



## **EFFECTIVENESS OF SMALL SCALE BUSINESSES AS A TOOL OF ECONOMIC EMPOWERMENT IN ADAMAWA STATE, NIGERIA**

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### **Abstract**

*This study was aimed at assessing the effectiveness of the small-scale businesses as a tool of economic empowerment in Adamawa State. The study had three specific objectives, three research questions meant to answer the problem of the study and one hypothesis to be tested at 0.05 level of significance. Descriptive survey design was adopted. The population of the study is 1080 registered small-scale businesses which were drawn from 21 Local Government Area across the three senatorial zones in Adamawa State. A stratified proportional random sampling procedure was used to determine the sample of 285 for the study. A structured questionnaire and interview with 35 items was used and the data collected were analyzed using simple percentage and means, while the hypotheses were tested using regression analysis. The major findings of the study included the following: the Small-scale businesses have influence on economic empowerment in Adamawa State. The hypothesis was not retained. It was concluded that the small-scale businesses economically empowered people in both rural and urban communities and contribute to the overall development of Adamawa State. The major recommendations included the following; the loans given to small-scale business by either the government or private financial service providers do not reach to, or are inadequate for economic empowerment. Therefore, as a matter of policy, adequate loans with free interest should be given to them.*

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### **Introduction**

Since independence, promoting small and medium scale enterprises as the foundation of economic progress has been recognized in Nigeria by every regime. This is because of its perceived relevance in ensuring sustained increase in per-capita income and output, as well as, employment generation and promotion of effective utilization of available resource (s). Small Scale Enterprises (SSEs) have attracted considerable attention of both



public and private sectors in more than two decades ago chiefly in most of the less developed nations. In a considerable number of such countries, government makes provisions for policies that are deemed promoting in their development plans, policies and programmes for the promotion of small scale enterprises because of their perceived benefit to economic development. For instance, these perceived ideal benefits include: employment generation especially for people in rural areas, transformation of traditional to modern technology, stimulation of indigenous entrepreneurship, reversal of urban-rural migration, greater utilization of raw materials, promotion of local technology, mobilization of local savings, linkage balance by spreading investment more evenly, ability to operate profitably in very narrow markets with low purchasing power, among others. The extent of resources allocated to each sector varies considerably from country to Country. Previously, incentives were provided to favour large-scale businesses, small scale businesses were usually relegated to the background (Usman, 2012).

Driven by these, several financial institutions in charge of microcredit and policy instruments such as Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB), Nigerian Bank for Commerce and Industry (NBCI), National Economic Reconstruction Fund (NERFUND), Bank of Industry (BI), Bank of Agriculture (BOA) among others were established to facilitate growth of small scale enterprises. And of recent Small and Medium Enterprises Equity Investment Scheme (SMEEIS), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and other policy oriented institutions like Entrepreneurship Development Policy (EDP) run by the National Directorate of Employment (NDE), Industrial Development Centres (IDC) among others were introduced to offer technical and financial assistance to small scale enterprises. In spite of these interventions undertaken by successive governments to improve the performance of SSEs, judging by SME performance, not much progress seems to have been achieved. The Small Scale business plays a tremendous role to the Economic empowerment of Adamawa State and Nigeria at large.

According to Adewole (2007), the importance of the Small Scale businesses to Economic empowerment of any country whether developing or developed cannot be overemphasized. Small Scale Enterprises considered being one of the driving forces in economic empowerment. They stimulate private ownership and Entrepreneurship skill, they are feasible and can adapt quickly to changing market, demand and supply situations they also generate employment, help diversity economic activities and make significant contribution to export and trade.

According to the guidelines for accessing credit facilities for Small Scale businesses in Nigeria by Okafor (2008), “There is potential in Small Scale businesses to create employment, reduce underemployment, poverty, and utilize local raw materials output



expansion and transformation of indigenous technology. Others are those to reduce intermediate goods, promote even development and reduce income inequalities. Thus, they constitute a strategic choice in industrialization and economic development, even served as a new development aid model. In view of growing unemployment and poverty including the working poor in Adamawa State, the indignity poverty inflicts on and threat to the survival of human kind, no efforts should be spared in nurturing, supporting and sustaining Small Scale businesses in Adamawa State.

However, the study will focus on the roles of small-scale businesses, the feature as well as the source of capital for small-scale businesses and the challenges encountered in financing small-scale businesses on economic empowerment in Adamawa State. In a developing economy like Nigeria, the significance of small-scale businesses cannot be overemphasized when viewed in terms of the nation's present drive to achieve a self-reliant economy and industrial take-off or to be one of the twentieth leading economies in the world by the year 2020. This was what necessitated the study to assess the effectiveness of small-scale businesses as a tool of economic empowerment to enable them develop more capacity to participate effectively in making and implementing decisions that directly or indirectly affect small-scale businesses.

### **Statement of the Problem**

The economy at present needs diversification and expansion. Despite the fact that government goals of encouraging economic growth along with decreasing employment and providing a well trained labour force have been activity pursued since the reconstruction period of the civil war and the oil boom era. The nation however is still losing grounds in the area of unemployment, inflation, economic stagnation, recession, security challenge and over/under supply of skilled labour force.

In Adamawa State is affected with problems of high rate of failure in small scale businesses, according to the State Ministry of Commerce and Industries in (2016) report states that, 25% of small scale businesses don't survive for the period of one year in the State. Several factors attributed to that, Buba (2016) observed that the inadequate capital, social, economic problem and efficiency in managing the businesses; it must take a critical look at the development of the Small-Scale business because of this development sector can be synonymous with national economic growth. The emphasis on the small business sector was not encouraged until recently and this changing emphasis was caused by some setbacks presented by other sectors of the economy. It has been discovered that the public sector alone failed to significantly encourage economic growth. This recognition informed the need of desire to assess the effectiveness of small-scale businesses as a tool of economic empowerment in Adamawa State, Nigeria.



### **Objectives of the Study**

The main of objectives of the study was to assess the effectiveness of the small-scale businesses as a tool of economic empowerment in Adamawa State. In practical terms, this aim was actualized through the following specific objectives:

1. To assess the roles of small-scale businesses on economic empowerment in Adamawa State.
2. To identify the feature as well as the source of capital for small-scale businesses on economic empowerment in Adamawa State.
3. To determine the challenges encountered in financing small-scale businesses on economic empowerment in Adamawa State.

### **Research Questions**

The following questions guided the study:

1. What are the roles of small-scale businesses on the economic empowerment of Adamawa State?
2. What are the feature as well as the source of capital for small-scale businesses on economic empowerment in Adamawa State?
3. What are the challenges encountered in financing small-scale businesses on economic empowerment in Adamawa State?

### **Research Hypotheses**

Small-scale businesses have no significant influence on economic empowerment in Adamawa State.

### **Review of Related Literature**

The new policy of small and medium enterprise in 2017 recognizes what it refers to as micro/cottage industries which are defined as those enterprises with investment cost below N100, 000.00, land excluded but working capital inclusive. From the foregoing, it can be deduced that there is no single criterion for classifying a business unit as small or medium scale industry. The terms small, medium and large are relative and differ from one industry to another or from one country to another depending on the level of development in spite of the attributes they share in common. For example, according to Osazevbaru (2008), what was large-scale in the 1950s may not be regarded as small-scale today. He pointed out that some industries are typically small (crafts, pottery, etc.) while others like iron and steel manufacturing are regarded as large-scale in terms of invested capital and/or employment. The Federal Ministry of Industries defines a medium scale business as any company with



operating assets less than N200 million, and employing less than 300 persons. A small-scale enterprise, on the other hand, is one that has assets less than N50 million, with less than 100 employees. This definition of SME does not include annual turnover. The National Economic Reconstruction Fund (NERFUND) also defines small-scale enterprise as one whose total assets is less than N10 million, but made no reference either to its annual turnover or the number of employees ([www.nipc-nigeria.org](http://www.nipc-nigeria.org)). These small scale business empowered many people.

Sako (2009) views empowerment as the process of strengthening the existing capacities and capabilities of disadvantaged groups in society so as to enable them perform towards improving themselves, their families and the society as a whole. It involves the provision of enabling environment for their productive and intellectual abilities to be realized. In some societies where some groups have suffered discrimination for a long time, ways have been found to address this problem i.e. laws have been made to protect these groups against future discrimination with the goal of providing equal opportunities for all. However, the small scale businesses play tremendous roles to economic empowerment.

### **Roles of Small-Scale Businesses to Economic Empowerment**

The government has recognized the role of smallscale businesses has to play in Nigerian Economy in putting a firmly on a sustainable self reliance, integrated and poverty alleviating growth in the new millennium of the 21st century. Okafor (2008) states that the significance of Small- Scale businesses is attributed to their influence in stimulating indigenous entrepreneurship and technology. It is through acting as a scatted or nursing usually for the indigenous population that they serve as vehicles for industrialization and diffusion of innovative ideas for reaching dimension.

According to Kasiumu (2012), “no country which is desirous of rapid industrialization can afford to relegate the small and medium scale business to the background. Japan in her early stages of industrialization the economy was dominated by traditional and small businesses, which draw their strength not from the abundance of capital but from her supply of labour. Then labour was very cheap, they used what they have to acquire what they wanted. Japan recognized that Small and Medium Scale Businesses constitute the fountain head vilify for her national economy and consequently their problem have been virtue of their number, diversity, penetration in all sector production and marketing, contribution of employment and to the prosperity of particular region. Invention and innovation are among the foundation of any economy. Let us take United State of American for example, their increase in productivity over hundred years of their existence as a nation are rooted on one principle source less effort at a lower cost. This singular principle enhances productivity.



According to the office management budget of the United State of America in (2014), more than 50% of the major technological advance and innovation originated with individual investors and small companies. They also provide linkage within the economy by producing cheap intermediate goods as input for largescale enterprises simply because of low over head cost of production of small businesses. From the foregoing role of smallscale businesses as observed by Jibrin (2013) could be succinctly summarized as follows; Stimulation of indigenou entrepreneurship, Development of local technology, Mitigation of rural urban migration, Greater employment creation per unit capital invested, Promotion of effective recourse utilization, Facilitation of managerial training for unskilled and semiskilled workers, Ability to meet the special need of small group of consumers, Enhancement of regional economic balance through industrial disposal and Small scale enterprises constitute diverse organized activities.

According to Osazevaru (2008) these activities comprises handcraft, household production small maintenance and repair works etc. Common characteristics of small enterprises in the way they are managed and operated. It has been recognized that the smallscale businesses play some vital role in expanding and diversify the economy. And all aforementioned roles cannot be achieved without the capital to start and continued to exist as a business.

### **Sources of Capital for Small Scale Businesses in Adamawa State**

It is a fact that capital constitutes a major bone in the rapid growth and development of small scale businesses in Adamawa State. The importance of capital in any business setting cannot be a crucial in determining whether a business should be set up, or other words, as stated earlier, business does not only require finance for initial take off but also need adequate funds to operate and expand effectively. Hence, the issue of finance and its adequacy are major areas of concern to any entrepreneur. Generally, the sources of capital of small scale businesses in Adamawa state and Nigeria in particular are the personal savings, financial institutions, government, non-banking institutions and other sources. Obagun (2009) stated that the capital used in the business are the money gotten from personal savings of the owner or members of the same family who came together to donate money to start up the business. Buba (2016) observed that about 97% of the total money use to finance small scale businesses comes from personal savings in Adamawa state.

According to Osaze (2011), firm use funds in the hope of increasing return of shareholders. These are various combinations of different types of securities issued by a company. The optimal capital structure is the blend or mix of these securities that ensures



maximum potential value to owners of the company. There has been various usage of the mix or constellation of securities that must be admitted in to capital structure of firm. This means therefore that capital means different things to different people. To some, capital structure of a firm, this means therefore that capital means different things to different people. To some capital means ownership equity, investments analysis uses a broader view in analyzing the capital structure of a firm.

The following are the appropriate capitals according to Ilohi (2009) Owners equity and Long term creditor investment in firm of debenture or unsecured loans capital structure can be seen as the variable total book value of proportion of the following; All shares, Loan capital, Retained earnings, All other additions to outstanding capita in general, it seems to a proportional relationship between various form of long term debt and equity. Small scale business despite its roles contributed to economic empowerment and development of Adamawa State as well as different sources of capital to play that role, the businesses suffers from many challenges.

### **Challenges Encountered in Financing Small-Scale Businesses on Economic Empowerment**

The fact that Small scale business has not made the desired impact on the Nigerian economy in spite of all the efforts and support of succeeding administration sand governments gives a cause for concern. It underscores the belief that there exists fundamental issues or challenges, which confront small scale business but which hitherto have either not been addressed at all or have not been wholesomely tackled.

A review of literature reveals indeed the following plethora of challenges; Olokoyo (2009) divided the challenges faced by small-scale businesses for economic empowerment into general and the specific. According to him, the general challenges may include the legal aspect of the business, access to credit and new materials, and the lack of appropriate technical and managerial assistance. Iloh (2009) identify the challenges to include; Limited Reserves: Small-scale businesses are vulnerable to economic down-turns and recession due to limited reserves and low capacity to borrow from commercial banks or otherwise due to lack of collateral and so forth. While Buba (2016) itemize the following as the major challenges facing the financing of small scale businesses on economic empowerment in Adamawa State, Nigeria, these are; ability to change and adopt rapidly, low productivity, inventory imbalance, single product/narrowed service range, high, caliber employees and structural problem. Also include the misconception of government policies.

In fact, some small-scale businesses often find it difficult to fully understand and interpret government policies, regulations, actions, plans, concessions and so forth. This is



because majority of them are illiterates and others are ignorant of the existence of such policies. On the other hand, Ibbih (2010) summarized some of the specific difficulties faced by entrepreneurs in Nigeria. These are, the general economic climate (government regulations and paper work), business environment (poor infrastructure), and capital (accessing credit even when credit facilities are available as well as shortage of working capital). Others are business support services (lack of management/training/consultancy services), information dissemination (small-scale business suffer the dearth of information about markets, suppliers, export opportunities, etc), technology (lack of access to modern equipment, and raw materials), skills and knowledge (lack of access to relevant knowledge, education, experience and management skills compared to small-scale businesses in developed countries), compliance cost (much time is required and wasted to get small-scale businesses legally registered/cost of publication as well) and markets are being globalized and internationalized which have become a threat to the survival of small-scale businesses in Nigeria.

According to Nnanna (2011), another major challenge which hinders an effective control and planning of small-scale business is poor management practice. This is translated into inadequate employee relations, poor human development, poor financing and low entrepreneurial skills. Other constraints of small-scale businesses are failure of infrastructure characterized by epileptic supply of electricity, prolonged and persistent fuel scarcity, delay and cancellation of transport schedules, constant deterioration of roads and poor delivery services in the communication industry. Satta (2012) also pointed out that access to formal institutional financial service provider is difficult for most entrepreneurs due to the size of their business operations, lack of adequate, reliable collateral and unfamiliarity with complicated loan application procedures and paper work. This difficulty also occurs because financial institutions do not have enough information about some of these businesses, making them unwilling to provide the much needed credit facilities to entrepreneurs. Another predicament according to Ibrahim (2011) is that the small and medium enterprises sector is made up of people that are either low income or medium income earners who are engaged in one type of business or the other to earn a living and at the same time provide for their families. Since Nigeria got her independence, there was no policy on small-scale businesses, although there are policies on agriculture, commerce, education, energy, health care delivery and so forth. For example, during the President Yar' Adua administration (2007-2010) and President Obasanjo's regime (1999-2007), support was given to Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in collaboration with United Nations Development Programme (UNDP). Thus, according to



Alhaji Maijama'a cited in Abubakar and Mohammed (2008), it was in 2008 for the first time in the history of Nigeria that a complete national policy on SME's was formulated.

### **Method**

The descriptive survey research was adopted for the study because it is most appropriate for studies which centre on individual perception and opinions (Aboola,2004). The study was conducted in six local government area of Adamawa State, two from each Senatorial Zone. The area was chosen because it has the highest number of population and small scale businesses. The population of the study consists 1080 as shown in Table 1 of the registered small-scale businesses across the Girei, Mubi North, Yola North, Yola South, Numan and Ganye Local Government Area of Adamawa State. Stratified proportional random sampling was used to select 285 sample size using Krejcie and Mogan (1970). A structured 35 item two section questionnaire was used for the collection of data and use of interview. The first section sought demographic information of the respondents. A mean score was use in analysis of research questions of four Likert Scale. PPMC was use for the purpose of establishing the reliability of 0.81. 285 copies of questionnaire were administered out of which 270 were returned correctly completed and found useful for analysis. Data were analysed using mean of 2.50 to agreed or disagreed and Regression analysis was used for the test of the hypotheses.

**Table 1:** Registered Population of Small-Scale Businesses in Adamawa State

<b>Nature of the Business</b>	<b>Registered Population Small-Scale Business</b>	<b>Sampled Small-Scale Business</b>
<b>Tailoring</b>	480	127
<b>Bakery</b>	360	95
<b>Carpentry</b>	240	63
<b>Total</b>	<b>1080</b>	<b>285</b>

### **Results**

#### **Answers to Research Questions**

Data relating to the research questions were analysed by using mean. The results are shown in Tables 1, 2 and 3.

#### **Research Question One**

What are the roles of small-scale businesses on the economic empowerment of Adamawa State?



**Table 2:** Roles of Small-Scale Businesses on the Economic Empowerment of Adamawa State

S/N	Q. Items: Roles of Small-Scale Businesses	SA	A	D	SD	Total Scores	C.F.	$\bar{X}$	Remarks
		<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>2.5</b>	
1.	Government recognizes your business.	412	297	100	18	270	827	3.06	Agreed
2.	Your businesses stimulate indigenous entrepreneurship.	564	264	36	23	270	887	3.28	Agreed
3.	Innovations and inventions are among the foundation of an economy.	384	279	70	46	270	779	2.89	Agreed
4.	Your business reduces the rate of unemployment in your community.	380	291	76	40	270	787	2.91	Agreed
5.	Your business pays tax regularly.	416	264	104	26	270	810	3.00	Agreed
6.	Your business enhances regional economic balance.	444	306	28	43	270	821	3.04	Agreed
7.	Your business gives you ability to meet with special need of small group of consumer.	292	294	96	51	270	733	2.71	Agreed
8.	Your business serves as a vehicle for industrialization.	324	246	152	31	270	753	2.79	Agreed
9.	Your business is rated high in economic empowerment in your community.	356	306	72	43	270	777	2.88	Agreed
10.	Your business helps to reduce the rate of crime performed by youth in your community.	376	369	52	27	270	824	3.05	Agreed
<b>Grand Mean</b>		<b>3,948</b>	<b>2,916</b>	<b>786</b>	<b>348</b>	<b>2,700</b>	<b>7,998</b>	<b>2.96</b>	<b>Agreed</b>

*Q.* = Questionnaire and *C.F.* = Cumulative Frequency.

*Source:* Field Study, 2017.

Table 2 revealed respondents mean rating of the roles of small-scale businesses on the economic empowerment of Adamawa State. The response of item one to ten got the total scored for strongly agreed were 3,948, for agreed were 2,916, for disagreed were 786, while for strongly disagreed were 348. The Grand Mean for responses of research question one was 2.96 which weighted agreed.



**Research Question Two**

What are the feature as well as the sources of capital for small-scale businesses on economic empowerment in Adamawa State?

**Table 3:** Feature and Sources of Capital for Small-Scale Businesses on Economic Empowerment Adamawa State

S/N	Q. ITEMS: Feature and Source of Capital for Small-Scale Businesses	SA	A	D	SD	Total Scores	C.F.	$\bar{X}$	Remarks
		4	3	2	1	4	10	2.5	
1.	Capital is important to your business growth and development.	396	294	106	20	270	816	3.02	Agreed
2.	The capital will determine the setup of the business.	348	303	76	44	270	771	2.86	Agreed
3.	Your business raises its capital from personal savings.	400	339	60	27	270	826	3.06	Agreed
4.	Your business received government interventions.	52	45	138	173	270	408	1.51	Disagreed
5.	Your family members help you to raise capital to start up your business.	344	288	120	28	270	780	2.89	Agreed
6.	Some of your profits were retained back to the business.	520	261	52	27	270	860	3.19	Agreed
7.	Financial institutions monitor the credit facilities given to your business.	416	255	82	40	270	793	2.63	Agreed
8.	Small scale business employs and retains the services of accounting officers.	140	60	200	115	270	515	1.91	Disagreed
9.	Your business collects loans from commercial banks.	200	111	154	106	270	571	2.11	Disagreed
10.	Your business makes profits in the last five years.	432	267	106	20	270	825	3.06	Agreed
<b>Grand Mean</b>		<b>3,248</b>	<b>2,223</b>	<b>1,094</b>	<b>600</b>	<b>2,700</b>	<b>7,165</b>	<b>2.65</b>	<b>Agreed</b>

*Q.* = Questionnaire and *C.F.* = Cumulative Frequency.

*Source:* Field Study, 2017.

Table 3 revealed respondents mean rating of the feature as well as the source of capital for small-scale businesses on economic empowerment in Adamawa State. The response of item eleven to twenty got the total scored for strongly agreed were 3,248, for agreed were 2,223, for disagreed were 1,094, while for strongly disagreed were 600. The Grand Mean for responses of research question two was 2.65 which weighted agreed.



**Research Question Three**

What are the challenges encountered in financing small-scale businesses on economic empowerment in Adamawa State?

**Table 3:** Challenges Encountered in Financing Small-Scale Businesses on Economic Empowerment in Adamawa State.

S/N	Q. ITEMS:	SA	A	D	SD	Total Scores	C.F.	$\bar{X}$	Remarks
	<b>Challenges Encountered in Financing Small-Scale Businesses</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>2.5</b>	
1.	Your educational qualifications affect your diversification of business interest.	564	309	28	12	270	913	3.38	Agreed
2.	Government regulation affects your operation activities of your business.	124	126	192	101	270	543	2.01	Disagreed
3.	Your business recorded the challenges of raw materials.	600	339	10	02	270	951	3.52	Agreed
4.	Your business suffers from low capacity to borrow from commercial banks.	504	282	60	20	270	866	3.21	Agreed
5.	Low productivity is a major challenge to your business.	404	246	94	40	270	784	2.90	Agreed
6.	Your business finds it difficult to fully understand and interpret government policies.	560	228	80	14	270	882	3.27	Agreed
7.	Poor roads network affect your business performance negatively.	532	300	48	13	270	893	3.31	Agreed
8.	Your business suffers from poor management practice and control.	380	285	80	40	270	785	2.91	Agreed
9.	Your business is made of people that are low or medium income earners.	492	363	40	06	270	901	3.33	Agreed
10.	Having access to new technology is not a serious challenge to our businesses.	92	60	200	127	270	479	1.77	Disagreed
<b>Grand Mean</b>		<b>4,252</b>	<b>2,538</b>	<b>832</b>	<b>375</b>	<b>2,700</b>	<b>7,997</b>	<b>2.96</b>	<b>Agreed</b>

*Q.* = Questionnaire and *C.F.* = Cumulative Frequency

**Source:** Field Study, 2017.

Table 4 revealed respondents mean rating of the challenges encountered in financing small-scale businesses on economic empowerment in Adamawa State. The response of item twenty one to thirty got the total scored for strongly agreed were 4,252, for agreed were



2,538, for disagreed were 832, while for strongly disagreed were 375. The Grand Mean for responses of research question three was 2.96 which weighted agreed.

**Table 5:** Regression analysis of the influence small-scale businesses on economic empowerment in Adamawa State.

Variables	B.	Std. error	t	Sig.	R-Cal	R-Crit	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std of Est.
Small Scale Business	5.815	5.448	1.067	.001					
Economic Empowerment	.053	.199	4.786	.001	.827	0.088	.684	0.031	5.376

Source: Field Study, 2017

The result used to test null hypothesis indicated R-cal value of .827 found to be greater than R-value of 0.088 at  $\alpha = 0.05$ , the observed value of (R = 0.827) was significant. The regression analysis of the constant (Beta) has a value of 5.815 indicating that the regression equation needs to be adjusted by the value in order to get regression equation relating to Small Scale Businesses. The result indicates 68% of the variability on Economic Empowerment. The analysis therefore shows that the Small-scale businesses have influence on economic empowerment in Adamawa State. Hence the null hypothesis is not retained

**Discussion of Findings**

This study revealed that the small scale business had contributed positively on economic empowerment. This development confirm the reason that the small scale businesses stimulate indigenous entrepreneurship this is in line with the view of Okafor (2008) who stated that the significance of SmallScale businesses is attributed to their influence in stimulating indigenous entrepreneurship and technology. The small scale business enhances regional economic balance, this findings is in line with the made by Jibrin (2013) who assertion that small scale businesses lead to Enhancement of regional economic balance through industrial disposal. Another major finding from this study is the total agreements by respondents that the major source of their capital is through their personal savings and in some extent the contributions of their family or close associates. These finding supports the finding of Obagun (2009) which revealed that the capital used in the business are the money gotten from personal savings of the owner or members of the same family who came together to donate money to start up the business. And also the studies conducted by Buba (2016) who found that about 97% of the total money use to finance small scale businesses comes from personal savings in Adamawa state. The finding of this investigation is in agreement with the view of Olokoyo (2009) who divided the challenges faced by small-scale businesses for economic empowerment into general and the specific. According to him, the general challenges include the legal aspect of the business, access to credit and new materials, and the lack of appropriate technical and managerial assistance.

**Conclusion**

Conclusively, one of the fundamental issues that are directly link to national development is economic empowerment. In fact, small-scale businesses provide



opportunity for economic empowerment. According to the functionalist view, small-scale business is a part of the social system that contributes to its harmony, stability, integration, equilibrium and so forth. The study has established that small-scale businesses economically empowered people in both rural and urban communities and contribute to the overall development of the family, state, nation and the world at large. Development, as a multi-dimensional concept therefore goes beyond increase in economic indices because it is the ability of both men and women to conquer their environment, using the available tools to the fullest advantage. In fact, the qualitative and quantitative data assessed the nature, factors, contributions, challenges and strategies for strengthening small-scale businesses for economic empowerment in Adamawa State.

### **Recommendations**

The recommendations for this study are proffered based on the major findings on the effectiveness of small-scale businesses as a tool of economic empowerment in Adamawa State. They are as follows:

1. The loans given to small-scale business by either the government or private financial service providers do not reach to, or are inadequate for economic empowerment. Therefore, as a matter of policy, adequate loans with free interest should be given to them.
2. The small-scale business should be encouraged to diversify their activities and not to operate the same type of trades without competition. This will make them gain more profit and equally their customers will have varieties of goods/commodities to buy.
3. The Adamawa State government and private financial service providers should establish more micro-credit finance banks in rural communities like Fufore, Toungo, Mubi North and Mubi South Local Government Area to alleviate the difficulty faced by small-scale businesses and considering their boundary to Cameroonian Republic who are their major and target market.
4. The study further recommend that majority of the small scale business owners find it difficult to read and write, they should be encouraged by the government and non-governmental organizations (NGOs) in spite of their tight schedule to enroll in adult literacy classes organized by the agency for mass literacy or religious organizations. This will enable them to improve their skills of 3Rs (i.e. Reading, Writing and Arithmetic).

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