PROMOTING SMALL SCALE BUSINESS: ROAD MAP FOR A RAPID NATIONAL DEVELOPMENT

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Abstract
The importance of small scale businesses as a driving force to enhance economic growth, reduce poverty and create job for the teeming unemployed youth in Nigeria cannot be over emphasized. There is no doubt that they can be the engine of development and growth as they are in other developed countries such as USA, Britain and Japan. Since small and medium scale businesses have been the surest and most sustainable way to achieve self reliance, redress poverty and unemployment, the need to promote and encourage it becomes paramount. This paper therefore examined the role of small scale businesses in enhancing national development, the concepts of small scale business, promotion and national development were reviewed. How to achieve rapid national development through small scale businesses were x-rayed. The paper concluded that small scale businesses are critical to economic recovery and should therefore be made a salient issue in the economic reform process. The paper recommended among others that government should provide fund, create awareness on the availability of the fund and also simplify the process of accessing such fund.

Keyword: small scale business, National Development.

Introduction
The concept of small and medium scale enterprises is becoming prominent. The reason being that small and medium scale enterprises had been discovered to be better instrument for tackling unemployment, alleviating poverty and generating a sustainable national development. It is the surest way to achieve self-reliance which the nation is advocating for. Small scale businesses still remain the dominant source of service provision and manufacturing in the country. Despite it’s numerous challenges, small and medium scale businesses in Nigeria have made and are still making impact towards the nation’s development. If encouraged, it will bring about rapid development that will make the nation regain its position among the nations of the world.

Promotion and encouragement of small and medium scale businesses in Nigeria will not just bring about development but a sustainable one. It is a common knowledge that industrialization of any society depends much on the viability of its private sector, especially small and medium scale business. Small scale businesses can reduce absolute poverty and provide a lasting and secured livelihood. The effort of the government in including entrepreneurship education in the nation’s educational curriculum is a welcomed step in the right direction. At least, this will assist in harnessing the business potentials in the graduates despite their disciplinary bias.
However, introducing this programme is not enough. Efforts should be made by all stakeholders to ensure that the objective of the programme is achieved. Students at all levels should be made to know how important the programme is to them and the nation at large. Everything required for effective implementation of the programme should be provided to schools and institutions. And more so, a mechanism should be put in place that will help the students access fund for the establishment of their own businesses after graduation. This can be tagged “young entrepreneurs fund” equipping them with entrepreneurial knowledge and skill is not enough. For this knowledge acquired to be useful to them and the nation, there is need for financial support for them to take off. There is a saying that anointing without money will turn to annoyance. When materials/resources are made available, students properly oriented on the need for the programme, and there is assurance that they will be empowered financially to set up businesses after graduation, there will be better results, dependence on white-collar job by graduates will reduce and more enterprises will be established. The more small and medium scale businesses in an economy, the more the chance of speedy development.

**Concept of Small Business**

Small scale business can be defined as a business which is owned and controlled by one or few persons with direct owner(s) influence in decision making and having a relatively small share of the market and relatively low capital requirement. Ejeka in Aginah and Dikeocha (2013) viewed small business as any business that is owned, managed and controlled by a sole proprietor, or partners of about two persons, has total assets of less than four million naira, and a relatively small share of the market and does not have more than fifty employees. Nwoye in Anolue (2011) view small scale business enterprise as one which possess the following characteristics: usually the managers are also the owners, capital is supplied and the ownership is held by an individual or small group; the area of operation is mainly local, and the relative size of the firm within its industry must be small when compared with the biggest units in its field. Okoro and Dajur (2011) simplified the definition of small scale business. The authors viewed small scale business to be a firm that is managed by its owner and relatively small in size and without complexity in its nature of operations. Oduma (2012) defined small scale business as a business which its investment in fixed assets, in plant and machinery, whether held on ownership basis or lease or on hire purchase does not exceed N500,000 and it is in no way owned, controlled or subsidiary of any other industrial undertaking. According to Etuk, Etuk and Baghebo (2014) small and medium scale enterprises is defined using certain criteria including, turnover, number of employees, profit, capital employed, available finance, market shares and relative firm size within the industry.

All the definitions reviewed, share common idea that small scale businesses are generally and typically small in size, low in terms of number of persons employed and in the amount of investment and annual business turn over.

Suffice it to state that the main criteria used to describe small scale business include:

1. **Financial strength**
Small scale businesses in Nigeria can be in the form of

- manufacturing/constructive industry (small scale industry)
- small scale farming
- service enterprises

Small business is a business which is actually carried out in small scale which does not involve large or huge amount of capital and could be carried out by person or group of persons who come together to transact business for the purpose of making profit. It is a business venture on small scale. Nwandu (2010) observed that many multi-national or even super-national businesses today started as small scale businesses. Small business provides the logical starting point for big business. It also serves as a spring board and training ground for the later. It carries the strength of an economy. It is the vital part of economic and social life of the community. It carries the entrepreneurial thirst. Small business occupies strategic position in the economy of every country. Ojukwu in Nwaekete, Utebor, Chiedu and Chiadika (2015) affirmed that small scale businesses play significant roles and constitute the very basis for mobilizing and utilizing domestic savings and dormant resources.

The U.S. small business administration reports that American’s 25.8 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation’s gross domestic product and are the principal source of new jobs in the U.S economy. Thus, entrepreneurs drive America’s economy, accounting for the majority of the nation’s new job creations and innovations. According to Oduma (2012) small scale enterprise in Japan account for about 99.4% of the non-primary business establishments, employing 81.1% of the country’s labour force and contributing to 51.8% of the shipment. The World Bank group recognized the importance of small scale business towards nations development hence, the approval of $2.4 billion in support of micro small and medium enterprises in the year 2004. (Ayyagari and Demigric-Kunt, 2007).

Promotion

To promote means to help something to develop. Promotion therefore entails creating awareness, stimulating interest and encouraging people to believe that something is important. Promotion according to Hornby (2000) is an activity that encourages people to believe in the value or importance of something.

National Development

According to Unanka in Ifeanyichukwu and Amaechi (2010) national development means development of every man, and woman, of the whole man and...
woman, and not just things which are merely means but development geared to the satisfaction of needs beginning with the basic needs of the poor who constitute the world’s majority and at the same time, development to ensure the humanization of man by the satisfaction of their needs of expression and deciding their own destiny. 

Edi and Nlem (2010) asserts that national development has to do with those approaches, plans and theories adopted by nations of the world to attain a level of advancement in all structures and sub-structures of the economy such as educational, technological, political, economic, social and cultural domains, and above all, social freedom and relative peace. National development is the process of improving the quality of all human lives by raising people’s living levels in terms of incomes and consumption levels of food, available and accessible medical services, and education, through relevant economic growth processes (Gude in Uzowuihe, Dike and Oparanozie 2013). Buttressing more on the meaning of national development, Ajayi in Uzowuihe Dike and Oparanozie (2012) states that it entails the complete modernization of a society, the conversion of a peasant society into an industrial one, and it means a change in the whole way of life, in expectations and motivations and even the physical environment and daily life itself.

Implicit in these definitions is advancement. A nation moving from the level it is to a higher one. National development is a continuous exercise embarked upon by every nation of the world so as to attain its level of aspiration. It includes creating conditions conducive to the growth of people’s self-esteem through the establishment of social, political and economic systems and institutions, which promote human dignity and respects; as well as increasing people’s freedom to choose by enlarging the range of their choice variables for example, increasing variables of consumer goods and services.

**Small Scale Business Road Map to National Development**

The role of small scale business as a road map to national development cannot be over emphasized. Small scale business has the capacity to develop the nations economy. It gives individuals opportunity to become their own boss thereby increasing their living standard. To the national economy, small business has contributed a lot in mobilizing and utilizing domestic and dormant resources. The small scale business is a potential economic energizer that helps to keep the economy afloat. Small business account for the largest group of business in terms of numbers in our economy, it encourages self-reliance, provides pool of potential entrepreneurs. They provide the largest employment opportunities in any society. Onuoha in Duruaku and Njoku (2013) noted that small scale business employed about 30% of the entire labour force. Buttressing more on the impact of small scale business towards national development Oduma (2012) assert that small scale businesses have been the means through which rapid industrialization and hastened economic growth have been realized in most nations like India and Japan. Economy of many developed nations are driven by small scale businesses. Small and medium scale businesses accelerates economic growth, increase government earnings and as well accelerate large-scale production (Nwaiwu 2013). Ayozie and Latinwo (2010) noted that small scale business contribute to social economic development in various ways; creating
employment for rural and urban growing labour force and providing desirable sustainability and innovation in the economy as a whole. Since small and medium scale enterprises is universally recognized as a viable option for stimulating employment and general development there is therefore need to promote and encourage it.

**Achievement of Rapid National Development through Small Scale Businesses**

To achieve rapid national development through small scale business the following challenges facing small businesses in Nigeria should be addressed.

1. **Access to capital:** Assessing of capital for take off of small businesses in Nigeria has always pose a challenge to many with business ideas. According to Babajide in Ngobiri and Uchegbu (2013) accessibility to bank loans is characterized by a lot of stringent conditions especially the issue of collateral security and long delays in processing and approving the request. The institutions established by past government to provide credit for small scale business have not yielded significant impact. Financial needs of majority of small business owners in the country are yet to be met. The difficulty in accessing fund from these institutions is demoralizing. This was confirmed in the article by Nduka (2017) where it was revealed that after meeting all the requirements for obtaining loan for small scale business, small business owners still finds it difficult to access the fund. Nduka (2017) went further to state that the Central Bank of Nigeria (CBN) and lenders involved in the disbursement of N220billion small medium enterprises funds released by the present government to small businesses have traded blames over the slow pace of disbursement of the funds. According to Nduka (2017) a representative of one of the banks involved in the disbursement of the fund noted that there is close to N2billion pending with the CBN. It was also confirmed in the article that only 50 percent of small businesses survive beyond three years because of lack of capacity and funds which pose major challenges.

   According to Ojukwu, Eze and Oziem (2012) the past administration released nearly eighty billion naira (N80billion) to states for promoting micro, small and medium scale enterprises. And the question is “how much of this money was released to finance small scale businesses in these states”?

2. **Inadequate facilities** like electricity supply tele-communication, access road network and water supply constitute major constraint challenging small and medium scale businesses in Nigeria. More especially inadequate power supply has been a major set back for most small business in the nation. Omolola in Ngobiri and Uchegbu (2013) estimated that the cost of providing infrastructural facilities by small and medium scale businesses constitute about 30-35% of the cost of establishing a manufacturing enterprises in Nigeria. This was why Okoro, Onyekpere and Uchegbu (2011) maintained that infrastructural facilities help for the growth of small scale business especially in the remote and rural areas.

3. **Inefficient management and poor record keeping** is another challenge of small and medium scale business. Nigeria businessmen complain loudly about inadequate capital and are silent about the problem regarding their lack of management skills/expertise which seems to be the greatest challenge facing them. They also lack
the skill to manage available fund. This was why Oduma (2012) noted that one of the skills needed by entrepreneurs in Africa is the financial literacy skills. A lot of small businesses have collapsed in Africa due to inability of the owners to keep proper book of account. Many of the business owners lack financial control as a result of lack of financial literacy. Until proper attention is given to the education and training of small business owners, these challenges will continued to bring about a setback to these businesses.

4. **Government Regulations:** Some government policies laws and regulations also pose a challenge to small businesses. Government regulations on business distort the operation of markets system and impending competition. Many of the regulations require the same level of compliance for small businesses as for large enterprises. According to Ejeka (2004) the burden of regulation is much heavier for small businesses because they lack the broad financial bases on the volumes of output of their larger counterparts. For small businesses to serve as ladder for national development government should as a matter of fact consider some of the policies and regulations formulated for small scale businesses. Presently there are a lot of controversies regarding the NGO regulation bill which the National Assembly is considering for passage. It has passed its second reading and soon public hearing will take place. It is envisaged that this bill if passed into law will not only affect non-governmental organizations negatively, but also small businesses operating in this nation. Business can only flourish where money circulates freely in an economy without restriction.

5. **High interest rate:** High rate of interest on loan collected by small business owners is taking a lot of toll in their working capital and creates additional problem. Micro finance banks and other institutions that have been given the mandate to provide credit to small scale businesses should try as much as possible to lessen this heavy yoke placed on small business owners called “interest”.

In addition to the above challenges, it should be noted that business thrives in an atmosphere of peace. Small businesses that are working hard to grow into large business cannot function, grow or survive in an atmosphere of chaos, crises and instability. In fact no nation can develop in the face of insecurity. There is no doubt that prolonged insecurity in various parts of the country had posed a serious challenge to small scale business development. In some part of the nation there is no free movement of businessmen and women. Agitations, hate speeches and threats by some group of Nigerians scare businessmen away from moving to some parts of the country to transact their businesses. The level of hostility, intimidation and harassment is so high that people seat back to avoid being hurt. If small businesses should be allowed to bring rapid development to our nation, government should as a matter of urgency ensure that peace returns to this nation.

**Conclusion**

Small and medium scale businesses are instruments of economic growth and development. It has been the means through which rapid industrialization and hastened economic growth have been realized in most nations like India and Japan. If Nigeria is to realistically tackle the issue of poverty, unemployment, recession,
urbanization among others and attain rapid development, there should be a realistic focus on promoting and encouraging small scale business. It is critical to the economic recovery and should therefore be made a salient issue in the economic reform process.

**Recommendations**

1. Government should provide funds for small scale businesses and as well create awareness on the availability of the fund and also simplify process of accessing such fund.
2. Government should improve the development of infrastructure to encourage the survival of small scale businesses.
3. Institutions set up to promote small scale businesses should supplement the efforts of banks involved in the disbursement of fund for small scale business by organizing seminars and workshops from time to time in order to educate small business owners on managerial and financial management skills.
4. Government should set aside special fund which will be meant to sponsor young graduates with good business proposals (Young Entrepreneurs Fund).
5. Government should provide favorable business environment that will motivate small business owners to remain in their businesses and as well attract more persons to establish their own businesses.
6. Government should mandate microfinance banks to reduce the high rate of interest charge on loans obtained by small scale business owners if these businesses must thrive.
7. Institutions of higher learning should as much as possible see to it that students are adequately provided with managerial skills which they require to grow their businesses after graduation. Departments of business administration and management and entrepreneurship education should see this as a priority.
8. Government should revive agencies and institutions set up to promote and provide credit facilities for small scale businesses.
9. Central Bank of Nigeria should try as much as possible to hasten the releases of these funds to commercial and microfinance banks involved in the disbursement so that small business owners can access them.
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