



Prospect and Challenges of Small Scale Enterprises in Gombe State: Case Study of some selected Enterprises in Gombe Metropolis

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Abstract

Understanding the economic potentials of small scale business enterprises remains a critical task particularly in developing countries like Nigeria where the challenges of unemployment and poverty have taken ground in all policy discourse. This study seeks to examine the potentials and challenges of small scale businesses operating in Gombe metropolis. The paper utilizes questionnaire to obtain data from registered small businesses in Gombe metropolis. Simple descriptive statistical tools of analysis is used for the analysis of data. The findings reveal that there are potentials of SMEs is numerous – essentially job creation, increase in productivity and reduction in poverty. Similarly, it is observed that small businesses in Gombe are faced with challenges of funding and paucity of infrastructures – especially electricity. The amount of capital required to start small scale enterprises and the number of people engage in such business suggest that the encouragement of such enterprises will definitely be a way out of the employment problems bedevilling the nation, and a way as well, out of poverty and the resultant security challenges and social vices confronting Gombe State and Nigeria in general.

Keywords: Small Business, SMEs, Infrastructure, Finance, Entrepreneurship

JEL Code: L20, L21, L26, Z23

Contribution/Originality: The study contributes to the body of knowledge by exploring the potentials and challenges facing SMEs in Gombe State. The study identified challenges and potentials of SMEs using simple descriptive statistics which help in giving clear and precise findings that can be understood by larger audience.

1.0 Introduction

Small and medium enterprises (SEMs) are notably the engines that drive economic development. The businesses account for almost 90 percent of businesses in both developed and developing economies through job creations, tax revenue and contribution to Gross Domestic Product (GDP). However, in African societies like Nigeria, besides their critical and positive role, many SMEs face numerous challenges ranging from power shortage, lack of capital, poor management skills and competencies, and inadequate information. It is notable that most African governments give very little support to SMEs thereby neglecting a vital economic trigger and should form pillars of development (Fjose, Grunfeld & Green, 2010; Murithi, 2017).



Small scale enterprises abound the length and breathe of Nigeria. The issue of what small or medium scale enterprise are has been controversial as ever. Despite the controversy, there is a substantial body of opinion which holds that the main objective of industrial development in developing economies such as Nigeria should be the encouragement of a variety of small and medium scale enterprises (Bello, et al, 2018; Murithi, 2017). The concept of industrialization or development as necessarily involving large scale industrial establishment will not be a reality considering the underdeveloped nature of most developing countries such as Nigeria. One of the reasons is that the tradition of our society is still very significant in spite of many industrial and agricultural changes that have taken place over the years (Bello, *et al*, 2018; Duran, *et al*, 2020).

In a sense, Nigeria is still basically a developing country - a country in a state of transition from traditional economy to a modern economy. It is public knowledge that the Nigerian government is targeting Nigeria's economy to be one of the leading economies of the world in the very near future. In the same vain Gombe State is not left out as it seek ways and means to empower small scale enterprises. One way this can be achieved is paying attention to the growth and development of Small Scale Enterprises.

1.1 Statement of the Problem

It is in the recognition of the vital role played by SMEs that this study is paying particular attention to the promotion of small and medium scale industries such that a study of such enterprises is being conducted in order to clearly identify such enterprises in Gombe, their problems and prospects so as to position the State Government and other agencies to either or/and assist them as regards identified problems of the enterprises and in areas that they might need assistance so as to enable them not only compete, expand, survive but as well serve as engine for the prosperity of the state. It is without doubt that the government will function, deliver and impact much better in a vibrant and dynamic economy in which these enterprises play very important role

1.2 Purpose and Objectives

Gombe State is among the least developed states in Nigeria with great potential for development. So it is not surprising that the State is not left out in seeking remedies to overcome the state underdevelopment problems by taking various measures to exploit fully the identified human and natural resources at its domain. The study is undertaken to identify the peculiarities, problems and prospects of small scale enterprises and proffer solutions as to what will make them more vibrant. It is envisaged that the study will help the State Government and other organizations especially international organizations such as the United Nations, World Bank to locate and deal accordingly with the problems of these enterprises, which will in turn ensure the survival and growth of these enterprises. The growth and survival of these enterprises will in turn impact positively on the State economy and the nation at large.

2.0 Literature Review

2.1 Concept of Small Scale Enterprises

There is no single standard definition of small scale enterprises. Many and varied definitions have been given by various scholars and institutions at different times of Small Scale Enterprises. Most often Micro, Small and Medium Scale Enterprises definitions are lump together due to similar characteristics and modus operandi. The definitions of Small Scale Enterprises also varies from one country to the other, from one organization to another, all reflecting several factors such as level of economic



development, rate of growth and level of employment, and to a certain extent standard of development. However, a combination of a number of these factors are commonly used in defining what should be regarded as Small Scale Enterprises. Such factors include the amount of money invested, the output and the mode and technique of production. Other variables employed in the definition of Small Scale Enterprises includes; sizes of employment, capital, ownership structure etc. Various sectors in different parts of the world focus on certain indicators to define SMEs among them number of employees, total number of assets, annual turnover and capital investments (Gibson & Vaart, 2008; Murithi, 2017).

The definition proposed by the International Industrial Development Centre of Stanford Research Institute might be more universally applicable as far as small scale industries are concerned. Instead of using statistical methods, it devised a functional approach. Hence they define Small Scale Industry “as that segment of manufacturing industry carried on a relatively small establishment having not necessarily all but some of the following characteristics: Little or no specialization in management; close contact between the manager and those involved in the enterprise, lack of access to capital through organized security market, for example commercial banks, close integration with the local community on which it depends for both market and labour; and no dominant position in major market.

The definition is more useful because it lay emphasis on problems faced by small scale industries. This is very important because it will help to direct development plans and policies towards solving or tackling these problems. Any progress in this direction would have a very important impact on the development and growth of small scale industries. It is important to note that emphases is often paid to the definition of small scale industries in most studies of this nature, because it helps determine the eligibility for assistance by government, development partners or even private sector. Definitions are also bound to be revised from time to time to enable more and more units of small industries to modernize with the trend within the economy.

2.2 Role of Small Scale Industry in Development

Guided by the current economic realities in Nigeria and the world generally whereby unemployment has become a problem of major concerns, economist, politicians and management theorist have shifted in recent times from the extremes of neglect and ignorance to hype and over expectations. In the 1950s and 1960s small firms were written off as out of date forms of economic activity. But by the late 1970s and 80s they were hailed as the new saviours of ailing western economies. The industrial revolution of the nineteenth century first threatened the predominance of the small enterprise after centuries in which it has been the basic economic unit.

Technological and marketing changes seems to sounding its death-kneel by the middle of twentieth century, by which time several factors were working in favour of large scale enterprises. The reasons for that were not farfetched, that include among many others; economies of scale that lowered costs for manufacturers big enough to use mass production techniques. New products from electrical goods to pharmaceutical drugs were transforming the buying habits of society, but the research and development costs were very high and affordable only by larger companies. Protectionist trade barriers fell away as the market place became increasingly global to the advantage of big businesses with international marketing and distribution resources (Emmanuel, 2017; Murithi, 2017; Strohmeier, 2021).

Social scientists and policy makers devoted their attention to large units of production, which they believed will be increasingly predominant form of industrial organisation. There was a wide spread belief that the small firm was rather superfluous to economic growth and the spate of mergers and takeovers in the 1950s and 1960s seemed to confirm this view; global marketing has handed the key to economic prosperity to the multinational corporation and modern technology demanded a concentration



of resources, confining small enterprises to a peripheral role supporting the dominant position of large scale enterprises.

However during the late 1970s and 1980s the situation changed. Research into the behaviour of small scale enterprises dramatically increased. The literature boomed with written material published on virtually every aspect of the small scale enterprise. Regular newspapers columns began to give advice to small business owners and information on their environment.

In discussing the role of small scale enterprises in development, it is essential one takes cognisance of the different types of small scale enterprises. The distinguishing is necessary because each and everyone of them have different prospect in the role they can plan in the economy. One obvious way of distinguishing them would be the type of raw materials used, source, and technology used. There are basically three groups as Ojowo (1999) pointed out:

- i. Small scale industries based on indigenous technology and raw materials.
- ii. Small scale industries based on foreign technology but local raw materials; and
- iii. Small scale industries based on foreign technology and foreign raw materials.

The first types are mostly Industries carried out in households by family units and in workshop by craftsmen and modern scientific establishment, the only difference between them and large enterprises being the sizes. In the process of industrialization, industries based on local raw materials and local technology would generally diminish and give way to a more organized type of Small Scale Industries, though the size might still remain be small. This is because they may not be able to stand against policies like standard labour unionism and a host of other policies which characterize new modern production outfits (Staley, 2002).

Traditional artisan activities could be transformed to modern artisan activities which are service rather than manufacturing oriented. Today we have as result of modern technology and industrialization; Car Servicing, Radio Servicing, Bicycle Servicing, Hair Salons, Phone Repairs, et-cetra. This new type will continue to grow in number. Their major role is to complement rather than to compete with large scale industries (Lewis, 1982). For example, a Car Servicing Enterprise is not competing with Peugeot Automobile Nigeria, but rather it complements the activities of the manufacturers.

The development of small scale enterprises seems perhaps, to carry the greatest hope for truly indigenizing the economy of Nigeria. Ochejele (1989) and Bello, et al (2018) argue that small scale enterprises can tackles more efficiently certain problems of industrialization. He argues that cottage industries as analysed by some writers, is the kind of venture which depends on traditional skills and so can help build supplies, managerial and entrepreneurial skills and their regional or geographical dispersion.

According to Eskor, however, the second reason for the escalation of the small scale industry campaign in Nigeria in recent years is more spurious. It is expected to be one way, perhaps, the main way out of the massive unemployment caused by the deep capitalist stagnation that began world that has become cyclical and exacerbated by global financial crises over the years. In many developing countries, including Nigeria, it is seen as a means of both speedy recovery and also for the nation be what is termed 'self-reliance'.

Small scale industries also ensures a more equitable distribution of national income, and at the same time facilitates an effective mobilization of resources (which were hitherto lying idle) of capital and skill. This is especially true of developing countries where incomes are low and domestic markets too



thin for the development of capital intensive industry to levels large enough to create employment opportunities to any significant extent. Small scale industries also compliment the agricultural sector by providing employment during the agriculturally slack season after harvest.

Studies of small enterprises in Nigeria by Oluwa (1983) reveal that about 85 percent of their initial capital investment are obtained from non-formal lending sources, that is from friends, relatives, local money lenders, traditional cooperatives for saving and credit as well as from personal funds. This goes to show that idle funds especially in the rural areas will find their ways into productive uses. Thus, small firms mobilize funds which will otherwise have been lying idle or wastefully spend and direct them to productive uses. Associated with this notion is that small resource which are possessed by all human beings, their clever brains and skilful hands and support them with tools.

Small scale industries mostly used domestically produced raw materials inputs including tools, equipment and power which make possible for a country to redirect its foreign exchange **in could** have used to other channels of development, especially in the present global economic recession. The products of small scale industries could also be expected to earn the country foreign exchange.

SMEs are the source employment and a source of income for about 80% for majority world population (Kamunge, Njeru & Tirimba, 2014; Okafor, 2006). Specifically, micro businesses accounts for 30% of employment, small businesses (20%) while medium businesses provide 10% employment (Fjose et al., 2010). In Africa, SMEs accounts for more than 90% of businesses and contribute about 50% and Gross National Product (GDP) (Fjose et al., 2010; Kamunge, Njeru & Tirimba, 2014). For instance, in Kenya, SMEs contribute 40% of the GDP, over 50% of new jobs and account for 80% of the workforce (Kithae, 2012; Murithi, 2017). It is also notable that more than 50% of employment in low and lower-middle-income countries is from businesses with less than 100 employees (Ayyagari, Beck & Demirgüç-kunt, 2011).

2.3 Theoretical Framework

Three distinct theories comes to mind in our study of small scale enterprises as explained by Goss (1991); The Free market theory, the Marxian Analysis and the Green Movement.

The Free Market Theory

The free market theory hinges on the fact that the free market economy relies heavily on the widespread competition provided by new ventures and smaller companies to prevent monopolistic distortions of larger organizations. Entrepreneurial action, stemming from on your bike, self-sufficient philosophy, is seen as antidote to the adversity of job loss and regional economic realignment. The virtues of innovation and job creation is contrasted to the lethargy and stagnation of large enterprises especially during economic downturns as seen in the period of global financial crises of the recent past.

Marxian Theory

According to Marxist Theory, capitalism degenerates into economies dominated by a small number of monopolistic companies, as society polarizes between those that own large units of production and those that work in them. Far from being inconvenient evidence, the revival of the small enterprise is explained as part of the inevitable tendency. Small enterprises represents a subtler form of economic domination by the large enterprises, and another instrument for the exploitation of labour. Central to this argument is the dependent status of small enterprises on larger firms which only allow them to thrive when it is more profitable that way.



The Green Movement Theory

Over-production, bureaucracy, centralization, and short term material gain are symptoms of a deepening crisis in industrial societies which only a return to a more natural order can reverse. This the language of many alternative movements which have also put small business to the forefront of the ideology. The small is beautiful slogan of Fritz Schumacher has been taken up, representing the feeling that the quality of life must come before the materialistic motives of big enterprises. Small enterprises are seen as more democratic and responsive to society than large remote enterprises following strategies of high growth, which take little account of their effects on the world environment or local communities.

3.0 Methodology

The paper made use of a survey design. The data required for this study was extracted from a primary source through the use of a structured questionnaire and interview. The data is collected through surveying the fifty (50) managers of SMEs which was the sample of the entire population of about five hundred and thirty (320) representing small and medium enterprises managers in Gombe Metropolis. However, since the population of the study (320) is considered large, the study adopted a sampling method using Yaro Yamine sampling formulae. We applied structured questionnaire on 50 respondents to elicit responses. 10 questionnaire each were administered to the following subsector of the small scale enterprises; Tailoring/Fashion Designing, Barbing Salons, Welding and Fabrication Enterprises, Furniture Making and Vulcanising Businesses. In addition to the application of questionnaires, respondents were interviewed method specifically to clarify and validate some other issues that were not captured by the questionnaire.

The study adopts systematic sampling technique to identify the specific groups of people that operate their enterprises in sectors under consideration. Out of the 50 questionnaires administered 47 were completed. It is important to state at this junction that most respondents are suspicious of the intent of the research and so the reason for not opening up to the researchers. The data is analysed using simple descriptive statistics.

4.0 Data Analysis and Interpretation

The primary objectives of this section is to analyse primary data obtained from administering questionnaire and interviewing respondents.

Table 1: Educational Qualification

Type	Frequency	Percentage
Islamiyya	-	-
Primary	05	10
Secondary	23	50
Others (NCE, Diploma etc.)	13	28
Degree	06	12
Total	47	100

Source: Field Survey, 2019

The table above shows that out of the 47 respondents, 28 or 60% of the respondents have primary or secondary education, an indication of low educational background. This may be a reason for the un-



organized operational modus of most of the small and medium scale enterprises in the State and the nation in general. The result being that the enterprises hardly keep records and the owner dip his hands into the business finances at will and so affecting the enterprises survival and the ability to expand and compete in most instances. Most of the enterprises surveyed have not been in operation for long (on average most of them have been in operation for only about 6 years). It is important to note that 40% of the respondents have higher educational qualifications. A departure from what hitherto was obtain, where graduates of higher institutions graduates hardly venture into small and medium business, but rather seek government employment. The reality of the absence or difficulty of getting employed in government organizations and other high chips companies could have been responsible for the high percentage.

Table 2: Type of Enterprises

Type	Frequency	Percentage
Vulcanising	09	18
Barbing Saloon	10	20
Sachet Water Producers	09	18
Furniture Making	10	20
Welding and Fabrication	09	18
Total	47	94

Source: Field Survey 2019

10 questionnaire each were administered to 5 types of business enterprises (Total 50) in Gombe Town in Gombe Local Government of Gombe State. Only 47 or 94% were duly completed and retrieved. One peculiar characteristics of these enterprises is that they are Small businesses run by a sole proprietor. For welding and Fabrication, and vulcanising business they are 100% operating in open space mostly by the road side, with a temporary structure for shade and serve as office as well. The amount required to set up the business is small. It requires as little as fifty thousand (50,000.00) naira to start any of the two types of business. They pay rent either unofficial to Local Government Officials or Landlords whose house are in their frontage. The amount paid as rent varies from three thousand (5000.00) naira to seven thousand (7000) naira per month.

For a standard barbing saloon it requires on average between two hundred thousand (N200000.00) naira and three hundred thousand (N300000.00) naira to set up. The require facilities include a rented shop that cost between fifty thousand (N50000.00) naira and eighty thousand (N80000.00) naira, chairs at least 2 or 3 that cost about seven thousand (N7000.00) naira each, 2 or 3 clippers that sold at about five thousand (N5000.00) naira each, television (N10000.00) and sound set or CD/DVD player (N5000.00), generator for power that could cost on average twenty thousand (N20000.00) to thirty thousand (N30000.00) naira etc. No license is obtained to start any of these enterprises, although one could voluntarily join a trade union of like businesses, who at most times are concern about fixing the price of their services and protecting the interest of the businesses as a group.

Table 3: No of Employees



Type	No. of Employees
Vulcanising	Between 1 to 02
Barbing Saloon	Between 02 to 03
Tailoring/Fashion Design	Between 02 to 08
Furniture Making	Between 02 to 08
Welding and Fabrication	Between 02 to 05

Source: Field Survey 2019

In terms of employment, the number of people employed ranges from 2 to 8, though there are a number of trainees in all the enterprises visited. The trainees could be owner's children and relatives or those that paid to be trained. However, even those that are on training, out of the owner's benevolence are given stipend depending on what amount is earned through work done. The duration for training could range from 3 months to 10 or more years. It could be seen in most of the enterprises that there are children that are about 6 years old or even below being trained. These children go to school in the morning, after closing they proceed to the enterprise.

Table 4: Ownership Status

Type of ownership	Frequency	Percentage
Sole proprietor	42	89
Partnership	05	11
Total	47	100

Source: Field Survey, 2019

Just like is found in most other nations, towns and cities, most micro, small and medium scale enterprises are owned by one person and in case it is a partnership type of enterprise, it could be friends or family owned. It is therefore, not surprising that 42 or 89% of the respondents are sole proprietorship type of enterprises (see table 4). Looking critical at the life span of these businesses, it is likely that the reason most of them have not been in operation for long is because sole proprietorship type of business hardly stay long, for reasons well known such as the demise of the owner which may likely be the end of these types of businesses. Some operate this businesses on part time basis, waiting and praying for a better employment either by government at all levels and their agencies or other organizations operating in the country. Other reason given for the businesses not operating for long are; poor management, the harsh economic environment, culture, religion etc.

Table 5: Full or Part Time Business

Response	Frequency	Percentage
Yes (Full time)	39	94
No (Part time)	08	06
Total	47	100

Source: Field Survey, 2019



Table 3 shows that 39 or 94% of the owners are into the business full time. A further enquiry into the reason why they are into the business full time, shows amongst other things that the training received, their level of education, how easy to setup, maintain and remain in business, the small capital requirement and profitability are the prominent reasons given on why they are engage full time in such a business. While only 8 or 6% are engaged in the business on part – time basis. On further enquiry whether if employed by government they would accept - 36 or 72% of the respondent answer in the affirmative. The reasons given by them is that government employment is more secured than their own enterprises. The uncertainty of the business environment could also be a factor. Most of them complain about power especially the barbing enterprises, tailoring/fashion design, furniture making and welding and fabrication enterprises all complained about the amount they spent on generating power for their businesses. For owners who are into the business part time 6 of them are engage in other organizations, they set up the business to supplement their income, while 2 explained that they are students.

Table 6: Initial Capital

Amount (₦)	Frequency	Percentage
Below ₦100,000	28	60
₦100,000 – ₦500,000	17	36
₦500,000 – ₦2 Million	02	04
₦2 Million and above	00	00
Total	47	100

Source: Field Survey, 2019

The smallness of the initial capital in the first instant was the reason why they are termed small and sometimes medium scale enterprises, though that depend on the definition adopted or the organization that is looking into the activities of these enterprises. True to type, table 6 shows that 60% or 28 of these enterprises started with a capital below ₦100000.00 (One hundred thousand) naira which is by any standard or definition small, especially when the value of the currency is taken into consideration. A further enquiry of what is needed to start a Tailoring/Fashion design business reveal that one need as little as ₦50,000.00 to buy a Sewing Machine, with as little as ₦100.00 (one hundred) naira can buy thread and needle (basic capital/raw material) and could even start in an open space or at home. Some of the furniture business owners explained that once they acquire or rent a space for the business, what they need could be as small as ₦5,000.00 or less to start the business, most often than not depending on their customers to pay in advance for whatever product that they order for. A lot of this business owners enter into trouble when need arises and spent the money given to them in advance.

For those that have barbing salon, they operate in a single room with no convenience (Toilets), with a standby generator for power because of unreliable power source by Jos Electricity Generating Company (JED) – public source - this makes the enterprises to operate below capacity. They also need chairs, clippers, towels, tissue paper, television set, sound set or CD/DVD player. The total cost stand at about two hundred thousand (₦200000.00) naira only on average to set up as was explained early. An interesting fact about the barbing salon business is that the owners only set of the business and lease it out. The owner of the salon is given returns on daily, weekly or monthly basis. The vulcanising business needs air pump, tyre gauge, wheel spanner, rubber patch, etc. the total cost on average of all that is needed by the vulcanizer to start the business is below ₦80000.00. All the respondents in the vulcanizing business operate by the road side.

Table 7: Source of Capital



Source	Frequency	Percentage
Personal savings	39	83
Friends/Relatives	04	09
Borrowing	01	02
Others	03	06
Total	47	100

Source: Field Survey, 2019

It is a well-known fact that the low level of savings as explained by economist is what is responsible for low investment, with the resultant vices such as unemployment, poverty etc. Table 7 shows that 83% or 39 of the respondents got the money to start their business from personal savings.

The smallness of capital required to start such businesses may be the reason most of them were able to save money to start the business. Looking back at the respondent's educational qualification, it is possible that most of them do not even know how to obtain loans from banks and other organizations. One thing most of them partake in is contributions (*Adashe*) in other to raise the requisite capital for their businesses. Most of them don't even have a functional bank account, and so it is impossible for them to have access to bank loans, though the narrative is changing as most of the respondents explained that they open bank account to benefit from government largesse, thus making way for financial inclusion a reality in Nigeria. The Federal Government interventions and States government interventions in different ways has made it necessary for more and more small and medium business to open account so that they can benefit from government largesse. The required collaterals by banks for enterprises to access their loans, most of them do not also have, thus making it difficult to obtain capital for expansion and buying of modern day equipment

Table 8: Do you have access to Bank Loans?

Responses Rate	Frequency	Percentage
Yes	12	26
No	35	74
Total	47	100

Source: Field Survey, 2019

As explained above most of them do not have access to credit for which some of the reasons responsible for that were given above. From table 8 it can be seen that 74% or 35 of the entrepreneurs do not have access to any type of funds aside that which is saved or ploughed back into the business or obtained from friends and relatives or a combination of 2 or all of the aforementioned. A reason for most of these businesses remaining small is because of their inability to access organized capital, coupled with inadequate managerial expertise resulting in attitudes such as lumping together business funds and personal funds. The implication of it is that funds are never ploughed back for expansion, training etc. that is why these businesses remain small year in year out.

Table 9: If yes, state type

Responses Rate	Frequency	Percentage
Grant	-	-



Loan	12	100
Others	-	-
Total	12	100

Source: Field Survey, 2019

Only 12 entrepreneurs were able to obtain loan for their businesses and the loan obtained by 9 respondents were from cooperative societies which they belong. Three said they got their loans from Nigeria Incentive Based Risk Sharing for Agricultural Lending (NIRSAL) an agency of the Central Bank of Nigeria.

Table 10: What inform the location of the Enterprise?

Location	Frequency	Percentage
Free space	03	10
Family house	01	03
Proximity to market	33	68
Availability of raw material	-	-
Combination of factors	06	19
None	-	-
Total	47	100

Source: Field Survey, 2019

We observed that most of the enterprises operative on small rented apartment, (one room apartment or very small land). The space or apartment used, serve as office and workshop as well. For those engaged in vulcanizing business, they operate by the road side (earlier stated). When asked whether they pay rent they insinuated that most times it is Local Government Officials that come to collect rent and revenue from them, which more often is the case. What informed the location of such enterprises, from Table 9, it can be seen that 21 or 69% stated that proximity to market was the reason. Further enquiry revealed that the cost of the property rented or bought could be the main reason for the location of such enterprises, though other reasons can't be waived aside.

Table 11: Number of employees/Trainees

Number of employees	Frequency	Percentage
1 – 10	47	100
10 – 20	00	00
20 – 30	00	00
30 and above	00	00
Total	47	100

Source: Field Survey, 2019

Table 9 shows that all the enterprises have between 1 to 10 employees/trainees signifying a high level of employment per unit of capital invested. This is despite the small amount of capital that was used in



starting the business. The survey reveals that for the 47 enterprises in focus, the total number of employees/trainees is 171. On average every enterprise employ/trains about 4 people.

Table 12: Qualification of Employees/Trainees

Educational Level	Frequency	Percentage
Islamiyya	02	01.16
Primary	42	24.56
Secondary	78	45.61
Others (NCE, Diploma etc.)	36	21.05
Degree	09	05.26
Total	171	100

Source: Field Survey, 2019

Just like their owners must employees/trainees have educational qualification equivalent to secondary school or below, though the unemployment bedevilling the nation seems to suggest a reverse trend with those with National Certificate of Education (NCE), diploma, degree and other tertiary qualification joining such businesses. This is a good omen for the nation, because it is likely that very soon such business will be better organized and well managed. Table 12 shows that 122 or 72% of employees/trainees have educational qualification equivalent to secondary education or below.

Table 13: Are you interested in further training?

Responses Rate	Frequency	Percentage
Yes	47	100
No	-	-
Total	47	100

Source: Field Survey, 2019

From table 13 it can be seen that all the respondents are interested in getting trained or receiving any other assistance that could be given to them by the government or any other agency to boost their business.

Table 14: How do you market/sale your Product or Service?

Market	Frequency	Percentage
Local market	47	100
Place in a shop		
Other states		
Total	47	100

Source: Field Survey, 2019

When asked how they market or sale their products, all respondents (table 14) said they sale their products locally. For those in furniture business the respondents explained that mostly they produced only when an order or request is made by a customer, and the customer has to make upfront payment



in full or part payment. Few of them produce and place in their show rooms. But for all other respondents their products or services are paid in cash on delivery or rendered.

Table 15: Who Patronize(s) your products most?

Name	Frequency	Percentage
Government	-	-
Private Organization	-	-
Individuals	47	100
Others specify	-	-
Total	47	100

Source: Field Survey, 2019

Table 14 shows that all respondents sale their products to individuals. Private organizations such as banks, etc. and governments at all level do not or hardly patronized their products. Only in situations where repairs are needed according to those in the furniture subsector that they render their services to such organizations. Some respondents explain that their product find their way into government offices when contracts are given, and the contractors will then buy from them at a meagre amount compared to what was paid to them as the contract sum.

Table 16: Do you advertise your products?

Responses	Frequency	Percentage
Yes	-	-
No	47	100
Total	47	100

Source: Field Survey, 2019

All respondents explained that they do not advertise their products through organized media be it print, electronic etc. as can be seen on Table 16. Most of them rather advertise their products on a one by one basis. For some in furniture business their show rooms do the trick by advertising their products thereby bringing in customers aside the one on one advert. The smallness of their capital makes it impossible for them to advertise through any media. There is also the issue that when they advertise their products, government and its agencies will put an eye on them and begin to tax them.

Table 17: How do you want the Government to assist you?

Form of assistance	Frequency	Percentage
Training	47	100
Skill acquisition	47	100
Funding	47	100
All of the above	47	100
Total	47	100

Source: Field Survey, 2020



Table 17 shows that all the respondents are interested in receiving any form of assistance from the Government. Most of them are so happy that at least the government is showing interest in their flight. The reason is not farfetched as some of them explained that government has realised the importance of small scale enterprises. The importance range from providing employment to the nations teeming youths, provision of raw materials to large scale outlets, a way of developing the nation's manufacturing and industrial sector, for self-reliance etc.

Table 18: What are the problems that affect your business?

Nature of problem	Frequency	Percentage
Inadequate working capital	47	
Non-availability of raw materials	-	
Availability of spare parts	-	
High interest on loans	8	
Can't access credit	32	
Poor access road to your location	-	
Power	47	
Lack of skilled manpower		
Lack of machinery/equipment	8	
A combination of these problems	47	
Total	47	100

Source: Field Survey, 2019

The problems of the enterprises survey are numerous, but some of these problems clearly stand out, these are the problems of infrastructures and finances. What makes them small scale enterprises in the first place is the amount of capital and number of people employed. As for infrastructures, everybody knows that electricity has made so many businesses to fold up; small and medium scale enterprises are not an exception. For those in welding and fabrication, and barbing businesses their main problem has been power (electricity) has been their number one problem, because without electricity they could hardly do anything. What makes matters worse is the issue of inadequate capital. The issue of inadequate capital has made it difficult for them to buy a standby generating set for use when there is power cut which is more often the case. The cost of operation also becomes high, and if they increase price, patronage drops, that is their dilemma.

The issue of a conducive environment with decent accommodation is also a serious problem of the enterprises surveyed. The owners because of inadequate capital cannot rent a decent accommodation nor could they afford to buy land and build their own workshops and offices. That is why most of them operate in open space threatened by the vagaries of weather and other health challenges. Most of the enterprises surveyed operate under tree of use only umbrella as protection against the heat of the sun and rain because they cannot afford to rent a place of their own. This not only affects productivity but exposes them to other health challenges. The environment they operate in also has no convenience for defecating, thus using any open space nearby endangering the society as a whole.

The world has become a global village, such that the enterprises are exposed to all manner of competitions, thus the enterprises surveyed need to add up in other to survive. For instance doors and



windows frames are imported into the country, for those in welding and fabrication business they need to be up and doing to compete and enjoy patronage.

5.0 Conclusion

While all the Scale enterprises surveyed have one challenge or the other as explained above, one of the greatest challenges which most of them are confronted with is that of inadequate funds or capital. From Table 6 it can clearly be seen that the financial problems of the enterprises surveyed is derived from owner's limited capital, his limited possibilities of obtaining loan funds, the illiquidity of his operations and at times indebtedness of customers to him. While the low level of investment might enable entrepreneurs to enter into business relatively easily (some of the respondents started their businesses with less than N50,000.00), but there are obvious disadvantage to that. For example, the small scale entrepreneur might not be able to employ well qualified individuals to work for him/her, if they so desires, since he/she cannot afford their salaries. That could be the reason that 72% of their employees/trainees have secondary school qualifications or below. Not only do small and medium entrepreneurs have inadequate fund or capital, institutional credit facilities (e.g. NIRSAL, SMEDAN, from banks) are not considered easily available for them. Table 6 shows that out of 47 respondents only 12 said they have access to credit. This is because financial institutions consider small and medium scale businesses as high credit risks. Short comings in institutional credit in Nigeria are attributed mainly to insufficient funds even with the financiers (whether private or public), though the narrative seems to be changing after the recapitalisation of banks and mergers in 2009; couple with political considerations in the disbursement of funds and absence of financial projections and planning in all sectors.

Another problem observed is the issue of the shortage of the infrastructures especially electricity, this is more felt by barbing salons and welding and fabrication enterprises. Electricity is required to run machines and increase visibility at work place. Very few can afford generating sets and fuel to run them for their businesses. It is public knowledge that there is almost the complete absence of public supplied electricity in Nigeria. Also water is required for use in enterprises under consideration, the in-availability of water inconvenience everybody. Water shortage is also pronounced in Gombe and the country in general, making the operations of business very difficult and inconvenient. Transportation system is necessary for efficient distribution of products, purchase of raw materials and the expansion of market areas. 80% of the respondents interviewed explain that one of the greatest barriers to them selling out of the state is transportation problem. While commercial vehicles are available, they cannot afford them because of the exorbitant cost to hire them. It should be noted that all these facilities could not be provided by individual small scale entrepreneurs.

Furniture making businesses do not have serious problem with machinery, though the problem of machinery exists because they still used tool in making their products. Modern tools are inaccessible to them because they are mostly imported and expensive. This is all because of the fact that they have very small capital, have no access to credit and so cannot afford the costly new modern machineries.

The management of these enterprises we observed is unorganized in all ramifications. For instance, no records are kept as regards finances, routine administrative duties (such as time to come to work and time to close), who does a particular duty; when and how. In fact the personal affairs of the owner and the operation of the businesses can hardly be separated. The owner combines the works of a manager, accountant, cashier, public relations officer etc. This may likely be as a result of the level of their education (see Table 1) and the capital of the enterprises. They also find it very difficult to adopt new



innovations and techniques. They also are very suspicious of anyone trying to find out something about their business and operations such as this study.

The premises of operations of these enterprises are very small and not conducive for business operations. Most of the furniture making enterprises operates by the roads side with virtually no structures that will make them operate comfortably. Except for few barbing salons, that that operate in one room, other just make makeshift structures as their offices. The business premises are dirty, with no sanitary facilities.

Added to all these problems is the issue of low patronage by government and private organizations. There is also the problem of competition with foreign products, for which government and private organizations and even wealthy individuals preferred, not because they are better, but because of Nigerians craze for foreign made products.

Small scale enterprises do make profits, but the owners don't admit that because they don't keep records, they don't know the exact figures (suspicion as to the intent of the research could also be the reason why they refused to disclose the figures or even admit that they make profits). But it is interesting to note that it is from whatever proceeds they have from their enterprises that they feed and provide other needs for themselves and their family members. While employees/trainees who are at times members of their extended families are not paid particular amounts as salary and other benefits, it is observed that they are fed mostly breakfast and lunch at the place of work and are given stipend whenever a particular business is accomplished or sales are made. The owners also cater for other needs such as school fees and uniform for those in school, and during festivities such as Sallah and Christmas clothes are sewed for them etc.

6.0 Recommendations

1. Most of the enterprises operate in small rented apartment or pieces of land as stated above. Thus, it will not be out of place for Gombe State University to first identify these businesses in the whole state and have data collated on them. From the data base, assistance in the form of training, financing and location should be provided by the State Government or other private organizations. An industrial estate and layout should be mapped out with all infrastructures for small and medium enterprises in Gombe to be manned by a private entity for sustainability.
2. The unorganized nature of these enterprises calls for calculated and deliberate actions from the Government at all level and other International Organizations so as to impact not only in the areas of skills acquisition, but in managerial training. If at all these enterprises will bring about the desired impact that will turn around the fortunes not only of the owners but the nation in general.
3. Gombe under the current disposition is being transformed, it is of urgent importance that every street is given a name and every premises be given a number for easy identification of locations within the metropolis. This will amongst other things help in locating the enterprises, and will as well help in stopping fraud when it comes to whatever assistance that should be given to the enterprises.
4. There are many agencies of government that are involved in disbursement of grants and soft loans to small and medium scale enterprises, the Gombe State Government should come in to serve as a link either by educating and positioning them on how to access funds and/or assist them in whatever way possible.
5. Gombe State Government should ensure that enterprises assisted are monitored regularly so that whatever assistance given them will not be diverted for other purposes, especially if funds



are obtained from a revolving source, this ensures continuity and more enterprises benefiting from such funds.

6. On a periodic basis, the State Government and its Agencies should conduct economic and industrial survey to keep abreast of possible changes that may affect these enterprises and see how they can be assisted to cope with such changes.
7. The State Government should identify the various categories of small and medium scale enterprises so as to know the problems that are peculiar to the different categories and the possible assistance that should be extended to them. This will ensure that the State Government deals with challenges affecting the different categories as should be.
8. The Government should organize trade fair to sensitize the public about goods produced by these enterprises. This could likely lead to increase patronage of their products especially by government and private organizations such as banks, companies etc.

If a small enterprise is unlikely to gain long term advantages over the competition through low prices it still has to find a competitive edge if it is to survive and grow. A competitive edge is the means by which the small firm differentiates itself from the competition. It comes from the careful selection of a target market in which the small enterprise can offer something better than anyone else. This can be only possible if economic environment can support the activities of small scale enterprises to thrive, by government to providing the much needed infrastructures and making ease of doing business a priority.

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