

## **INTRODUCTION**

### **BACKGROUND OF THE STUDY**

Small scale business or enterprise in Nigeria refers to small firms owned and operated by a special group of people who see business ownership and operation as answer to the Nigeria dream of self determination. These people take the risks put in time and effort, and if successful, reap the reward of profit which is the goals of any business.

These owners and operators are increasing in number, which makes them very important to the market system of Nigeria economy. Today, small businesses are the heart of that market economy with their buying and selling of product and services.

Small business or firm in Nigeria, have been established to do just about any kind of business imaginable to manufacture and distribute goods to sell them at retail and, of course to provide all kinds of needed services. Some serves only the local community, while others function in national and international markets.

However, large firms are dependent upon small firms mass production industries could not distribute their goods and services without the hundreds of small firms which do that job. It has been estimate that an average of 500 suppliers and 300 retailers supports every major manufacturing firm in the country (Clifford, M. Baumbae, 1992:7).

Consequently, in Nigeria, one might wonder that where to draw the line between a small business and medium size of business. The Central Bank for purpose of making loan to small scale enterprises defines themes those with annual turnover not exceeding N10 million. However, the definition of small business varies from nation to nation and is made in relation to the level of development achieved by each country many reference periods. Their significance in the national economy is tremendous.

According to the report of the organization for Economic Co-operative and Development (ECD) in pairs covering sixteen (16) countries, small enterprises or small firms with less than 50 employees account for 90% of the total antinational work force

this is noticeable in Australia, Belgium, Denmark, Japan, Norway, Sweden and Switzerland. Equally, in Ireland, 60% of Industrial and Commercial firms employ between 2-20 people.

In the same manner about 70% of the work force in Nigeria is employed by small enterprises. It is in this perspective that Ogunsoola and Oja opined that small scale enterprises contributed to the Gross Domestic Product (GDP) and the industrial sector 2% and 2% respectively.

Nwachukwu (1990), in his analytical write up sees small scale enterprise as “one which is independently owned and operated, and not dominant in its field” going by this definition over 85% of the enterprise in Nigeria are small scale.

The small firms are found in manufacturing wholesales, retailing, service industries, building and civil engineering construction, transportation communication and finance.

There is virtually no field of human endeavour in Nigeria where one does not find small business.

To this end, the research study will take an analytical pattern of the problems and growth of small scale enterprises in Uyo Metropolis. Business is the sum total of the organized efforts by which people engage goods and services needed to maintain and improve the standard of living and quality of life to which each of us may aspire.

It is therefore, necessary for one to know the weakness of a business to enable him or her plan it properly to avoid the failure of this business. This is the background of this study, problems of business and how to reduce some of this problem.

## **1.2 RESEARCH PROBLEM**

In Nigeria today, both State and Federal Government are placing much emphasis on the promotion of indigenous small-scale enterprise with view to encouraging entrepreneurship. To this end the government has a policy of providing special support and protection of these enterprises. It is anticipated that these new enterprises would grow and produce some of the goods that the country imported, thus concerning our dwindling foreign exchange earnings.

However, this laudable objective has been eluded as a result of poor credit management, poor sources of finances, inadequate training and preparation as the part of the entrepreneur and inability to separate self from business etc.

### **1.3 PURPOSE OF THE STUDY**

The purpose of this project is to assess, analyse and evaluate the problems and growth of small scale business using some selected business organization in Uyo as a case study.

### **1.4 OBJECTIVE OF THE STUDY**

The objectives of the study are as follows:

To find out the actual accounting procedures used in selected small scale business in Uyo.

To find out how the accounting procedures contributes to the growth of selected small scale business in Uyo.

To find out the various problems which the selected small scale business in Uyo faces.

To offer suggestions for improvement and removing of these problems.

### **1.5 RESEARCH QUESTIONS**

Does lack of funds really impede the development of small scale ventures?

Is there any relationship between poor credit management and the growth of the small scale enterprises?

What are the kinds of problems you face in running this business?

Do you experience any increase in profit?

### **1.6 SIGNIFICANCE OF THE STUDY**

This study is signified giving the following reasons;

At the completion of the study, it is bound to spot-light the weaknesses inherent in the system of accounting procedures in selected small scale business in Uyo.

It may serves as a source of references materials to business students from higher institutions who may want to investigate further into this area of study.

It will be of great help to small scale business, it highlight areas where improvements are necessary in such a business.

It will facilitate government planning and decision making with regard to the environment.

## **1.7 SCOPE OF THE STUDY OR DELIMITATION**

This study focuses on the problems and growth of small scale business in Uyo. The study examines a period of the last five (5) years and above in the life of some selected small scale business in Uyo.

Aeries were also placed as the imbalance capital outlay, the labour strength, internal control measures of selected small scale businesses.

The eight (8) selected small scale business are as follows:

Semco shoes Company – 17 Nyong Essien Street, Uyo.

Ekpe Iron Works – 47 Etuk Street, Uyo

U-Daniel Works – 14 Nwaniba Road, Uyo.

E. J. Enterprises – 5 Udosen Nkanta Street, Uyo

Bankers Hotel – 100 Oron Road, Uyo.

Joemel Electronic – 56 Oron Road, Uyo.

Ude Enterprises – 47 Abak Road, Uyo.

Dominic Dry Cleaners – 18 Udoiwana Street, Uyo.

## **1.8 LIMITATION OF STUDY**

This research study was limited by some constraints. Some data available for this study were cumbering, some to be reached at too. This is basically due to the fact that some small scale businesses did not disclose all the relevant information that is needed.

## **1.9 DEFINITION OF TERMS AND ACRONYMS**

**Small Business:** A small business is one which is independently owned and operated and not dominant in it field (Broom, 1972:18).

**Entrepreneur:** Entrepreneur has been defined as people who have the ability to see

and evaluate business opportunity(ies) gather the necessary resources and take advantage of them and initiate appropriate action to ensure success (Broom, 1972:28).

**Management:** Management is the process of allocating the human and economic resources of an organization through planning, organizing, directing and controlling in order to produce the goods and services wanted by society (Nicholas, 1977:3).

**Economy:** This is the control and management of money, goods and other resources of a country, community, society and household. In the contest in which it is used refers to the control and management of finance and other resources in industrial sector of the country for the development of the country (Nwachukwu, 1990:49).

**Manager:** A manager is one who tries to accomplish predetermined goals of an organization in the production of goods and services (Nicholas, 1977:23).

## **THE PROBLEMS AND GROWTH OF SMALL SCALE BUSINESS ORGANISATION IN UYO METROPOLIS**

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