

CHAPTER ONE

1.0 Introduction

Smallscale business and employment creation in Delta state: A study of Delta statemetropolis.

1.1 Background of the Study

Manyscholars have written widely on small scale business and its potency togenerate employment, thus, underscoring the quintessence, significance andrelevance of this sub-sector in the development of any given economy. Theexperience of developed economies in relation to the roles played by smallscale businessesbuttresses the fact that the importance of entrepreneurshipcannot be over emphasized especially among the developing countries. In orderto highlight its significance in relation to the growth and development of agiven economy, small scale businesses have been variously referred to as a“source of employment generation”. This is because small scale industrialactivities have been found to be capable of making positive impacts on theeconomy of a nation and the quality of life of the people (Adejumo 2000).Studies have established its positive relationship with stimulation of economicgrowth; employment generation; and empowerment of the disadvantaged segments ofthe population, which include women and the poor (Olurermi and Gbenga, 2011;Thomas and Muller,2000; Reynolds, 1987).

Nigeriaas a country has numerous business and investment potentials due to theabundant, vibrant and dynamic human and natural resources it possesses. Tappingthese recourses requires the ability to indentify potentially useful andeconomically viable fields of endeavors. Nigerians have made their marks indiverse fields such as science, technology, academics, business andentertainment.

Thus,small scale businessesactivities and innovative ingenuity in Nigeria have developed enterprises in the following areas, agricultural/agro-alliedactivities where there are foodstuffs, restaurants, fast food vending etc. inthe area of information and telecom business, there are manufacturing andrepairs of GSM accessories and the printing and setting of recharge cards. Inhospitality and tourism business, there are hotels, accommodation, resortscenters, films and home video production; in oil and gas business, there areconstruction and maintenance of pipelines, drilling, refining bye products. Inthe area

of environment and waste management business, there is refuse collection/disposal, recycle plant and drainage/sewage construction job. In the area of financial banking services, there are banking, insurance and stock trading. In engineering and fabrication work, there are machines and tools fabrications there is also the building and construction, where there are plan and design services and material sourcing (Agbeze, 2012)

These human and natural resources notwithstanding, Nigeria are still one of the poorest countries in the world and Africa despite its alleged strong economic growth. Chukwubuike (2008) notes that youth's full-time unemployment rate for 2006-2008 was 55.9 percent, 4 times higher (Salami, 2011). Many other industrial sub-sectors to such a vibrant one that they have been able to reduce to the barest minimum their unemployment and poverty level because of the immense contribution of the sub-sector to their economic growth and development but such cannot be said of Nigeria (Onugu, 2005). In respect of the above sad and deplorable situation, the government has done little to reduce the misery and frustrations of the citizen. This has foisted a state of hopelessness on majority of young people who have resorted to any means including crime to succeed in life. They resort to vices because they are not gainfully engaged. In other words, they are unemployed; unemployed, not because they lack the qualification but because the system has been crippled politically, economically, socio-culturally and even religiously. People especially youths and graduates became displaced economically (Kuratko, 2009), a situation that clearly negates the millennium development goals for 2015, I and II: to halve the proportion of people living in extreme poverty and to halve the proportion of people suffering from hunger respectively.

The dexterity with which hunger and poverty have devastated lives and future ambition of youths especially graduates in Nigeria, have led to scholars prescribing small scale businesses development as the permanent cure for extreme hunger and poverty necessitated as one of the external forces that influence the development of small scale industries. The great need for small scale businesses development in Nigeria today, more than ever, is necessitated by the rate of unemployment and its effect on both the people and the nation and the need for small and medium enterprises.

In spite of the fact that small scale businesses development has been regarded as the

bulwark for employment generation and technological development in Nigeria, the sector nevertheless has had its own fair share of neglect with concomitant unpleasant impacts on the economy against this backdrop. Entrepreneurship when and if gallantly developed in Nigeria will take its pride of place in fuelling unemployment and thus generating employment among Nigerian youths especially the graduates and once again, place the economy on a proper footing.

It is in this respect that this paper seeks to investigate the connection between small scale businesses and employment generation in Nigeria; assessing the level of unemployment in Nigeria and how far entrepreneurship has thrived, and also examines the major problems of entrepreneurship and thus proposing some plausible strategies that can promote effective small scale businesses that will help quell unemployment and thus generate employment for the Nigerians youths especially. Based on the above background, the study intends to investigate the role of entrepreneurial development in unemployment reduction in Nigeria with particular reference to Delta state metropolis.

1.2 Statement of the Problem

Nigeria is a country with numerous business and investment potentials due to the abundant vibrant and dynamic human and natural resources it possesses. As good as the foregoing sounds, Nigeria continues to experience its share of social, economic and political upheavals which have often stunted its growth and development into the regional economic power that it strives to attain. Nigeria has a relative high rate of violent crimes (Onurubiko, 2009). The fact is that the Nigeria is becoming hostile to investment due especially to lack of steady and sustainable power supply/energy crises in spite of the various attempts at reviving this sector leading to firms depending on generators for their operation whose cost of buying, fueling and maintenance are high, thereby increasing the cost of operation in Nigeria.

Besides, high and multiple levies and taxations being paid by these companies, energy crises have combined to make the cost of doing business in Nigeria to be very exorbitant when the industries and factories closed shops or relocated to a friendlier economic environment, workers were laid off and prospects of recruiting new ones were dashed. All these exacerbated the crisis of youth unemployment in the labour market

(Adeloye, 2010; Onifade, 2011). Therefore this research work intends to investigate the role of entrepreneurship development in unemployment reduction in Nigeria with particular reference to Delta state.

1.3 Objectives of the Study

The study intends to achieve the following objectives:

1. To determine the role of small scale businesses in unemployment reduction in Nigeria.
2. To determine if government has a key role to play in ensuring that small scale businesses help in quelling unemployment.

1.4 Research Questions

The following research questions were formulated to guide the direction of this research work.

1. Does small scale businesses development help in unemployment reduction in Nigeria?
2. Do government have a key role to play in ensuring that small scale businesses development help in quelling unemployment.

1.5 Research Hypothesis

The hypothesis formulated for this research study include hypothesis one

H₀: There is no significant relationship between small scale businesses and unemployment reduction in Nigeria.

H₁: There is significant relationship between small scale businesses and unemployment reduction in Nigeria.

Hypothesis Two

H₀: Government has no key role to play in ensuring that small scale businesses help in quelling unemployment.

H₁: Government has a key role to play in ensuring that small scale businesses help in quelling unemployment.

1.6 Scope and Limitations of the Study

The study focuses on entrepreneurship development as a panacea for unemployment reduction in Nigeria. The economic potentials of entrepreneurship shall also be explained as well as the benefit explained with particular reference to residence of Delta state metropolis.

The limitations the researcher encountered during the survey are time constraint, lack of finance, respondent's attitudes and transportation constraints.

Time Constraints: Research of this nature requires sufficient time for the execution. But in the case of this project, the allotted time was quite insufficient. In this regard, the researcher was under pressure throughout the while work in order to meet the deadline.

Respondents Attitude: Some of the respondents appeared to be biased in their response and the greater percentage of the bias is during peak sales periods when the respondents had little or no time for non business discussion.

Finance: Finance has always been the pivot around which the success of any research revolves. In this case, the researcher was constrained financially because the researcher had a little stipend from the guardian.

Transportation: Due to the bad roads the researcher find it difficult to access the respondents.

Bureaucracy: This is one of the impediments of this research when the researcher visited the enterprise under study to make certain investigations; the authorities involved never gave him a free hand to make such investigations.

Finally, it is worthy to note that in spite of all these limitations, the researcher was able to cover meaningful the scope of the study.

1.7 Significance of the Study

It is worthwhile to lay great emphasis on the significance of this study target groups and potential recipients showing how it will add knowledge, contribute to knowledge or aid practice. Hence, this study will be indispensable to many. To the entire Nigerian populace, this study will broadly enlighten them on the concept of entrepreneurship and how small industries development brings about unemployment reduction in Nigeria scale.

Also, the Nigerian government is not left out. This promising research piece will clearly show the public authorities and government officials how to effectively develop small scale businesses as they have been identified as engine

SMALL SCALE BUSINESS AND EMPLOYMENT CREATION IN DELTA STATE

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