

**CHALLENGES OF SMALL AND MEDIUM SCALE ENTERPRISES  
(SMES) OPERATORS IN JIMETA MAIN MARKET: A  
DESCRIPTIVE ANALYSIS**

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**ABSTRACT**

Small and medium enterprise experiences difficulties in raising equity capital from the finance houses or individuals. Even when the finance house agrees to provide equity capital, the conditions are always dreadful. All these result to inadequate capital available to the sector and thus lead to poor financing. This is the bane of most cottage industries in Nigeria. About 80% of small and medium enterprises are stifled because of this problem of poor financing and other problems associated with it. The method of data collection comprises primary and secondary method, the study sample size is 50, i.e. systematic randomly sampling technique is used to select the sample from the population where the researcher divided the sample in 50 groups, i.e. each group represents 10 respondents and the researcher selected the 10<sup>th</sup> number from each group and arrived at the sampled unit of 50. Simple percentages were also used to put together the data concerning responses about the causes of failure of SMEs in Jimeta market. In order to identify the cause and effect relationship, chi-square was used to test hypothesis. The finding revealed that the majority of respondents agreed that government does not provide financial assistance to enhance the success of small business in Jimeta Main Market. Therefore, it recommends that, government and other private sector should assist in establishing a small scale business bank that will cater for entrepreneurs in terms of loans and other incentives to help them develop their business and the development of the whole community and Nigeria at large.

**Keywords:** Entrepreneurship, Small and Medium Scale Enterprises, Field of Research

## **Introduction**

Small and Medium Scale Enterprise (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies (Baloyi, 2010). They are labor intensive, capital saving and capable of helping create most of the one billion new jobs the world will need by the end of the century (Baloyi, 2010). They are also received as the key to Nigeria's economic growth, poverty alleviation and employment generation (Murrumba, 2011). But their unimpressive performance in employment generation in recent years has generated a lot of research interests on their challenges and prospects (Murrumba, 2011).

After Nigeria's independence in 1960, much emphasis has been laid on the growth of small and medium scale industries as a means of reducing the incidence of poverty and unemployment in the country (Baloyi, 2010). Since the adoption of the economic reform program in 1986, there has been a decisive shift from capital intensive and large scale industrial projects based on import substitution to small scale industries with immense potentials for developing domestic linkages for sustainable industrial development (Baloyi, 2010).

Apart from Small and Medium Scale Enterprise (SMEs), potential for self-reliant industrialization using local raw materials, they are in a better position to boost employment, guarantee even distribution of industrial development and facilitate the growth of non-oil exports. (Odeh, 2005) states that Small and Medium Scale Enterprise (SMEs) employ 22% of the adult population in developing countries while Fabayo (1989) observed that small firms are major source of employment opportunities for a wide cross-section of the workforce. "SMEs have contributed greatly to the growth of Kenyan economy, accounting for 12-14% of GDP, through creating employment opportunities, training, and entrepreneurs, generating income and providing a source of livelihood for the majority of low income households in the country (Fabayo, 1989). Perhaps, no other development strategy has enjoyed as much prominence in Nigeria's development plans as the Small and Medium Scale Enterprise (SMEs) development strategy (Fabayo, 1989).

This study focuses on factors responsible for failure of Small and Medium Scale Enterprises hence, the study intends to bridge these gaps by investigating empirically the causes and effects of Small and Medium Scale

Enterprises down fall in Jimeta Market, Yola.

### **Objective of the Study**

The main objective of this paper is to analyze the failure of small scale business in Jimeta main Market by examine the determinants factors influencing small scale business failure and also access appropriate measures through which small scale business can be more effectively developed in Nigeria economy.

### **Hypothesis**

H<sub>0</sub>: Small scale business does not have any significant effects on the entrepreneur development in Jimeta main market.

### **LITERATURE REVIEW**

In emphasizing the importance of SMEs, Rogers (2002) stated that: they enhance capacity building as they serve as entrepreneurial training avenues; they create more employment opportunities per unit of investment because of their labour intensive operations; they achieve a much more relative high value added operations because they are propelled by basic economic activities that depend mostly on locally sourced raw materials; they provide feeder industry services as they serve as major suppliers of intermediate goods and components to large-scale industries as well as major agents for the distribution of final products of such industries; they provide opportunities for the development of local skills and technology acquisition through adaptation. Small and medium enterprises (SMEs) are considered the backbone of economic growth in all countries (Rajesh, Suresh, & Deshmukh, (2008). They play an important role in Nigerian's economic growth, as they constitute 97.2% of the companies in Nigeria. They also contribute to national development by positively influencing the distribution of income in both functional and nominal terms (Uzor, 2004).

According to Davies (2002), the roles of micro and cottage businesses have been displayed in many countries of the world such as Malaysia, Japan, South Korea, Zambia, and India among other countries. They contribute substantially to the Gross Domestic Production (GDP), export earnings and employment opportunities, of these countries. Micro and small scale enterprises (MSEs) have been widely acknowledged as the spring board for sustainable economic development. Apart from the fact that is contributes to

the increase in per capital income and output, it also creates employment opportunities, encourage the development of indigenous entrepreneurship, enhance regional economic balance through industrial dispersal and generally promote effective resource utilization that are considered to be critical in the area of engineering economic development (Oboh, 2004).

Going by the fact that most of the small scale businesses encountered liquidation, failure, lost among other misfortunes, it also experiences difficulties in raising equity capital from the finance houses or individuals (Odeh, 2005). The government alone cannot employ everybody therefore, it imperative must for the citizens in the study area to stand on their feet by venturing into small scale business so that they can be self-employed rather than wait for government to employ them.

In another development even when the finance house agrees to provide equity capital, there are other lingering problems affecting the performance of SMEs like power supply, cost of doing business, political cum legal problems, patent right for innovators , government policy, competition in the global economic scene among others. All these result to inadequate capital available to the sector and thus lead to poor financing. This is the bane of most cottage industries in Nigeria. About 80% of small and medium enterprises are stifled because of this problem of poor financing and other problem associated with it. It is on these bases that the researcher seeks to investigate (Odeh, 2005).

Lawal, (2002) opines there is no universal definition of small scale industry. Definition also changes overtimes, owing to changes in price level, advances in technology and other considerations. Criteria that may be used in the definition of SSIs on small scale enterprises (SSEs) often include turnover, gross output and employment. These factors are usually used because they are functional and easy to measure.

Recently, the European Union (EU) has standardize the concept by categorizing enterprises with less than ten (10) employees as „micro? and those with fewer than fifty (50) employees as „small? while those with fewer than two hundred and fifty (250) employee as medium?. In the USA, any business with fewer than one hundred (100) employees is classified as small? while medium scale business refers to a business with fewer than five hundred (500) employees (Lawal, 2002).

### **Conceptual Framework**

According to Fatai, (2001), small-scale industry as an industry with total capital, employed for over N1.50 million but not more than N50 million, including and per a labour size 11-100 workers. The enterprise promotion, Decree of 1989 as amended in 1994 defines small scale business as any enterprise set up to make the owner self employed and self reliant. Such businesses include businesses include business centers, organized mechanics and allied artisan such as electricians; panel beaters supermarkets, gift shops e.t.c. emphasis is not laid an the amount of capital or on the number of employees engage by the business but on creating employment for the owner. There are many definitions of small-scale enterprise and there is no conventional uniformity among them. However, the definition based on capital especially in the Nigeria economy should be revisited from time to time due to consistent devaluation of Naira (national currency) and high inflationary trend in the economy (Fatai, 2001).

The Small and Medium industries and Equity Investment Schemes (SMIES) defines small and medium enterprises (SME) as any enterprise with a maximum asset base of N200 million excluding land and working capital and with the number of staff employed not less than 10 or more than 300 (Olumide, 2004).

Despite differences in definition, SMEs possesses similar characteristics. First is that they are generally sole proprietorship in nature and in some cases partnership though they could be registered as limited liability companies. Secondly, they are prone to discontinuity or have high rate of business mortality probably due to reasons of low capital, inadequate market information, lack of appropriate technology, close relationship between proprietor's private fund and company's fund (Ogunleye, 2004).

The Nigerian concepts of SMEs are somewhat divergent but the Central Bank of Nigeria agrees with the Small and Medium Industries and Equity Investment Scheme (SMIEIS) in their definition of a SME as any enterprise with a maximum asset base less than N200 million (equivalent of about \$1.43 million) excluding land and working capital, and with the number of staff employed not less than 10 (otherwise will be a cottage or microenterprise) and not more than 300 (Sanusi, 2003).

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capital, employed for over #1.50 million but not more than #50 million, including per labor size 11-100 workers. The enterprise promotion Decree of 1989 as amended in 1994 defines small scale business as any enterprise set up to make the owner self employed and self reliant. Such businesses include business centers, organized mechanics and allied artisan such as electricians, panel beaters, supermarkets, gift shops e.t.c. emphasis is not laid on the amount of capital or on the number of employees engage by the business but on creating employment for the owner.

Having harmonizing these definitions, it can be deduced that SMEs are enterprises that have the capacity to employ at most 500 employees and at least 10 employees and has been proven to be the bedrock of any economy. The brain behind every successful small and medium scale enterprise is entrepreneurship which is an undertaken where one is involved in the task of creating and managing an enterprise for a purpose. The purpose may be personal, social or developmental (Ogechukwu, and Latinwo, 2010).

### **The Role of Small and Medium Scale Enterprise in the Economic Development of Nigeria**

Marx (2003), Aremu and Adeyemi, (2011) the small and medium scale enterprises have a vital role to play in the economic development of the country one of the major roles it plays in a country is to produce and distribute goods and services to their customers at reasonable prices and at profit. However, their role can be grouped under the following headings;

- i. Acceleration of Economic Growth;** the small and medium scale enterprises are important factor for economic growth. For the fact that small and medium scale enterprises are seen in every part of Nigeria and are engage in one business or the other providing services for the masses. These services help in no small ways in improving the living standard of the masses .
- ii. Creation of Employment;** small and medium scale enterprises creates employment for about 50% or more people in Nigeria and not only creating jobs for job seekers but they also provide employment for the owners of the business. In recent years, the government of Nigeria has been experiencing serious problems of unemployment and one of the ways fashioned out by the government to reduce these problems is by encouraging many individuals by giving them incentives to establish small and medium scale businesses. This is to eradicate the problem of

- unemployment; this contributes to the economic growth.
- iii. **Increase in standard of living;** the small and medium scale enterprises make goods and services available both in rural and urban areas of the country. As the supply of goods and services increases, this often results to an increase in living standard of the average Nigeria.
  - iv. **Increase in government earnings;** small and medium scale enterprises pay taxes to the government; their employees pay personal income taxes to the government which improves the governing earning or sources of revenue generation for the economy.
  - v. **Increase Large Scale Production;** The small and medium scale enterprises helps the big firms in distributing their goods and services, they also help them in supply of raw materials needed for their production. This is why most small and medium scale enterprises are located in the big cities.
  - vi. **Use of local Resources;** small and medium scale enterprises helps in facilitating local resources which could have been left idle. They are employed for the production of goods and services .resources which are not economically visible for big ventures can be used on small and medium scale industry basis for the production of some finished goods. Raw materials to be further used instead of living the resources to waste. By this, they enhance the values of the stock or the country's natural resources and other industrial peculiarities (Thong, 1999).

### **Causes of Small and Medium Scale Business Enterprises Failure in Nigeria**

#### **a. Internal Factors**

##### **i. Manager Characteristics**

The competence of SME manager is the ultimate determinant of survival or failure. The root cause of either SME failure or poor performance is almost inevitably a lack of management attention to strategic issues such as human resources management. Moreover, the early founder of SME's personal competence in selecting the right business and running it will be crucial as the firm is likely to be indistinguishable from the owner. Therefore, as the business develops, growth can be rapidly partially due to unwillingness or inability to draw others to help with the management of the SME (pasanen 2006). In addition, the management of people (Human resources management) is particularly important as it includes not only the personnel

issues of dealing with employees, but also of managing people outside of the organization who are critical to its success, such as key customers, suppliers, banks and investors (Stokes and Wilson 2006).

Management problems, inadequate skills and knowledge in management, characterize the operation of small and medium scale business in Nigeria. In most small and medium scale enterprises, it is a one man management team and sometimes assisted by some members of the family, therefore, top level management deciding together with all other task of management that helps cannot accomplish on the business. Therefore, he must be adequate for the job or providing total management. Unfortunately this requires experience and diversity of talents hence a small business owner do perform these functions of managing the enterprises alone or with little or no managerial help. The talent of small business owner might be inadequate to discuss genuine business operations and those opportunities can only be captured by appreciating the usefulness of overall business planning method (Thomas, 2000).

## **ii. Level of Education**

It is also necessary that the owner/manager and other key personnel in SME attain an acceptable level of education in order to drive SME's activities. Research studies have found that one of the criteria for successful SME is the level of education (Thong, 1999). A basic level of education such as General Certificate of Education (GCE) or its equivalent is critical as it allows easy communication and appreciation of business terms in global business. Most SME owners/managers, especially in developing countries are unable to communicate in international languages that give access to global markets. A general acceptable level of education would be a high school ordinary certification, although higher business qualifications are better.

Another individual factor in relation to education is the level of ICT knowledge. It is expected that an acceptable level of ICT knowledge of the owner or key manager and any other key decision making personnel can assist SME to adopt appropriate activities in their found that skilled ICT personnel were crucial for the progression in the UK SME. They further argued that this factor is more important than financial ability (Sarosa and Zowghi, 2003).

## **iii. Socio–Cultural Issues**

Culture is another important factor that explains cross- country differences in



SME development as entrepreneurs decision making is influenced by their cultural backgrounds. The term "culture" is defined as the collective programming of the mind that distinguishes the members of one group or category of people from another (Hofstede, 1991). Some empirical literatures have demonstrated the relationship between entrepreneurial activities and cultural dimensions, and have found similar results. In general, low power distance, individualism, low uncertainty avoidance and long- term orientation are associated with entrepreneurial activities and innovation (Hofstede, 1991).

Collectivism can be a good support to subsequent implementation after invention. Masculine cultures emphasize the value of performance, competition and success, while feminine culture may be more successful in the service sector due to the strong focus on relationships (Luczak and Mohan-Neill, 2009).

Addressing cultural impacts on entrepreneurship, the interrelationships among culture, policy and entrepreneurial development must first be considered. The objective is shaping culture is not to overtake it but to capitalize on the positive sides and to introduce the missing elements for entrepreneurship and innovation (Lawal and Bello, 2010).

#### **iv. Poor Choice of Location**

Many businesses succeed because of their location. Location may be important because of the labor supply accessibility to market, proximity to needed transportation and availability of raw materials. Some small business owners also do not possess these qualities choose the location wrongly, which always constitute problems to small scale business which may lead to failure (Fatai, 2011).

#### **v. Inability to Satisfy Customers Demand**

One of the essential things a business enterprise can do is to provide the goods and services that can satisfy customer's needs. Sometimes the small business may not be able to do this, because they may not be able to embark on research and development that can help them to meet the changes in taste of their customers. These and other problems are the wheels of small and medium scale enterprises (Fatai, 2011).

**vi. Strategic Planning Problems**

SME's often do not carry out proper strategic planning in their operations. Ojiako (1997) stated that one problem of SMEs is lack of strategic planning. Sound planning is necessary input to a sound decision - making.

**vii. Economic/Location Problems**

Market stores are dominated by absentee landlords who charge exorbitant rates. The ownership of market stores by politicians is crowding real small-scale operators out of the market. The high rents charged by store owners on good location have forced real small- scale operators into the streets or at best into accessible places. Also domestic economic problems of deregulation and removal of protection as well as the global financial crisis have been detrimental to SMEs (Fabayo, 1989).

**viii. Poor Accounting System;**

The accounting system of most SMEs lack standards hence, no proper assessment of their performances. This creates opportunities for mismanagement and eventually leads to the downfall of the establishment (Fatoki, 2010).

**b. External Factors**

**i. Access to Finance**

The first external factor is the financial constraints. Lack of capital or financial resources is a major barrier to SMEs and Entrepreneurs who usually have to mobilize their own capital or their own resources to establish or expand their business (Harvie, 2005). In addition, SMEs in developing countries have difficulties in accessing bank loans as a consequence to the high risk for failing loans, low profitability and lack of collateral required by banks (Harvie, 2005).

For many SMEs in Nigeria, access to finance and capital appears to be difficult. This comes as a consequence of weak banking institutions, lack of capital market and inefficient legal framework regarding credit and collateral assessment. Financing SME and access to finance play a crucial role in the growth process and development of the enterprises (WB, 2011). According to Fatoki and Garwe (2010), the lack of capital seems to be the primary reason for

business failure and is considered to be the greatest problem facing small and micro business owners. This was supported by Shafeek (2009) who said that from a business point of view, without adequate financing, the business will be unable to maintain and acquire facilities attract and retain capable staff, produce and market a product or do any of the other things, necessary to run a successful operation.

Stokes and Wilson (2006), also added on to say that financial difficulties of SME arise either because of an inability to raise sufficient funds to properly capitalize the business or a mismanagement of the funds that do exist or a combination of both. He explained that, access to external funds may be difficult to achieve for new or young, small and micro businesses with no track record, especially for owners without personal assets to offer as security.

## **ii. Government Policies**

The importance of SME to the economy of a country indicates how important it is to have government policies that support SMEs including regulations that enable them to operate efficiently and regulations that reduce their administrative costs (Harvie and Lee, 2005).

Instability in government policies have caused some SME to collapse, one of such policies is that of the 1980s when government specified that cocoa should not be exported in raw or unprocessed form after a specified deadline. Many SMEs in order had to import machineries only for government to reverse this policy. This negatively affected so many SMEs in cocoa industry.

Although there have been initiatives by government to promote and support SME in order to enhance their development and reduce poverty, there is still a lack of laws and genuine administrative procedures such as accessibility to assistance from the government agencies. According to the World Bank research, complex tax systems, low level of trust in the judicial system, and the need to pay bribes to access public services, represent major barriers, most especially in South East Europe (WB, 2000).

## **iii. Corruption**

One of the major determinants of SME is corruption. Long-term consequences of corruption in transition economies and developing countries can be very harmful. Nigeria still faces numerous challenges in infrastructure and economic development policy. The fight against corruption seems

impossible especially in a country with the highest rate of poverty. In Nigeria, the level of corruption remains high and this requires more commitment by the government and citizens in continued reduction until the total elimination of this phenomenon. In addition to problems with infrastructure, administration as well as other services such as electricity, and water every day makes difficulties for businesses and citizens. As a consequence, corrupt practices in other countries have shown that this phenomenon negatively affects investment whether foreign or domestic (WB, 2000).

**iv. Marketing;**

To have good chance of survival, a small business firm needs to answer the basic strategic questions; 'what markets are we targeting, with what products?' a common weakness in SME owner/managers lies in their future to understand key marketing issues (Stokes and Wilson, 2006).

**v. Environmental Factors**

The external environment of SME organization also impacts some challenges to e-commerce adoption. It describes the realm of business engagement of the firm (Scupola, 2009).

This describes factors such as government role; business partner affiliation and preferences; nature and characteristic of value chain; logistics and telecommunications infrastructure; economic and political instability; human rights issues; business culture macro- economic policies; natural disasters and floods.

**vii. Economic and Political Instability**

Onugu (2005 Economic and political instability prevents SME from freely trading in country due to several uncertainties. Related to this is the human rights situation that may hinder SME growth and development in Nigeria.

**viii. Lack of Basic Infrastructure**

The micro and small enterprises sector in Nigeria operates in an environment with very poor infrastructure which constitutes a barrier to entry and hinders international competitiveness. In many states in the country, non existent of infrastructure, inability to access market, communication, power supply, water etc. prevent development of micro and small scale enterprises (MSEs) (Schaefer, 2012).

**ix. Inflation**

Despite the fact that cost of capital is higher for small scale manufacturer, the effect is even compounded by raising inflation rate (Jhingan 11<sup>th</sup> edition).

**x. Multiple Taxation**

This has become a major problem especially given the role of tax consultants and agents hired by local governments. They are often crude in their operation, excessive in their assignment and destructive in their relationship with the production process. They tax everything in their bid to generate revenue without considering the net effect to household incomes and employment (Jhingan 11<sup>th</sup> edition).

**METHOD OF DATA ANALYSIS**

This study was carried out in Jimeta Market, Yola. The population of this study is made up of 500 of SMEs owners in Jimeta market, the study sample size is 50, i.e. systematic randomly sampling technique is used to select the sample from the population where the researcher divided the population into 50 groups, i.e. each group represents 10 respondents and the researcher selected the 10<sup>th</sup> number from each group and arrived at the sampled unit of 50. Closed ended questionnaire is the major instrument for data collection in this study; this is because questionnaire has the capacity of collecting more relevant data from respondents. Other sources from secondary were equally utilised from textbooks, journals, website document and articles. The questionnaire was design on five points likert scale ranging from strongly agree(5), Agree(4), Undecided(3) Disagree (2), Strongly disagree(1). Data was analyzed and interpreted by using Statistical Package for Social Science (SPSS) computer software program. A logistic regression analysis was employed.

To ensure validity of the data, questionnaires were administered personally by the researcher and were collected back after some days, also questionnaires and other relevant materials were used for the data collection, they are well analyzed and hypothesis testing was also conducted.

Simple percentages were also used to put together the data concerning responses about the causes of failure of SMEs in Jimeta Market. In order to identify the cause and effect relationship, chi-square was used to test hypothesis concerning causes of Small and Medium Scale Enterprises (SMEs) failure through Entrepreneurship as a field of Research in Jimeta Main Market, Yola.

## Results and Discussion

Fifty (50) questionnaires were administered, filled and returned by the respondents. Hence, the researcher has 100% response.

**Table1: Lack of business education on the part of entrepreneur lead to failure in small scale business in Jimeta metropolis.**

Response	Frequency	Percentage (%)
Agree	9	18%
Strongly agree	24	48%
Disagree	6	12%
Strongly Disagree	11	22%
<b>Total</b>	<b>50</b>	<b>100%</b>

Out of the total sample of is 50 respondents, 9 respondents representing 18% agree that lack of business education on the part of entrepreneurs' leads to failure in small scale business in Jimeta market, 24 respondents or 48% strongly agree, while 6 respondents representing 12% disagree and 11 respondents represented by 22% strongly disagree. From the above analysis it affirmed that majority of the respondents were of the view that lack of knowledge of the part of establishing and maintaining business led to down fall of SMEs in Jimeta Market.

**Table 2: Inadequate finance is the major problem that causes failure in small scale business.**

Response	Frequency	Percentage (%)
Agree	20	40%
Strongly agree	23	46%
Disagree	2	4%
Strongly Disagree	5	10%
<b>Total</b>	<b>50</b>	<b>100%</b>

20 respondents representing 40% agree that inadequate finance is the major problem that causes failure in small scale business, 23 respondents or 46% strongly agree, while 2 respondents representing 4% disagree and 5 respondents represented by 10% strongly disagree. This shows that majority

of the respondents strongly agreed with the assertion above by concluding that inadequate finance lead down fall of SMEs in Jimeta Market.

**Table 3: Unstable government policy plays a negative role on small scale business.**

Response	Frequency	Percentage (%)
Agree	15	30%
Strongly agree	22	44%
Disagree	3	6%
Strongly Disagree	10	20%
<b>Total</b>	<b>50</b>	<b>100%</b>

Regarding unstable government policy, 15 respondents representing 30% agree that unstable government policy plays a negative role on small scale business, 22 respondents or 44% strongly agree, while 3 respondents representing 6% disagree and 10 respondents represented by 20% strongly disagree. This analysis confirmed that majority of the respondents were of the view that government has not put in place the right policy to support SMEs and this affects the performance of SMEs negatively.

### Hypothesis Testing

#### Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.946 <sup>a</sup>	3	.000
Likelihood Ratio	31.817	3	.000
Linear-by-Linear Association	18.539	1	.000
N of Valid Cases	50		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .74.

$$X^2(3) = 31.946, P \leq 0.5$$

The researcher sampled 50 respondents and evaluate whether small scale business does not have any significant effects on the entrepreneur

development in Jimeta main market. The data was analyzed using chi-square. The null hypothesis was rejected, since P-value  $\leq 0.000$  is less than 5% level of significance and  $X^2 = 31.946$  and 3 degree of freedom, the alternate which states that small scale business has significant effects on the entrepreneurial development of Jimeta metropolis.

### **Findings**

- i. Government does not provide financial assistance to enhance the success of small business in Jimeta as noted in the research analysis;
- ii. Lack of managerial knowledge and lack of business education on the part of entrepreneurs has a serious negative effect on the development of small scale business in Jimeta;
- iii. Decision of business location is one of the challenges faced by entrepreneurs as shown in the research analysis;
- iv. Finance and unstable government causes backwardness to the success of small scale business;
- v. Lack of infrastructure constitutes to ineffectiveness of small scale business in Jimeta main market.

### **CONCLUSIONS**

Small scale business played an important role in the development of commercial activities in Jimeta metropolis if managed properly, but nevertheless small scale business has encountered so many problems which lead the failure of business in Jimeta metropolis, from the above research analysis and findings It shows that management lack experience in dealing with day – to – day business, causing failure and discouragement to other who want to venture into small scale business. Choice of location by entrepreneurs possesses a serious threat to entrepreneurs, because wrong location will lead to wrong business at a particular place in a particular time.

It is generally believed that finance is lived wire of every business, lack of finance and unstable government affect the success of small scale business, also another agitating factors that contributed to ineffectiveness of small scale business is lack of infrastructures, such as water and electricity in Jimeta metropolis possess a serious threat to business owners.

Government has not done enough to create the best conducive environment for the striving of SME. The problem of infrastructure ranges from shortage of water supply, inadequate transport system, lack of electricity to improper solid



waste management. Nigeria's underdeveloped physical and social infrastructure creates a binding constraint to SME growth, since; they heavily rely on the inefficiently provided state infrastructures and cannot afford the cost of developing alternatives.

### **Recommendations**

- i. Government and other private sector should assist in establishing a small scale business bank that will cater for entrepreneurs in terms of loans and other incentives that will help them to develop their businesses for the better of the whole community.
- ii. Entrepreneurs should have more knowledge of business they want to venture into before establishing the business, having formal business knowledge i.e advance studies help an entrepreneur to be a business oriented.
- iii. Entrepreneurs should make sure that they take visibility study before establishing a business so as to avoid establishing business in a wrong place where the services provided is not needed by the general populace of that community.
- iv. Government should adopt standard business policies, also make finance available for those that want to establish new business and those that want to develop the businesses.
- v. Infrastructural facilities should be made available to business owners in Jimeta main market by the government and officials of the market concern in order to improve the living standard the markerter and economic growth of Yola at lage.

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