in the external environment of an organization are largely uncontrollable by management. These factors influence business objectives. They also have influence on decisions reached by management. Factors in the external environment include the following:

#### **(1) Demographic Factors**

The factors in the demographic environment are of paramount interest to marketing executives because people make up market. Demography is the statistical study of human population and its distribution. Under demography, we look at age of people, sexes, birth rates, level of education and geographical shift in population. Demographic factors are very important to marketing executives because people make marketing possible.

#### **(2) Economic Factors**

Market requires not only people but purchasing power. The level of personal disposable income especially in relation to price levels and inflation affect marketing system. International marketing, the exchange rates and currency devaluation policies have major impact on exporting and importing activities.

Under economic environment, we consider real income, growth in productive activities, inflation pressure, change in savings and expenditure patterns.

#### **(3) Social and Cultural Factors**

People adapt to cultural and cultural values almost unconsciously. Marketing executives give consideration to consumers' beliefs attitudes, customs, values and norms of the society. They

also pay attention to public disapproval of misleading advertising and poor product acceptance resulting from cultural values and otherwise.

#### **(4) Political Factors**

Business organizations are affected by the development in the political environment. Decision-making process, the setting of business goals and objectives are not free from political influence in our society. Therefore, for businesses to thrive, political issues have to be taken into consideration.

Legislature at Federal, State and Local government levels exercise influence on business activities in the society. There are laws made by the legislature and government agencies concerning pricing, advertising, packaging and all the laws are affected by the political processes of the day. Some laws are made to protect companies and other laws are made to check or even punish certain business or entrepreneurs.

#### **(5) Technological Factors**

Technological advancement can also influence business operations. Advancement in computer technology has a great impact in our lives and the way business is being carried out at the present time. Technology is a major agent of change in modern society. It determines how products are developed and maintained, distributed and promoted.

#### **(6) Competitive Factors**

Competition is another strong factor influencing businesses. Firms compete with each other in the bid to have a substantial share of the market. Competition remains a continuous phenomenon in the market place because of ever-changing needs and wants of consumers. Competition makes business organizations to sit-up and deliver better quality and charge fair price.

## **CONCLUSIONS**

Small scale enterprises are essential agents of economic growth and national development. Their activities affect the life of the rural and urban dwellers through the employment opportunities they provide to the generality of the people of Nigeria. More importantly, they are able to engage large number of applicants because they employ both unskilled and semi-skilled individuals. .

Because people engaged to work earn money, they can acquire goods and services to better their lives and thus there is general rise in the standard of living. There is the common saying that “The idle mind is the Devil’s Workshop”. The presence of the small scale enterprises and the provision of jobs to unemployed people keep the idle mind busy thinking and doing the job assigned to the individual. For this reason, there is no room to think evil, like engaging in armed robbery, taking part in cheating gullible masses and carrying out 419 operations. Thus the society is, a bit, at peace due to the actions and activities of the small scale enterprises.

The findings from the analysis of the questionnaires administered to respondents by the researcher shows that small scale enterprises contribute positively to the economic development of Nigeria. They provide employment to large number of unskilled and semi-skilled people in our society thereby solving the ugly problem of unemployment facing the nation today.

Furthermore, their activities in the rural and urban centres help in the development of the society. As a result of employment opportunity they provide to the populace, the standard of living of the people is on the rise. Because people are being gainfully employed, the rate of social crimes such as armed robber, prostitution, 419 operation and other social ills are on the decline.

The Federal government of Nigeria needs to encourage the establishment and running of more small scale enterprises through the provision of funds to entrepreneurs. Money is needed to open new businesses and to expand the scope and size of the existing small scale businesses.

## **RECOMMENDATIONS**

Based on the research findings, the following recommendations are put forward aimed at improving the operations of the small scale enterprises to enable them contribute in a larger scale to the advancement and development of the country.

- (a) There is the need for the Nigerian government to put in place new policy guidelines aimed at making the acquisition of funds easier for the entrepreneurs of small scale businesses.
- (b) The entrepreneurs of small scale enterprises must endeavour to establish more businesses in both the rural and urban centres to provide more goods and services for the teeming population of Nigeria.
- (c) Entrepreneurs should aim at giving some basic skills training to the unskilled and semi-skilled people engaged to work for them so that they can contribute more positively to the work of the enterprise.
- (d) The researcher is of the opinion that, right now, what the government should do, really do, and must do, is to put new policy guidelines in place to make it easy for the small scale enterprises to obtain easy funds at low interest rate to develop their business.  
  
This is essential now more than ever before because there are many newly established polytechnics and universities in Nigeria turning out fresh graduates every year. These new graduates need jobs to be able to survive and the jobs are not there for them because

the industries are not equally developing to provide more jobs. If the small scale enterprises are given full support and encouragement, they will go a long way in solving this problem.

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### **Brief Biography of the Author:**

James Nwoye Obi was born on the 10<sup>th</sup> April, 1960 in Anambra State of Nigeria. After his primary and secondary education in Anambra and Kaduna States respectively, he gained admission into Ahmadu Bello University, Zaria, Nigeria and successfully completed his B.Sc. degree in Business Administration in 1983.

After working for a few years, he returned to Ahmadu Bello University for postgraduate studies and completed his M.B.A. degree in 1989. In the year 1997, he enrolled at the University of Lagos and obtained an Advanced Diploma in Human Resources Management.

It was time to look beyond the borders. With a burning ambition to do a doctoral degree programme, he left the country in January, 2001, to Germany and from there to the United States of America and came back to Nigeria in January, 2010 with a Ph.D. degree in Business Administration obtained from the United States of America.

Dr. Obi joined the National Open University of Nigeria in April, 2010 as Lecturer Grade II. He is married with children, among them is Miss Chinyere R. Obi of the Department of Human Kinetics and Health Education, University of Lagos. Dr. Obi has academic publications in Corporate Social Responsibility, Leadership, Staff Training, Mergers and Acquisitions, and Decision-making.