

ABSTRACT

In Nigeria the recognition of the economic significance of small-scale enterprises is only a recent phenomenon. Hitherto, the adopted industrialization strategy, which originated in the colonial era, encouraged the undistracted use of imported raw materials to produce import substitutes. To the extent that this strategy was biased towards large-scale production activities, it invariably undermined the growth and development of indigenous industries, most of which are small medium scale in size. The major criteria used in the definition of small-scale enterprises include member of employees, sales value, relative size, initial capital outlay, financial strength, compassions ownership and type of industry.

This study examines the subjects through comparative definitions of small/medium and large enterprises and states the purposes of small-scale enterprises in the task of building an economically viable in Nigeria. The myriad of problems faced by small and medium enterprise are discussed extensively.

To successfully cover this particular aspect of the project, both primary and secondary sources of acquiring the needed data are employed and the gathered data are sorted, organized, and arranged under different heading for a proper analyzing using a simple percentile method.

However, of an the various Challenges of small scale business highlighted sounds paramount because of a number of reasons, first, the peculiar situation small-scale industries inherently suggests a weak capital structure and constraints in respect of access to capital markets. Second, small-scale industries traditionally suffer discrimination in the distribution of credits in the conventional loan markets.

Lastly, in spite of policy declarations and measures in favour of small-scale industries by the government, uncertainties faced by financial institutions both public and private still lead them to concentrate lending on low-risk, large scale, corporate borrowers.

TABLE OF CONTENTS

CHAPTER ONE

- 1.0 Introduction
- 1.1 Background of Study
- 1.2 Problem of Study
- 1.3 Research Question
- 1.4 Means of Obtaining Data
- 1.5 Limitation of Study
- 1.6 Definition of Term
- 1.7 Purpose of Study
- 1.8 Significance of Study
- 1.9 Scope of Study
- 1.10 Organization of Study

CHAPTER TWO

LITERATURE REVIEW

- 2.1 Introduction
- 2.2 Definition of Small-Medium Scale Enterprise
- 2.3 Features of Small-Medium Enterprises

- 2.4 Roles of Small and Medium Scale Enterprises
- 2.5 Problems of Small-Medium Scale Enterprises
- 2.6 Financial Problem
- 2.7 Deficient Entrepreneurial Capacity and Poor Business Orientation
- 2.8 Failure to take Advantage of Management Consultancy Services
- 2.9 Inadequate Physical Infrastructure
- 2.10 Competition
- 2.11 High Cost of Business Resources
- 2.12 Shortage of Technical Manpower
- 2.13 Public Relations
- 2.14 Shortage of Facility
- 2.15 Advertising and Promotion
- 2.16 Characteristics, Values and Problems of Small Scale Enterprises
- 2.17 SMEs and Financing System
- 2.18 Financing Problem of Rural Small Enterprises
- 2.19 Examining the Problems of Financing Rural/Small Enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

- 3.1 Introduction
- 3.2 Hypothesis Testing
- 3.3 Restatement of Research Question
- 3.4 Characterization of Study Population
- 3.5 Research Instrument
- 3.6 Procedures and data

CHAPTER FOUR

ANALYSIS AND PRESENTATION OF DATA

- 4.1 Introduction,
- 4.2 Description of Respondents

CHAPTER FIVE

SUMMARY, RECOMMENDATION AND CONCLUSION

- 5.1 Summary of Findings
- 5.2 Recommendation
- 5.3 Conclusion

Bibliography

Appendix

- i. Introductory Letter
- ii. Questionnaire

CHAPTER ONE INTRODUCTION

1.1 BACKGROUND OF STUDY

Small scale industries are vital sources of employment generation, development of indigenous technology; even dispersal of industrial set-ups if increases production of manufacturing exports, and increasing local content of industrial output by fostering forward and backward industrial linkages to enhance the general level of economic activity.

Since the second National Development Plan (1970 - 1974) and third National Development (1975 - 1980), emphasis has been placed on the development and proliferation of small-medium scale enterprises (SMEs) for the purpose of using them as veritable engines for economic growth and development.

From the 1970s, therefore different definitions have been given as to what should be regarded

as a small of medium scale industry. The Central Bank of Nigeria (CBN) discusses small scale enterprises, in its credit guidelines to banks as those enterprises with annual turnover not exceeding N500,000 in the guidelines to commercial banks and enterprises with capital investment not exceeding N2 million excluding cost of land; or with a maximum turnover not exceeding N5 million in the case of guidelines to merchant banks. Similarly, the federal ministry of industry's guidelines to the Nigerian bank for commerce and industry (NBCI) regard small scale industries as those enterprises cost of land, but including working capital. In practice, the Nigerian Bank for Commerce and Industry accepts small scale industries as those enterprises with capital not exceeding N750,000 excluding the cost of land but including working capital.

The Nigerian Industrial Development Bank (NIDB) regards small scale enterprises as those project cost, i.e. investment and working capital not exceeding N750,000 and medium scale enterprises as those with project cost ranging between N750,000 and N3 million.

The Center of Industrial Research and Development (CIRD) at the Obafemi Awolowo University, Ile-Ife defines small scale enterprises as those with total assets in capital not exceeding N250,000 and employing not more than 50 full time workers.

From the various definitions one will notice that emphasis has often been placed on certain financial ceilings in capital investment.

The frequency of formation (and death) of small-scale enterprises are usually explained by the desires of the owner-manager to own his personal business. Thus, the small-scale enterprises being the lengthened shadow of its owner reflect his or her strength as well as weaknesses. Thus; the small-scale enterprises entrepreneur begins to its unique animation, abilities, work experience, advantages and attitudes. In turn, the performance of the small scale is determined by the personality characteristics of the owners, viz responsibility, vigour, initiative, persistence and health thinking ability, human relation ability, communication ability and technical knowledge.

Government in both industrialized and developing countries provide a wide variety of programmes to assist small and medium scale enterprises. Despite the success of SME strategies in a few countries (e.g. Taiwan Northern Italy and Ireland), and majority of developing countries have found impact of their SME development programs on enterprise performance has been less satisfactory. Underlying the search for best practice are some basic question:

- i. What is the justification for public intervention on the first place?
- ii. Why should SMEs be singled out for assistance?
- iii. If there is justification for government intervention, what form should that intervention take?

1.2 PROBLEMS OF STUDY

The problems of facing small-medium scale enterprises in Nigeria are not insurmountable since Nigeria is well placed to provide the sources to solve these problems. In the main, the problem range from inadequate financing, lack of accountability to lack of infrastructure.

Most small business are a one-man proprietorship and the proprietor, through having to give

his attention to various managerial functions in his business soon loses full grip. This is why it makes for efficient management to spread the responsibilities within the business or seek the external assistance of a management consultant. The small-medium scale enterprises also invariably require a high technical inputs and the cost of this technical inputs and the cost of this technical expertise is usually high.

The issues of inadequate financing usually derive from inadequate proprietorship equity participation. A strong capital base and financial outlook are required for a successful business. It therefore makes for sound financial management to seek for more business partners who could bring in more funds to finance the activities of the enterprises. However, small scale enterprises are usually reluctant to bring in partners, even at the risk of under capitalization. The underfunding of small-scale enterprises has led government to formulate measures aimed at assisting this sector. Loan packages of the World Bank, National Directorate to employment and in more funds to finance the activities of the enterprises. However, small-scale enterprises are usually reluctant to bring in partners, even at the risk of under capitalization. The underfunding of small-scale enterprises has led government to formulate measures aimed at assisting this sector. Loan packages of the World Bank, National Directorate to employment and NERFUND are among such assistance scheme. The one-man proprietorship syndrome of small scale enterprises is not only sad for their financial profile but can also discourage accountability which is the foundation of a successful business. Accountability ensures adequate control over the appropriate financial strategies.

The small-scale enterprises even not shielded from or immune to the lack of infrastructure, which is the bane of all businesses in Nigeria. On the contrary, small medium scale enterprises given more under the weight generating plant, high cost of telephone and electricity. Needless to say, no business can survive without their facilities.

1.3 PURPOSE OF STUDY

The major purpose of this study are:

1. To review how small-scale proprietors can make for efficient management by spreading the responsibilities within the business of the need to seek the external assistance of a management consultant.
2. Appraise the issue of risk of undercapitalization and related this to the reluctance of proprietors to bring in partners or adequate financing.
3. Suggest ways by which the government could improve the infrastructural base of the economy such that the cost of development of small-scale enterprises would be reduced.
4. Overview the situation where government could make foreign exchange affordable to small medium scale enterprises and allow the naira to float to find its true value.
5. Review the strategy to be adopted by SMEs in adopting a courageous approach to developing new ideas.
6. Analyze the inability of the owned-manager to acknowledge his own weakness and tap the resources of talents of employees.

1.4 RESEARCH QUESTION

The tentative research questions the study funds answer to are:

1. To what extent has inadequate financing affected the growth and development of small-scale enterprises in Nigeria?
2. To what extent has the one-man proprietorship syndrome of small-scale enterprises of a successful business?
3. To what extent has small-scale enterprises being affected because of the lack of infrastructure which impedes their level of development and growth?
4. To what extent have the complexity and frustration involved in sourcing for foreign exchange to take care of their import needs lead to high rate of business?
5. Failure to small-scale enterprises?
6. To what extent have low productivity, poor management, poor accounting records and financial indiscipline have should the extent at which small-scale enterprises can go?

1.5 STATEMENT OF HYPOTHESES

This research tends to test the following hypotheses

HO: Financing small scale business in Nigeria has a lot of problems which is not profitable.

HA: Financing small-scale business Nigeria has prospects of which is profitable.

HO: There's no justification for government intervention in the growth of SMEs.

HA: There's justification for government intervention in growth of SMEs.

1.6 METHODS OF DATA COLLECTION

There are two types of research data namely, primary and secondary data from primary secondary source.

Primary data: These are data collected specifically for the research needs. The sources: of these data for the study are administration of questionnaire given to a person about a topic of the research, interviewing person in relevant fields and personal observation of same activities and records kept by some small and medium scale enterprises. This source of data is advantageous because first and information is obtained and explanations are obtained concerning answer to question.

Secondary data: These are those data obtained from relevant reviewed literature which for the purpose of this search include textbook and journals management and financing of small and medium scale enterprises and other relevant publications.

1.7 LIMITATION OF STUDY

The methodology employed in this study faces some setbacks. These include inadequate and unnecessary delay in responses, inability to have direct access to some of the respondent cost of administering longer number of questionnaires.

The study also encountered sampling error because it is not everybody in the population is sampled. Response error is also a serious drawback to the study because respondents gave an insincere and in appropriate response to enable the ascertainment of the line position of thing considering the prospects, problems and position of small-scale enterprises in the country.

1.8 SIGNIFICANCE OF THE STUDY

The study is important because several advantages accrue to the macro society from small

scale enterprises. These include the development of the entrepreneurial spirit, employment generation for entrepreneurs; promotion of savings potential and investment ratio. Skill culture is increased as more people seek apprenticeship in preparation for self-employment. The study is also important as it proffers ways to which local law materials use are increased as low capital base might hinder the purchase of imported raw materials obtained at the foreign exchange market (FEM) as parallel market.

The study also affords the users the encouragement of developing local substitutes, and strengthens the capacity to estimate and supply societal and industrial needs through backward integration.

1.9 SCOPE OF THE STUDY

The study covers the problems accruing to the financing, accountability, management, marketing and policies of small scale enterprises in Nigeria, bringing in practical illustrations as much as possible.

The study also delves into the problems which are confronted by SMEs in Nigeria ranging from behavioural, political, cultural, socio economic and country related.

The study does not extend to the financing, accountability, management, marketing as well as the policies of large-scale enterprises as that advantage much more than what this study can possibly address. Hence, the study covers the activities of some small-scale enterprises around Lagos metropolis, which are randomly selected to cover the study centers of the project.

1.10 ORGANIZATION OF STUDY

The study is divided into five chapters. Chapter one is the introductory part of the study which includes review of latest literature, problems of study, background of study, research questions, means of obtaining data, hypothesis testing, limitation of study, definition of terms, purpose of study, scope of study, significance of study.

Chapter two is captured "Literature Review" where several part works the subject matter are several reviewed to cover a well detailed theoretical framework of the study.

Chapter three is the research methodology of the study. It covers the research design employed, the research instrument, restatement of research question, data collection procedure and data analysis techniques.

Chapter four is the analysis, presentation of data using a simple percentile method of analysis.

Chapter five is the summary of findings, recommendation of the study as well as conclusion of the study. At the end of the study, suggestion for further study is offered for interested users and readers.

PROBLEMS AND PROSPECTS OF SMALL-SCALE INDUSTRIES IN NIGERIA

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.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: info@allprojectmaterials.com.

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: info@allprojectmaterials.com or call/whatsapp: +234 70 6329 8784

Regards!!!