

ABSTRACT

The current research study attempts to identify performance measure of small business ventures by focusing on the role of entrepreneurship in management practices to explain the performance of small business enterprises in Lagos State, and by doing so develops conceptual model of small venture performance in manufacturing industry within its unique conditions. After reviewing theory and research on small venture performance measures in general and in manufacturing industries in particular, we propose that performance measures of small business ventures constitute a combination of short-term and long-term measures. Furthermore, both types of measures include both subjective and objective dimension. Using data from a survey of 55 workers from an enterprise in Lagos State, we found out that the characteristics of entrepreneurs have a strong impact on the performance of small business enterprises in Lagos State as the majority of the respondents generally supported the research proposition. The study emphasizes the importance of mapping the ventures achievements, allocating resources, and developing managerial skill to improve its performance and ability to survive in the long run.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

This project takes a broad look on the small business enterprises and their effect employment generation in Lagos State performance, evidence from Charles Isimeme and Son Nigeria Limited, Sharon House, Plot 6, Bisi Oluwole Crescent, Agbado Lagos. Management practices of small business enterprises is a type of business which does not require any legal procedures and can be owned and managed by one man or by group of friends as the case may be. In Nigeria, the Third National Development Plan (1975-1980) Defines a small business enterprise as a manufacturing or service organization which employs not more than 10 people.

In addition, the individual research unit of the Obafemi Awolowo University (1987) defines it as "One whose total assets or capital is less than 50,000 Naira and employing fewer than 50 full time workers". Glosetal (1976) referred to it.

Skill of motivating employees that will enable the employees work towards achieving great success.

Skill to tackle problem before they arise i.e a good sales manager should have the foresight to see problems that can arise in the future and should take appropriate safeguard.

Time management skills which involves manager working under tight schedule and has to keep up to the deadlines fixed by the clients, he has to have exceptional time management skills.

A sales manager has to be diplomatic and tactful so that he can easily mediate the internal conflict that arises time to time in every company.

Negotiating skills which involve a sales manager properly negotiating with the customers as well as with the employees.

ADVERTISEMENT MANAGEMENT

Advertisement contributes immensely in promoting the total sales of the business. Earlier advertisements used to appear in print media or electronic media that is in the newspaper or in TV, radio and cinema. But nowadays, advertisements are being displayed on vehicle like buses, taxis and in public place like shopping mall and streets.

Reach of advertisements has further been widened by arising of TV commercial and by advertising in company webs and other websites. Advertising creates public awareness about the particular product, which results in increase in sales and in turn increases profits. So, advertisement management plays a vital role in the success of a small business.

PROMOTING SMALL BUSINESS FOR GLOBAL COMPETITIVENESS THROUGH BEST PRACTICES

The ultimate in competitiveness through best practices is the ability of the firm to gain and sustain competitive advantages over its rival at least in some areas of its operations so as to succeed in today's highly competitive business world. This advantage may derive from a lowest cost position, which a firm enjoys in the industry while realizing better-than average returns on its investments. On the other hand, a firm may gain a competitive advantage by offering products or services with greater differentiation, which customers perceive as unique and attractive and are, therefore, willing to pay premium prices for them.

These two broad – based options (low cost strategy and product differentiation strategy) for achieving strategic advantage dominated the scene for decades before the recent emergence of speed or quick response as an important form of competitive edge. This is the ability of a firm to respond to customer needs faster than competition. A firm must hold at least one of these options in order to succeed and earn above average returns on its investments. A firm that earns more than one of them is in a particularly strong competitive advantage when customers perceive that its products or services are better than those of its rivals. An enterprise can, however, create this perception in numerous ways, including those mentioned briefly above. Studies have shown that in the long run, an enterprise that is unable to have one or more of these competitive advantages most probably cannot earn above normal or average profit (Dess and Miller, 1993). This is so because performance that results in only normal profits is not particularly noteworthy or attractive since normal profits are just average. It is necessary for enterprise, large or small, to strive to perform and earn above normal profits through “pursuit of advantage that is now the central theme of strategic management at the business level”. He further emphasized this point in his article “competitive advantage: The cornerstone of strategic thinking”, where he stated.

The process of strategic management is coming to be defined, in fact, as the management of competitive advantage i.e as a process of identifying, developing and taking advantage of enclaves in which a tangible and perceivable business advantage can be achieved.

Since SMEs compete in the same markets with their large rivals offering the lowest prices can be successful in some instances, but it can be a dangerous approach to building a competitive advantage. By their nature, SMEs have special advantages over their large rivals that enhance their creating competitive advantages using factors other than low cost.

The existing firms, whether small or large, typically do not welcome new competitors and may adopt various tactics to discourage new entrants to the market, the entrepreneur who wants to break into an existing market requires to fortify himself with some strategy advantage or 'entry wedge' to do successfully. Before selecting such a strategy, it is necessary for the entrepreneur to recognize and understand the underlying forces of competitive pressure so that he or she best position his or her enterprise to cope with the industry environment, otherwise, he or she would find it very difficult to create a competitive advantage. A renowned marketing and strategic management expert, Michael Porter, in his work competitive advantage, presents five marketing forces that collectively determine the nature and degree of competitive in the industry:

- i. Bargaining power of buyers
- ii. Threat of substitutes
- iii. Bargaining power of suppliers
- iv. Rivalry among existing competitors
- v. Threat of new competitors

Depending on the circumstances in a given industry, the power of buyers and the threat of substitutes influence the prices that competing firms charge. The bargaining ability of powerful suppliers' impacts on the cost of raw materials and other inputs just as the intensity of competition influences prices as well as cost of doing business in areas such as product development, sales force, advertising, plant and so forth. The threat of entry puts a limit on prices and shapes the required investment in order to ward off new entrants (Moore and Petty, 1997).

As "A wholesaler whose annual sales do not exceed 9.5 million dollars is a small business". A manufacturing company that does not have more than 250 employees is ordinarily classified as a small scale enterprise and under some circumstances it remains in that classification even though it employs up to 1000 workers.

Management practices of small scale enterprises are however very important in the Nigerian economy and it would not be overstatement to say that are the foundations upon which the large business are built.

Some of the importances are listed below:

- They constitute the very basis of the national economy.
- They initiate the development of local technology.
- They provide an effective means of stimulating indigenous entrepreneurship.
- They foster greater employment creation per unit capital invested.
- They help to mitigate rural-urban migration.

Having defined small scale enterprises, emphasis will now be placed on sourcing of funds, promotional mix and marketing. The situation quite easy to state but the task of accomplishing it requires the combination of many resources of the organization which would be communicated in form of messages to the consumer and Nigeria as a country. This will lead to increase in the business profit. Small scale enterprises sources for funds from friends, relatives and personal income but sometimes find it difficult to secure loans from

banks they have no collateral securities.

Promotional Mix: Is made up of advertising, personal selling, publicity and sales promotion. It is obvious that a business cannot exist in isolation of the society in which it operates. Therefore, promotional activities and source of fund should view with all seriousness and its importance is immeasurable and unlimited in the processing and marketing of goods and services.

1.2 STATEMENT OF THE PROBLEM

Management practices of small scale enterprises has a lot of positive impact on performance and such impact includes processing, distribution and marketing of products to the consumers in the desired quantity through middlemen or directly to the consumers. However, this service could be hindered by the following factors:

Ø Financial Shortage: Capital is in short because the business lacks the collateral security to enable it secure loans for expansion and this impose a serious constraints on the aspirants of the entrepreneurs and business ventures.

1.3 OBJECTIVES OF STUDY

Ø To determine if advertising is effective in the promotion of sales in small business enterprises.

Ø To ascertain whether sales will improve in future if there is further improvement in innovation.

Ø To know the extent to which SBEs have contributed to improvement on the industrial productivity in Nigeria.

In the course of this study, the researcher recognized the hostile economic climate of the country as a result of the government economic policy and its effect on the business. The report will focus mainly on the following:

The impact of unstable policies introduced by the government and its effect on process and fund management. This impact of the unstable exchange rate on the economy causing inflation and loss in money value.

The distribution policy of the economy and its effect on the business. The effect of some government agencies on management practices of small scale enterprises. To offer advise on how management practices of small scale enterprises could increase its profit and also how it can survive by procuring enough funds, through marketing activities necessitate this study.

1.4 RESEARCH QUESTIONS

·Do small and Medium scale enterprise create more employment opportunities for the citizenry?

·Do small and medium scale enterprises generate more income for the government?

1.5 RESEARCH HYPOTHESIS

1.Ho: Small and medium scale enterprises do not create more employment opportunities for the citizenry.

Hi: Small and medium scale enterprises creates more employment opportunities for the citizenry.

2.Ho: Small and medium scale enterprises do not generate more income for the government.

Hi: Small and Medium Scale Enterprises generate more income for the government.

1.6 SIGNIFICANCE OF THE STUDY

Nigeria organization regularly spend huge sum of money and other resources on processing and promotional strategies. The study of the effective processing and promotion strategies for product is to identify the areas that can be improved upon and maximize the returns on promotional activities. This study is aimed at encouraging management practices of small scale enterprises to look into future rather than limiting its ideas on the present happening in the country.

It is viewed that most management practices of small scale enterprises in the next few years find it difficult to replace their machinery and equipment because of high replacement cost even though they have been making profit in the past, it could lead to the fold up of many business and as such the consumer will suffer because small scaling distribution of resources and products is even.

1.7 LIMITATION OF STUDY

This study covers areas of Ogun State and will be restricted to Charles Isimeme and Sons Nigeria Limited, Sharon House, Plot 6, Bisi Oluwole Crescent Richard Olagoke Street, Alli-Ishiba Igbala, Sango- Otta, Ogun State.

The management practices of small scale enterprises is a business that can be set up with some amount of capital which is relatively scarce and difficult to raise. Also, there is limited time available for this study coupled with academic work. It cannot be studied in a single study, however the availability of raw materials and human resources and types of funds are relevant to this type of business.

1.8 DEFINITION OF TERMS

Small scale enterprises serve as a good starting point for young entrepreneurs. They have some special characteristics that distinguish them from large ones. People go into such business to make money or as a result of inheritance, others find themselves in small businesses due to job dissatisfaction or desire for independence. For the purpose of this research work, there will be need to define the following terms as they will be used interchangeably.

• **Business:** There is the sum total of the organized efforts by which people engaged in commerce and industry provides the goods and services needed to maintain and improve the standard of living and quality of life to which each of us may aspire.

• **Entrepreneur:** This is the individual or group who engages in business under capitalistic system to earn to a profit anticipating and satisfying the needs and wants of the people.

• **Marketing:** This consists of those efforts which affect transfer in ownership of goods and care for their physical distribution.

• **Marketing Mix:** This refers to the combination of decision elements in a company's programmes.

• **Selling:** This refers to the functions and activities undertaken to secure the 'scale' or distribution of the quality and design of the products manufactured by a firm among

consumers.

-Sales Promotion: This includes “those marketing activities and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration, and various non recurrent selling effort not in the ordinary routine”.

-Personal Selling: This is defined as the sellers promotional presentation conducted on a person-to-person basis with the buyer i.e. a direct face-to-face form of promotion.

-Advertising: This is a non-personal sales presentation usually directed to a large number of potential customers with identified sponsor. It involves the mass media such as newspaper, television, radio, magazine etc.

-Product: This is defined as a bundle of physical, service and symbolic characteristics designed to produce consumer want satisfaction.

-Production: This refers to the volume, value or quantity of goods and services produced in a given period by a worker, plant, firm or economy. It is the sum total of the results achieved by the various factors used together.

-Productivity: This is concerned merely with the total value or volume of output or production.

-Innovation: This is the creation of new ideas to keep an organization healthy or the introduction of something new like product, policy or procedure.

-Price: This is defined as an exchange value of a good or service. The value of an item, then, is what it can be exchanged for in the market place.

-Programmes: This is a specific plan diverse to meet a particular situation. It is a combination of policies, procedures, rules, budget, task, assignment etc. for the specific purpose of carrying out a particular course of actions.

EFFECTS OF SMALL BUSINESS ENTERPRISES ON EMPLOYMENT GENERATION IN NIGERIA (A Case of Isimeme and Sons Nigeria Limited)

The complete project material is available and ready for download. All what you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

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