AN APPRAISAL OF PERFORMANCE OF SMALL SCALE ENTERPRISES IN COMMUNITY DEVELOPMENT

(A STUDY OF SELECTED SMES' IN UDI LOCAL GOVERNMENT AREA OF ENUGU STATE, NIGERIA)

Achilike .I. Nicholas Ph.D[*]

Akuwudike. C.Hilary[**]

ABSTRACT

This study is aimed at examining the appraisal of performance of small scale enterprises in community development, using selected SMEs' in Udi Local Government Area of Enugu State Nigeria as focused study. The other specific objectives include: to ascertain the extent to which different small scale business development programmes have been able to lessen the unemployment problem in the community, to ascertain the extent small scale business has improved standard of living in the community and to identify factors militating against SMEs in community development. The research design utilized for this study was the quantitative research design while the population includes all the 220 registered small business in Udi Local Government Area of Enugu State (According to SMEDAN). A total of 110 copies of questionnaire were administered to the target sample. Both the stratified and the simple random sampling techniques were utilized during the course of the study. The hypotheses analyses were done through chi-square technique. The findings show that small scale business development programmes have significantly lessened the unemployment problem in the community, that small scale business have significantly improved standard of living in the community, and that there are significant factors militating against SMEs in community development such as financial problems, management problems, inadequate basic infrastructure and unstable policy environment. The study recommended among others that Government, chambers of Commerce and other non- Governmental organizations should regularly organize seminars for potential and actual small and medium enterprise operators, where they should be educated on how to plan, organize, direct and control business activities.

Keywords: Appraisal of performance of Small scale enterprise and Community development.

[*] Department Of Accountancy/Business Administration/Banking and Finance. Federal University, Ndufu-Alike, Ikwo. Ebonyi State, Nigeria
[**] Department of Business Administration, Eastern Palm University, Ogboko Ideato South, Imo State, Nigeria.

Introduction

Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies. They are labour 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 (Osotimehin, Jegede and Akinlabi, 2012). They are also perceived as the key to Nigeria's economic growth, poverty alleviation and employment generation. Due to this, the subject of small and medium enterprises has attracted so much attention of scholars and researchers.

Hence, SMEs cannot be overlooked in the economic development of any country. Okongwu (2011) argues that SMEs are recognized as the main source of economic growth and a major factor in promoting private sector development and partnership, in developed and developing countries. SMEs help to create employment and are often seen as very important for the growth and innovation of dynamic economies (Mutula and Brakel, 2016). Therefore, economic growth and development in any community in Africa can be achieved through the emergence of strong SMEs, which will later grow to become major players in the developing economy. SMEs help to diversify economic activities that have significant contributions to imports and exports, they are flexible and can adapt quickly to changing market demands (Ongori, 2009). Thus, SMEs contribute more and more to the national and international economies of the world.

According to Wattanapruttipaisan (2013), the significance of SMEs for growth, productivity and competitiveness of the economies in both developed and developing countries is acknowledged universally, since SMEs bring about substantial local capital formation, contribute to improved living standards and achieve high levels of productivity. SMEs are identified as a major means of achieving equitable and sustainable industrial diversification.

The contributions of SMEs to Nigeria's economy are not contestable as about 10% of the total manufacturing output and 70% of the industrial employment are by SMEs (Aina, 2007). Through the utilization of local resources, SMEs promote industrial and economic development and are responsible for the production of intermediate goods and the transformation of rural technology (Aina, 2007). Nigerian SMEs not only provide employment and income for majority of its citizens but are also recognized as the breeding ground for domestic entrepreneurial capabilities, technical skills, technological innovativeness and managerial competencies for private sector development (SMEDAN, 2005, Aina, 2007).

Due to this fact, it is believed by scholars that development of small and medium scale enterprises can bring out rapid economic development in rural areas (Osotimehin, et al., 2012; Uzor, 2014). Thus, the assistance of SMEs to any economy are obvious, as SMEs are known to contribute to the development of several economies in terms of output of goods and services and creation of jobs at relatively low capital cost (Apulu and Latham, 2010). SMEs also improve forward and backward linkages between economically, socially and geographically diverse sectors of many economies (SMEDAN, 2005). Thus, the development of SMEs is an essential element in the growth strategy of many economies including community development. Therefore, it is base on this background that this study aimed to examine the appraisal of performance of small scale enterprises in community development, using selected SMEs' in Udi Local Government Area of Enugu State as focused study.

Statement of Problem

In Nigeria, SMEs cover the entire range of economic activity within all sectors and share a number of common problems that hinder them from effective performance in some regions of the country. At the macro level, these problems, as identified by (SMEDAN, 2005), include low market access to credit, poor information flow, discriminatory legislation, poor access to land, weak linkages among different sectors, weak operating capabilities in terms of skills, lack of knowledge and attitudes, lack of infrastructural facilities among others.

In another study carried out at the macroeconomic level by Chukwuemeka (2016), it was identified that 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. Accordingly, Osotimehin, Akinlabi and Olajide (2012) noted that the problems that emanated from poor financing of SMEs include: Lack of competent management which is the consequence of inability of owners to employ the services of experts; Use of obsolete equipment and methods of production because of owner's inability to access new technology; Excessive competition which resulted from sales which is a consequence of poor finance to cope with increased competition in the industry; The high cost of available raw materials affects the prices of good food. This only has adverse affect on the turnover of the enterprise but also on the profitability; The availability of infrastructural facilities is grossly inadequate in the areas of access roads, electricity, water

supply, etc. and Multiplicity of policies and regulatory measures such as removal of fuel subsidy, taxes, several charges on loans.

Despite a the catalogue of challenges identified by previous research (SMEDAN, 2005; Chukwuemeka , 2006; Osotimehin, Akinlabi and Olajide ,2012), SMEs remain key drivers and enablers of economic growth and development. However, there seems to be a dearth of literature that seeks to explain the role of SMEs at the micro economic level and at regional level in the country, considering the geographical and socioeconomic peculiarities of these regions. This study therefore compliments previous research in closing up the literature gap by investigating the performance of small scale enterprises in community development: evidence from Udi Local Government Area of Enugu State.

Objectives of the Study

The broad objective of this research is on the appraisal of performance of small scale enterprises in community development. Other specific objectives include:

1. To ascertain the extent to which different small scale business development programmes have been able to lessen the unemployment problem in the community.
2. To ascertain the extent of small scale business has improved standard of living in the community.
3. To identify factors militating against SMEs in community development.

Research Questions

The following questions will be answered in the course of this work:

1. To what extent does the different small scale business development programmes have been able to lessen the unemployment problem in the community?
2. To what extent does small scale business has improved standard of living in the community?
3. What are the factors militating against SMEs in community development?

Literature Review

Conceptual Framework

There is no generally accepted definition of a small scale enterprise because the classification of businesses into large scale, medium scale or small scale is highly subjective. In Nigeria, the Central Bank of Nigeria (CBN) in its monetary policy circular No 22 of 1988 defined small-scale enterprises as having an annual turnover not exceeding five hundred thousand naira (Ali, 2013). The disparities associated with the definition of this concept could be ascribed to the differences in the background of the researchers, changes in economic conditions, institutional changes and advances in technology.

The Federal Ministry of Industries (2009) defined small scale enterprises as businesses that have total capital (land, building machinery equipment and working capital) of up to N60,000 and employ up to 50 persons. Ifechukwu (2010) views a small scale enterprise as a business operated mainly with hired labour usually not exceeding 50 workers if no motive power is used. Generally, such businesses are characterized by labour intensive mode of production, flexible operation as they adjust quickly to various factors, use indigenous raw materials, localized operations, low gestation period, and low level of education/skills (Ifechukwu, 2010; Ali 2013).

In 1978, the Industrial Research and Development Unit of the University of Ife (now Obafemi Awolowo University, Ile-Ife), defined a small scale industry as one with total assets of less than N50,000 and that employed less than fifty full-time persons while a medium scale industry was defined as a factory industry that operated with motive power and invested between N50,000 and N500,000, which employed between 50 and 250 persons. The NBCI defined small-scale enterprises in terms of total capital investment but excludes cost of land in the computation of a ceiling of N300,000 in total capital investment (including land) and that of N500,000 in annual sales turnover, while for the purpose of lending to small scale enterprises, the Central Bank of Nigeria (CBN) defines small-scale enterprises as those enterprises with turnover of up to N500,000 only, and the National Council of Industry in 2001 defined SMEs in accordance with their scale of operation: Micro/Cottage: enterprises with capital investment of not more than N1.5m, excluding land but including working capital and maximum of 10 workers. Small-scale: enterprises with capital investment of over N1.5m but not more than N50m, excluding land but including working capital with work force that ranges from11-100. Medium scale: enterprises with capital investment of over N50m but including working capital, work force ranges from 101-300.

Considering other definitions given by some international financial bodies, the World Bank in 1988 classified SMEs as enterprises with fixed assets, excluding land and working capital which do not exceed N10million, the European Economic Commission in 2000, defined an SME as a small scale business with the exclusion of agriculture, forestry and fishing with employment capacity of not more than 500 workers.

Not minding the various definitions and the lack of consensus in these definitions, there is the need to point out that the definitions correspond to parameters considered adequate for policy formulation and the promotion of the sub-sector in the country For the purpose of the Small and Medium Industries Equity Investment Scheme (SMIEIs), set up in 1999 by the Federal

Government, a small or medium industry is defined as any enterprise with a maximum asset base of N200million, excluding land and working capital.

The two main channels that have been used to increase credit for small and medium enterprises are the formal and informal sources. The formal sources include banks, other financial institutions, government loan agencies and cooperative credit societies. While the informal sources include owners' savings/retained earnings, friends and relations, clubs, "Esusu" and money-lenders, among others.

The informal rather than formal capital markets provide the bulk of financing, especially in the less developed countries, for small enterprises in the rural areas (Jinadu, 1995). The continued importance of informal markets, despite the growth of monetization and commercialization in the subsistence sectors of these countries, is due to restrictive and repressive financial policies, a lack of innovative measures and instruments to integrate informal and formal markets, and the typically lower transaction costs of certain informal market credit intermediaries. The peculiar characteristic of informal markets is that they are far more loosely monitored and regulated than formal finance markets (Onyenwaku and Fabiyi, 2011).

Most importantly, loan disbursements from the informal sources are usually timely; notwithstanding, this informal source of financing to small-scale entrepreneurs has serious shortcomings. For example, the amount of capital that can be raised from the informal sources is usually very small and inadequate when compared to the needs of the small-scale entrepreneurs. In most cases, the terms and conditions attached to their funds were found to be exploitative most especially with the money lenders (Ogundipe, 2007).

Upon taking account of the shortcomings associated with the various informal sources, the governments of most developing countries have initiated various industrial credit programs. Such programs have the objectives of assisting small-scale entrepreneurs to increase their income and to improve their living standards. It is believed that these programs are veritable tools for redistributing resources which would lead to the wealth maximization of the small-scale entrepreneurs. The above considerations have led to the establishment and recognition of many institutional credit markets in Nigeria, including commercial banks, community banks, cooperative societies, Industrial Development Centers (IDCs), and the Nigerian Industrial Development Bank (NIDB). However, corruption and other related vices which became endemic in Nigerian policy would not allow the benefits to be realized (Oguntoye, 2007).

According to Pinches (2010), finance refers to money and productive resources available to governments, business and individuals. The term also covers the management of all money resources. As a resource type, finance is usually physical in the forms of cash, shares, stocks, accounts receivable, equipment and other facilities applied in mobilizing business. Briefly put, finance is the term that covers all monetary resources (money and money's worth) for the establishment and sustenance of any productive activity. Finance is the 'sine-qua-non' of enterprises - that without which there cannot be business. One area in which Very Small Enterprises differ greatly from Small Scales Enterprise, Medium Scales Enterprises and Large Scale Enterprises is that of sourcing for finance. As noted earlier, there are three kinds of finance and these are distinguished according to their tenure as short-term, medium term and long term (Pandey 2000). For the short term finance, the major sources are creditors, bank overdrafts and loans, bills of exchange and other suitable negotiable instruments and factoring. The main sources of medium-term finance are the high-premium loans, plant/machinery/factory/furniture leasing, and hire purchase. In the case of the long-term finance, the sources are long term loans, debentures stock, share capital, sale of assets and lease-backs. It must be added, however, that businesses of any magnitude and for any range of financial need can be financed with personal as well as corporate savings.

It needs to be emphasized, however, that most of the sources of finance mentioned above are not available to Very Small Enterprises, in as much as they are not available to Small Scales Enterprises. As noted by Weston and Brigham (2011), small enterprises cannot avail themselves of capital market funds. In the view of Umar (2007), many small enterprises are incapable of meeting borrowing requirements of the merchant and commercial banks. In the light of the foregoing, Small Scales Enterprises, especially Very Small Enterprise, have had to seek their finance from alternative, informal sources. Overall, sources of funds for all enterprises can be grouped into two categories: personal (informal) sources and the public (formal) sources. Of these, Very Small Enterprises and to some extent, Small Scales Enterprises, largely obtain their financing from personal sources.

Amao (2009) grouped the sources of funding Small and Medium Enterprises into "formal" and "informal" sources, and notes that SMEs have traditionally relied on informal sources which were usually more often than not insufficient for entrepreneurial growth and development. These are sources of funds, which are in a way personal to the entrepreneur and without recourse to the public capital markets as such. Such sources are often incapable of generating large volumes of funds for investment because of inherent limitations. The low

capital generating capacity of such sources accounts to a great extent for the low growth rate of micro-enterprises, which in turn accounts for their continued lack of access to big funds.

The claim that the capital shortage is the worst problem militating against the growth of Very Small Enterprise's has not gone unchallenged. It has been argued by Omopariola (2011) that there have been times when banks and other lending institutions had more money to lend than entrepreneurs were willing to borrow. Omopariola further states that while subscribing to the view that "insufficient funds stifle growth of individual firms and consequently slow industrial growth of individual firms and consequently slows industrial growth in Nigeria", a radical explanation of the idea of capital shortage is offered. In his view, the phenomenon of capital shortage does not apply to all aspects of the Nigeria economy. Rather, it is only peculiar to individual firms, and perhaps to particular sectors or industries. He argued that whereas there is always money to invest in the economy as whole, firms which were otherwise unsuccessful in their bids to raise needed funds to finance their operations or which were ignorant of existing sources of funding, necessarily experienced a capital shortage. He goes on to explain that this "necessarily" reflects adversely upon lending institutions in Nigeria.

 Small-Scale Enterprises and Community Development in Nigeria

In Nigeria, various efforts have been made by successive administration to encourage the development of small-scale enterprises in Nigeria economy. According to Yusuf (2009), effective economic development in any modern society is not a matter of trial and error. It can only drive a properly articulated package of policies intended to boost the economy along a predetermined path of growth. The first stage of the development plan involved the establishment of a Nigeria Local Development Board which was charge with the following responsibilities:

- The promotion and development of village crafts and enterprises and the industrial development of the products of Nigeria.
- Other suitable project approved by the Governor in council.
- The setting up and operation of experimental undertaking for the testing of industrial process for the development of any Nigerian product.
- Aid and provide Nigerian enterprises activities by granting loans to cooperative, partnership and companies registered in Nigeria.

Hassan (2013) noted that the Nigeria Local Development Board was however dissolved and was subsequently replaced by the Western, Eastern and Northern Development Boards and

Colony Development Board for Lagos Colony. The aim and objectives of the dissolved board and the new one formed remained unchanged.

In 1964, the Nigerian Industrial Development Bank (NIDB) was established as a development bank for medium and long term capital for medium and large – scale enterprises. The banks current minimum lending to every project is fifty thousand Naira (N50, 000.00) it maximum lending is fifteen million naira (N15, 000, 000.00), it also lend to Small-Scale industrialists with total investment working capital not exceeding seven thousand and fifty thousand Naira (750, 000.00).

The loans are very soft, the bank is guided in the ministry's guideline for this purpose and it receives grants from federal government to fund small enterprises in Nigeria. The second national development plan (1970 – 1975) was corrective plan in readdressing the nation's industrial policy. Much was achieved because the import substitution polices of the first national plan was still carried forward and implemented irrespective of the fact that is was clearly stated therein that in the furtherance of the government policy to increase rapidly the present level of indigenous ownership and participation in manufacturing active support will be given to the prompt and development of small-scale enterprises.

In 1986, the national Directorate of Employment was established. The government promoted the development of Small- Scale Enterprises through the N.D.E. In 1987, the National Directorate of Employment (N.D.E) launched a number of programmes to generate employment and fund in 1986 also; the federal government formed the Directorate for Food, Road, and Rural Infrastructure (DFFRI). The objective of DFFRI are to facilitate the development of the rural areas by providing roads, electricity and pipe borne water and also mitigate the rural/urban draft for setting up small – scale enterprises and cottage enterprises. In 2006, the former President Olusegun Obasanjo expressed his interest in development of small-scale enterprises through the development programme of National Directorate Employment (N.D.E) to empower youths.

From the foregoing, the Federal government has continued to play active roles in the government of small and medium scale enterprises. With all these infrastructural facilities being laid and it is hoped that these small – scale entrepreneurs and industrialize will grab this golden opportunity to expand their scale of operation to bigger ventures.

Factors Militating against SMEs in Community Development

Previous researchers have identified a number of challenges faced SMEs. Mba and Emeti (2014) indentified the problems to include: financial problems, management problems, inadequate basic infrastructure, inadequate basic infrastructure, socio-cultural problems,

strategic planning problems, location/economic problems, poor accounting system, multiple taxation, and unstable policy environment. Accordingly, Aremu and Adeyemi (2011) noted that some of the obstacles that are being faced by Nigeria SMEs include:

i. Inadequate access to credit particularly on moderate terms. This has negatively affected the growth of SMEs and their development in Nigeria.

ii. Decision-making skills, sound management and accounting practices are very low among the Nigeria SMEs operators.

iii. Commercial banks find it uneasy to assess risk premiums properly, this lead to differences in the perceived versus real risk profiles of SMEs in Nigeria.

Theoretical Framework

In the bid of giving this study a theoretical backing, the *resource-based theory* of entrepreneurship and endogenous growth theory were review and adopted.

The resource-based theory of entrepreneurship argues that access to resources by founders is an important predictor of opportunity based entrepreneurship and new venture growth (Alvarez & Busenitz, 2001).This theory stresses the importance of financial, social and human resources (Aldrich, 1999). Thus, access to resources enhances the individual's ability to detect and act upon discovered opportunities (Davidson & Honing, 2003).

Endogenous growth theory holds that economic growth is primarily the result of endogenous and not external forces. Endogenous growth theory holds that investment in human capital, innovation, and knowledge are significant contributors to economic growth. The theory also focuses on positive externalities and spillover effects of a knowledge-based economy which will lead to economic development. The endogenous growth theory primarily holds that the long run growth rate of an economy depends on policy measures. For example, subsidies for research and development or education increase the growth rate in some endogenous growth models by increasing the incentive for innovation.

The more recently developed endogenous growth models also support the idea that improvements in technology have been the key force behind perpetually rising standards of living. However, this long-term growth process is assumed in many endogenous growth models to be determined by purposive, profit-seeking investment in knowledge (Grossman and Helpman (1994). The act of seeking profits by shifting resources to achieve improvements in technology can be seen as an entrepreneurial act because the outcome of the investments is uncertain. However, it is not common for endogenous growth models to explicitly address the issue of entrepreneurship as driving force of technological and economic development.

The two theories complements each other and are relevant to the study, in the sense that as resource based theory talks about harnessing of opportunity by an entrepreneur, Endogenous growth theory suggests that those opportunities that are being fine tune by entrepreneurship activities through small scale business are what creates community development.

Empirical Review

Kadiri (2012) examined the contributions of Small and Medium Scale Enterprises (SMEs) to employment generation in Nigeria by providing a sectoral analysis of the efficacy of SMEs as a vibrant tool for employment generation. The Binomial Logistic Regression Analysis was employed as the tool for statistical analysis. The study found that the sector was unable to achieve this goal due to its inability to obtain adequate business finance. It was observed that virtually all the SMEs that were sampled relied on informal sources of finance to start their business. The study therefore recommends the integration of the activities of the formal with that of the informal financial institutions; while the government should urgently provide the needed infrastructure such as roads, water, electricity and the needed enabling environment.

Oloruntuyi and Ogunyemi (2016) examined impact of small and medium scale enterprises in the creation of jobs in Ondo State. In the study a total of two hundred and fifty (250) copies of the questionnaires were administered out of which two hundred (200) copies representing (80%) of the questionnaire were properly completed and retrieved while fifty (50) copies representing 20% were not retrieved. Two different statistical methods were employed to analyze data for the study; the tools are simple percentage and chi-square (X). The results shows that small and medium scale enterprises and sustainable development of the Nigerian economy are related, just as promotion of SMEs and improvement in employment generation is related.

Aririguzo (2015) carried out a study on the entrepreneurship development and its sustainability in Imo State. The study was informed by the urgency for developing nations of the world to encourage the growth, development and sustenance of entrepreneurship as an agent for economic transformation. The study identified and analysed the challenges facing entrepreneurship development in Imo state in particular and Nigeria at large. With reliance on materials principally on secondary sources derived from scientific journals, governments departments, SMIEIS national summit reports, governmental policy trust documents etc .The study recommended that government should prioritize policies towards development and sustenance of entrepreneurship through the establishment of agro-based industries. It further recommended that government should also encourage continuity in economic developmental projects especially when there is change in administration and be guided by principles of

good governance of public administration with improved efficiency, transparency and accountability.

Mba and Emeti (2014) examined Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria. The study was informed by the high rate of unemployment in the society and the poor performance of SMEs in employment generation. Specifically the study investigated the extent to which poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation constitute major challenges in the performance of SMEs between October 2012 and November 2013, it assumes that government intervention through the provision of financial assistance, social infrastructures and favourable taxation policies will reverse the trend. The paper adopted a descriptive research design using 120 randomly selected registered operators of SMEs in Port-Harcourt City. Data collected were analyzed using descriptive statistics while formulated hypotheses were tested using z-test. Results from the data analysis indicated that poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation were major challenges confronting SMEs in Port- Harcourt City. In order to ameliorate the situation, the study recommends the following: provision of soft loans to SMEs operators, government guaranteeing of long-term loans to SMEs operators, establishment of SMEs funding agency, public/private sector partnership in infrastructural provision, capacity building for SMEs operators and provision of tax incentives for SMEs operators.

Gulani and Usman, (2012), evaluated the challenges Small and Medium Scale Enterprises (SMEs) face in financing new or existing businesses in Gombe State. Adopting purposive and simple random sampling techniques, information were elicited from a sample of Sixty five (65) respondents which was analyzed using chi-square method. The result of the analysis revealed that: There is no significant difference in the difficulties SMEs face when accessing finance from various sources, there is a significant difference in the level of awareness of MFIs by SMEs. The research however, recommends that government policy of initiating various intervention funds for entrepreneurial development should be encouraged; SMEs in the state should be sensitized on the activities of Micro Finance Institutions (MFIs).

Akingunola (2011) assesses specific financing options available to SMEs in Nigeria and contribution with economic growth via investment level. The Spearman's Rho correlation test was employed to determine the relationship between SMEs financing and investment level. The analysis reported a significant Rho value of 0.643 at 10%. This indicated that there is significant positive relationship between SMEs financing and economic growth in Nigeria via

investment level. The paper later proffer that accessibility to relative low interest rate finances should be provided to small and medium enterprises in Nigeria in order enhance economic growth.

Ekot (2010) adopted the survey design focused on small business ownership and management in Uyo metropolis. It examined the problems confronting this class of business as well as the prospects awaiting future investors. With the help of personal interview and structured questionnaire administered to 100 randomly selected small business owners in the study area, data were collected and analysed using simple percentage. The study observed that paucity of funds and interest by the young and educated people to take to small businesses and poor government and institutional support are some of the problems facing small businesses in Uyo metropolis and Akwa Ibom State generally. Among the recommendations made is that government should step up support to small businesses and create greater awareness for more people to take to small businesses in Akwa Ibom State.

Methodology

This work is descriptive. It is concerned with the collection of data for the purpose of investigating the appraisal of performance of small scale enterprises in community development, with distribution of copies of questionnaire to selected Small Medium Enterprises in Udi Local Government Area of Enugu State. The study adopted the population three business enterprises in Udi Local Government Area of Enugu state. Ugochi Nigeria Limited, a bakery that has 65 chains of workers according to data made available to the researcher, Ifeanyi Enterprise and Sons Limited, a poultry farm that has 120 staff strength and Swiss Guest House with a total staff of 35. Thus, the total population is 220. The sampling method used by the researchers is both simple random sampling and the stratified sampling technique. The study randomly adopted 50% of the population size as the sample size of the study. Thus, the sample size is 110.

The questionnaire was well structured and was in line with the objectives of the study. The Cronbach's alpha test for the instrument was ensured. The data collected were analyzed using simple percentage. The researcher also used chi-square to test the hypotheses formulated

Data Analysis and Discussion

The researchers distributed a total of 110 copies of questionnaire to respondents which are the registered small businesses in Udi Local Government Area of Enugu state. 101 copies were filled and returned. The details of the questionnaires issued are shown below:

Analysis of rate of questionnaire response

Questionnaire	Respondents	Percentage of Respondents
Returned	101	91.8
Not returned	9	8.2
Total distributed	**110**	**100**

Source: field survey, 2019

The questionnaires administered were 110 and 101 (91.8%) of it were returned, while 9 (8.2%) were not returned. The 101 questionnaires that were returned are considered large and capable enough to make valid deductions and conclusions.

Test of Hypotheses

Hypothesis 1:

H_o: Small scale business development programmes have not significantly lessened the unemployment problem in the community.

Table 4.3.1a: Respondents response as regards hypotheses I

OPTIONS	FREQUENCIES	PERCENTAGE (%)
Very high level	56	55.4
High level	21	20.8
Undecided	5	4.9
Low level	9	8.9
TOTAL	**101**	**100**

Source: Field survey, 2019

The expected frequency is determined using the formula:

$$= \frac{\text{Total Frequency}}{\text{Number of options}}$$

Therefore $\frac{101}{4} = 25.3$

Chi-Square Calculation as regards hypotheses I

OPTION	Oi	Ei	oi-ei	$(oi\text{-}ei)^2$	$(oi\text{-}ei)^{2/ei}$
Very high level	56	25.3	30.7	942.49	37.3
High level	21	25.3	-4.3	18.49	0.8
Undecided	5	25.3	-20.3	412.09	16.3
Low level	9	25.3	-16.3	265.69	10.5
TOTAL	**101**				**65.4**

Source: Researcher's Computation, 2019

Note: The degree of freedom was determined using the formula (n-1) where n = number of available option, which is 4.

$\therefore$ df = 4 – 1 = 3

Level of significance = 0.05

Using the degree of freedom 3 and 0.05 level significant, the critical value is 7.815

DECISION

Because the computed chi-square value is 65.4 and is greater than the critical value 7.815 (65.4>7.815), we reject the null hypothesis and accept the alternative hypothesis. Based on this, we concluded that small scale business development programmes have significantly lessened the unemployment problem in the community.

Hypothesis 2

H_o: Small scale business have not significantly improved standard of living in the community.

Respondents response as regards hypotheses II

OPTION	FREQUENCY	PERCENTAGE (%)
Strongly agree	45	44.5
Agree	29	28.7
Disagree	13	12.8
Strongly disagree	14	13.8
TOTAL	**101**	**100%**

Source: Field survey, 2019.

The expected frequency is determined using the formula:

$$= \frac{\text{Total Frequency}}{\text{Number of options}}$$

Therefore $\frac{101}{4} = 25.3$

Chi-Square Calculation as regards hypotheses II

OPTION	Oi	Ei	oi-ei	$(oi-ei)^2$	$(oi-ei)^{2/ei}$
Strongly agree	45	25.3	19.7	388.09	15.4
Agree	29	25.3	3.7	13.69	0.5
Disagree	13	25.3	12.3	151.29	5.9
Strongly disagree	14	25.3	-11.3	127.69	5.1
TOTAL	**101**				**26.9**

Source: Researcher's Computation, 2019

Note: The degree of freedom was determined using the formula (n-1) where n = number of available option, which is 4.

$\therefore df = 4 - 1 = 3$

Level of significance $= 0.05$

Using the degree of freedom 3 and 0.05 level significant, the critical value is 7.815

DECISION

Because the computed chi-square value is 26.9 and is greater than the critical value 7.815 (26.9>7.815), we reject the null hypothesis and accept the alternative hypothesis. Based on

this, we concluded that small scale business have significantly improved standard of living in the community.

Hypothesis 3

H_o: There are no significant factors militating against SMEs in community development.

Respondents response as regards hypotheses III

OPTIONS	FREQUENCY	PERCENTAGE (%)
Financial Problems	33	32.7
Management Problems	38	37.6
Inadequate Basic Infrastructure	16	15.8
Unstable policy environment	14	13.8
Total	**101**	**100**

Source: Field survey, 2019

The expected frequency is determined using the formula

$$= \frac{\text{Total Frequency}}{\text{Number of options}}$$

Therefore $\frac{101}{4} = 25.3$

Chi-Square Calculation as regards hypotheses III

OPTIONS	oi	Ei	oi-ei	(oi-ei)^2	(oi-ei)$^{2/ei}$
Financial Problems	33	25.3	7.7	59.29	2.3
Management Problems	38	25.3	12.7	161.29	6.4
Inadequate Basic Infrastructure	16	25.3	-9.3	86.49.	3.5
Unstable policy environment	14	25.3	-11.3	127.69.	5.1
TOTAL	101				17.3

Source: Researcher's Computation, 2019

Note: The degree of freedom was determined using the formula (n-1) where n = number of available option, which is 4.

$\therefore df = 4 – 1 = 3$

Level of significance = 0.05

Using the degree of freedom 3 and 0.05 level significant, the critical value is 7.815

DECISION

Because the computed chi-square value is 17.3 and is greater than the critical value 7.815 (17.3>7.815), we reject the null hypothesis and accept the alternative hypothesis. Based on this, we concluded that there are significant factors militating against SMEs in community development.

Summary of Findings

The study made the following findings:

1. The study revealed that small scale business development programmes have significantly lessened the unemployment problem in the community.

2. The study unveils that small scale business have significantly improved standard of living in the community.

3. Also, the study revealed that there are significant factors militating against SMEs in community development such as financial problems, management problems, inadequate basic infrastructure and unstable policy environment.

Conclusion

Based on the findings obtained from the analysis of the hypotheses, the study concludes that the performance of small scale enterprises has significant impact in community development. Hence, small and Medium Enterprises are recognized as the main source of economic growth and a major factor in promoting private sector development and partnership, in developed and developing countries. SMEs help to create employment and are often seen as very important for the growth and innovation of dynamic economies.

Recommendations

Based on the findings of the research, the following recommendations have been drawn:

1. Government should re-introduce the small business credit scheme so that beneficiaries can use them to run the micro, small and medium enterprises.

2. Government, chamber of commerce and other non-governmental organizations should regularly organize seminars for potential and actual small and medium enterprise operators where they should be educated on how to plan, organize, direct and control their businesses.

3. Micro, small and medium enterprises operators' should device effective marketing strategies. This includes such promotional strategies as advertising, good management customers relations at all times.

4. There should be re-introduction of soft loans for small and medium business by the government and financial institutions.

5. SMEs should also do more to educate its employees entrepreneurially in order to enhance their performance and thereby the survival of the enterprise.

References

Aremu, M. A, & Adeyemi, S. L (2011) Small and Medium Scale Enterprises as A Survival Strategy for Employment Generation in Nigeria. *Journal of Sustainable Development Vol. 4(1)*

Akingunola, R. O (2011) Small and Medium Scale Enterprises and Economic Growth in Nigeria: An Assessment of Financing Options. *Pakistan Journal of Business and Economic Review. Vol, 2 (1)*

CBN, (2011). *Micro Finance Policy, Regulatory and Supervisory Framework for Nigeria*. A Publication of Central Bank of Nigeria, Abuja, Nigeria.

Ekot, G. E. (2010) Small Business Ownership and Management in Uyo Metropolis, Akwa Ibom State, Nigeria: Problems and Prospects. *International Journal of Economic Development Research and Investment Vol. 1, (1)*

Gulani, M.G & Usman, A. (2012) Financing Small and Medium Scale Enterprises (SMEs): A Challenge for Entrepreneurial Development in Gombe State. *Asian Journal of Business and Management Sciences. Vol. 2 (9)*

General Statistics Office. (2007). Small and Medium Enterprises in Nigeria.

Mba, O. A & Emeti, C. I. (2014) Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria. *European Journal of Sustainable Development, Vol 3(1)*

Nwachukwu, C. C. (1988). *Principles and practice of management in Nigeria.* Onitsha: Afrcana-Fep Publishers Limited Nigeria.

Osotimehin, K.O.; Jegede, C. A , Akinlabi, B. H & Olajide, O.T. (2012) An Evaluation of the Challenges and Prospects of Micro and Small Scale Enterprises Development in Nigeria. *American International Journal of Contemporary Research. Vol. 2(4)*.

Owualah, S.I. (1999). Entrepreneurship in Small Business Firm: G-MAG Investments Ltd., Ikeja- Lagos.

Rajesh, K. S., Suresh, K. G., &Deshmukh, S. G. (2008). Strategy development by SMEs for competitiveness: a review. Benchmarking: *An International Journal, 15(5)*.

Uzor, O.O. (2014).Small and Medium Scale Enterprises Cluster Development in South-Eastern Region of Nigeria. *Institute for World Economics and International Management Journal Vol. 5(15)*.