SMALL-SCALE INDUSTRIES AS A CATALYST TO RURAL
ECONOMIC EMANCIPATION (A STUDY OF AROCHUKWU AND OHAFIA LOCAL GOVERNMENT AREA)

BY

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CERTIFICATION

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    The research is original and has not been submitted, either in part or full for any Diploma or Degree this or other University.

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DEDICATION

This work is dedicated to my wife, Ugo Debbie Ikwuagwu, and our children, Nmesoma, Chidera and Ebubechim.

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ABSTRACT

The Nigeria's Public Sector has ballooned, in part since independent in 1960, on the back of the oil-boom years of the 1970s. the country had more 2000 public enterprises by early 1990s and there were concerns about inefficiencies and have negative effect on the aggregate economy, consequently, most of them have either been privatized or commercialize.

Ostensibly, global economic literatures and parameters reveal that small-scale industry is the bedrock of economic development. It is one of the secrets or catalyst behind the Asian tiger's dramatic economic growth over the years. The various Nigeria governments have also adopted or pursued one policy or the other intended to foster grassroot development, and improve the standard of living of our rural dwellers. All these policies and programmes have failed to impact significantly on those areas.

The researcher affirming the global view on small-scale industries, decided to investigate the contributions of small-scale industry to Nigerian rural areas, having Arochukwu and Ohafia Local Government Areas as the hear-beat of the Study.

The researcher adopted the use of questionnaire and oral interviews as statistical instrument for the study. During the study, 500 questionnaires were randomly distributed to 500 respondents in 41 villages of the local government areas. The data collected were presented and analyzed using Chi-square at 95 percent confidence level (ie x = 0.05).

The study reveal that small-scale industry is the engine of rural economic development. The industry creates job

opportunities and also provides basic infrastructures and social amenities. Small-scale industry motivates other economic activities that guarantee qualitative standard of living.

Nevertheless, the researcher concluded that small-scale industry is the catalyst to Rural Economic Emancipation, state and local government should encourage the establishment of scuh industry in the rural areas of their objectives of grassroot development will be achieved.

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CHAPTER ONE

1.1 BACKGROUND OF THE STUDY

Some time ago, Ablert Hirschman (1958) said that development is like a jigsaw puzzle, it is easier to fit in a particular piece when the adjoining pieces are already in place; the pieces that are hard to find are those with only one neighbour in place. This clever analogy evokes two very important economic principles that both researchers and policy makers are rediscovering as Nigeria moves from the

decade of adjustment to a new period of reform and growth.

The first one is that during the early phases of development, when an economy is no more than a collection of fragmented markers and regions, the establishment of government institutions, the construction of infrastructure, and the direct participation of the government in some areas of the economy are not only desirable but indispensable preconditions for the growth process.

The second principle is more in the line with the recent theories of endogenous economic growth (see Scott 1991),

Romer 1989; Lucas 1988; and Uzawa 1965). It reflects the motion that the opening-up of investment opportunities through changes in the environment where individuals work, save, and invest, both creates and reveals new investment opportunities. In Hirschman's example, once the difficult parts of the puzzle have been solved, the remaining pieces begin to fall into place almost automatically. What this means for the role of the government in economic development is that after

an initial period of protection and government intervention, growth no longer responds as strongly to further involvement as it did during the very first stages of industrialization. Furthermore, this analogy conveys the motion that once the basic institutional framework has been implemented, the public will be better served by indirect support of economic activity through deregulation, privatization, trade liberalization and a competitive environment than by direct government participation in production activities.

Today, government participation in economic activity is very different from a decade ago. Growth policies are geared toward creating a propitious climate for the participation of small scale industries of subsides and nationalization, the emphasis is on the elimination of institutional constraints on competition, the creation of new markets, and the generation of opportunities for all embers of the population.

The government growth and economic reform policies may not achieve sustainable results without rural development. There is high concentration of large, medium and even small scale industrials in the urban areas of the country because of availability of markets for their products,

infrastructures and social amenities. Various administrations came with one program or the other intended to liberate the rural dwellers from perennial poverty, but unfortunately, some of these programmes failed to achieve the expected results. Examples of such programs are, Directorate of Foods Roads and Rural Infrastructures (DFRRI), MAMSER, the Better Life Programme for Rural Dwellers etc.

The shift of emphasis to grassroots development is a matter of necessity at the present stage of our development; and small-scale industries have been identified as the catalyst towards rural economic emancipation. It is well known that at least 75 percent of the country's resource endowment abounds in the rural areas. Thus development projects and programmes cannot achieve only appreciable improvement or impact until they focus on these areas. In effect, it is imperative that we left up the rural low-income segment of the society of Nigeria will undergo the ideal economic transformation.

The on-going reform agenda that has been carefully packaged as the National Economic Empowerment and Development strategy (Needs) is to reposition Nigeria for

stability, growth and development: The reform agenda affects every sector of our society. To the states, it is "State Economic Empowerment and Development Strategy (Seeds), whereas the local government develops their own as "Local Empowerment and Development Strategy (Leeds). It is however expected that "Leeds" will create enabling background and facilities that will encourage small-scale industries in the rural areas.

During the period 1960-1972, agriculture was the mainstay of the Nigerian economy, contributing about 54.0% share of real GDP (table 1). This is invariably a contribution from rural areas of the country to our aggregate economy. Inspite of political upheavals, culminating in the civil war between 1967-1970. During the period, the economy as a whole witnessed a steady growth rate of about 11.97%, low inflation, relatively healthy balance of payments, moderate public sector investments and an emerging industrial sector, particularly the oil and gas industry. It was during the early 1970s and 1980 that the oil sector permanently displaced agriculture, accounting for about 24% of real GDP during the period between 1973 and 1985.

If this country must achieve a sustainable economy we must go back aggressively to agriculture. In order to achieve this, rural development projects should be modified to provoke actions necessary to improve rural life. For example, provision of modern farm equipments, tools pesticides and soil supplements and educating the people on the usage to achieve optimal results at subsidized costs if not free. Provision of electricity, rural waters supply, good communication network and roads will lead to proliferation of small scale industries in the rural areas, especially those that source their raw materials from agricultural produce. In a conducive environment where palm produce abound, palm kernel oil processing industries, vegetable oil industries, soap industry, cosmetics industries and poultry farms and poultry feed processing plants will undoubtedly thrive efficiently and effectively.

The basic structure of the economy is a hindrance to accelerated growth. Ours is an economy that is based on primary commodities traded on the international markets, and with little value added. Our law value added means we are, on balance, import dependent. This double-edged disadvantage

makes us vulnerable indeed because we only earn what the market pays for primary commodities, and have to pay prices determined by exporting countries. We then have no control on our margin stream. We need to restructure the economy towards more value added products, and the presence of productive small-scale industries in our rural areas is the key.

Another underlying hindrance is our development model, which has neglected the development of the human capital through high quality education, health and social security. No wonder there is such a death of managerial, executive and leadership capacity everywhere. Institutions are run down, and due process swept aside. Instead we have installed mediocrity, and come to accept the dictum of the Nigeria factor to represent everything substandard and shoddy. Our young graduates should be sound enough to be self-employed through commencement or establishment of small-scale industries at grassroot level. Their end products should also be of high quality capable of competing favourable at international markets. When this happens, the standard of living if our rural populace will increase and rate of development will also rise dramatically. When the small-scale

industries maximize their earnings, it exerts a multiplier effect on the immediate environment and overall economy.

We have recently heard that Nigeria had adopted an objective to earn $106 from cassava exports within five years. We will of course soon see a flurry of activities to encourage cassava production; seminars and conferences will be held since somebody needs the contract to organize the conference, which will be, tagged "international conference on cassava" and some influential person will develop the great idea to ensure that they can get rich without doing much. Thank God for the introduction of due press. Nevertheless, if government must achieve this targeted objective, the farmers at the rural areas must be encourage through subsidization of their overhead costs or mandating the Community Banks to grant credit facility to enable them expand production, cassava tuber is 80% water, and the crop has to be dehydrated before export since no one is willing to pay for cassava water. This means that government should also encourage cassava processing industries with locally fabricated machines to be sited at strategic places in our rural areas.

Perhaps the factor most consistently present in the East Asian economies was sound and disciplined macro economic policy framework, characterized by fiscal discipline, strong investment performance- especially in the area of human capital, small scale industries targeted at aggressive export development. Their outward orientation and its success in penetrating international markets are well documented. The region has made remarkable progress in expanding trade, particularly in manufactured exports and small-scale industries being active players.

Different government regime in Nigeria has initiated laudable programme aimed at rural development, but the impact of these programmes are not significant in those areas. The researcher have notice constant entry and exit rise and crumbing of small scale industries and low standard of learning in our rural areas and sets out to identify the causes of the ugly phenomenon in view of highlighting possible solutions.

1.2 STATEMENT OF PROBLEM

Available statistics indicate that about 75% of our populations live in rural areas. These are predominantly

present famers whose modes of agricultural production are relatively still primitive. One of the causes of backwardness in rural areas is the inadequacy of investment funds to finance small-scale industries. It is generally believed that rural small-scale industries can provide employment to rural labour force and also enhance development.

There are many small-scale industries, which can thrive in the rural areas but for the lack of rural infrastructure and social amenities. Funds of such small-scale industrial activities had been very difficult to come by and the efforts by the government in this direction has not yielded appreciable results.

Most of the proprietors or promoters of some of the rural small-scale industries are illiterates who lacked managerial and technical know-how. Their outputs are very inferior and substandard and very inferior and substandard and thus loose acceptability in the market arena. In the course of this study, other problems that have been militating against the existence of small-scale industries in our rural areas will be identified.

1.3 OBJECTIVE OF THE STUDY

The objectives of this research are as follows:

1. To analyze the contributions or benefit of small-scale industries as a catalyst to rural economic emancipation.

2. To identify the causes of why small-scale indurties shun rural areas.

3. To offer some suggestions to encourage the influx of small- scale industries in our rural areas.

4. To encourage our young graduates to be self employed through establishment of small-scale industries.

1.4 RESEARCH QUESTIONS

1. How would you rate the presence of small-scale industries in our rural areas?

2. Do you think that small-scale industries in rural areas will ensure good profitability margin to the promoters?

3. Do you think t hat active presence of small-scale industries will ensure development in our rural areas?

4. Would Banks and other financial Institutions be willing to grant credit facilities to small scale industries without collateral?

5. What is the role of the local government authority to rural development?

6. Do you think that influx of potential small-scale industries to our rural areas would also attract multi nationals ho may source their raw materials from these small-scale industries.

1.5 RESEARCH HYPOTHESES

1) There is no correlation between small-scale industries and higher standard of living in our rural areas.

2) Small-scale industries do not create employment opportunities in our rural areas.

3) Establishment of basic infrastructure and social amenities cannot attract small-scale industries to our rural areas.

4) Economic emancipation of our rural dwellers is not a function of activities of small-scale industries in those areas.

5) The presence of active small-scale industries in our rural areas cannot induce increase in export propensity.

1.6 SIGNIFICANCE OF THE STUDY

1. The findings will encourage federal government to allocate more funds to establishment of basic infrastructures in the rural areas.

2. The result will also encourage investors to promote the establishment of small-scale industries in our rural areas.

3. It will enhance poverty alleviation in our rural areas.

4. It will help to find solution to perennial unemployment that have bedeviled the social and economic status of the country.

5. It will lead to economic transformation, and increase in business activities in the rural areas.

1.7 SCOPE OF THE STUDY

The study was limited to 10 local government areas in Nigeria. It examined the performance of existing small-scale industries in those areas and their constraints. It also evaluated the basic infrastructures and their impact on business activities in those local areas. The study demonstrated the multiplier effect of small-scale industries and how these can lead to economic emancipation in the rural areas.

1.8 LIMITATION OF THE STUDY

The study was confined to 10 out of......................... Local government areas in Nigeria. This was due to limited

resources such as tie and finances. The increase petrol pump price has also increase cost of transportation, which in turn induced increase in general price index. These have been the major constraints to this study.

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CHAPTER TWO

LITERATURE REVIEW

2.1 AN OVER VIEW OF FEDERAL GOVERNMENT DEVELOPMENT POLICY (1962-2005)

There have been various attempts, by federal government to have in place development strategies aimed at facilitating the country's economic growth. These strategies have been

encapsulated in the development plans, the first of which spanned from 1962-1968. The subsequent development plans stretched from 1970-1974, third 1975-1980 and fourth, 1981-1985, as well as the national rolling plans have continually highlighted the challenges and policy have initiatives of successive regimes/ government.

At the inception of the first plan in 1962, an important substitution industrialization strategy was adopted. The second plan launched Nigeria into large-scale capital intensive projects, none of which effectively took off prior to the launching of the Third plan. It would be recalled that the oil boom of mid 1970s gave false impression of prosperity of the country during the implementation of Third plan. At the inception of the Fourth plan in 1981, there was a decline in the international price of oil. It then became apparent that there was need to undertake drastic economic measures including reforms to salvage the economy. This led to the introduction of the structural adjustment progranmme (SAP) in 1986.

The Structural Adjustment Programme (SAP) aimed at diversifying the productive base of the economy including the

reliance on market forces in the allocation of resources. In spite of the policy initiatives, the country remained relatively weak with wide spread poverty, macro-economic instability and civil strives among others. This informed the commencement of the three-year Rolling plan approve in 1990 as a replacement of the previous fixed-term, five years development plans.

The new approach was intended to forge a closer link between the medium term plans and the annual budgets, a development that did not yield optimal result in the same manner as past lacked focus and were not reform based.

The previous plans equally failed due to ineffective implementation, inconsistently and policy reversals, inadequate resources, neglect of the private sector vis-à-vis the overbearing government role. There was lack of wide consultation with other stakeholders in the crafting of the plan documents. This informed the introduction of a new economic deal for Nigeria with the formal launching of the National Economic Empowerment and Development Strategy (NEEDS) in May 2004. the NEEDS is the country's plan for prosperity

unlike the past development approaches, the NEEDS is focused and inform based.

2.2 THE ADOPTION OF REFORM BASED DEVELOPMENT STRATEGIES

The introduction of reform measures could be described as an attempt or process of improving the effectiveness of a system, an organization, or a law.

In spite of the merit associated with the reform exercise, oftentimes, most people view reform agenda from a negative perspective. It is believed that such measures must necessarily lead to loss of jobs in the public service.

> However, professor loss of jobs in public service will be more than compensated for if the private sector is adequately enabled as a wealth creator and employment generator".

Consequently, the reform measures including the ongoing NEEDS agenda in Nigeria is intended to pave way for the improvement in the country's development in line with the aspiration of Millennium Development Goals (MDGs) of having poverty reduced by 50 percent by year 2015.

Over the years, the role and size of the public sector arising from its assumption of the commanding heights of the economy had become overbearing. This led to crowding out of the private sector. NEEDS recognizes the private sector as the engine of growth while the government plays a facilitating role by providing a conducive environment. Thus, the key elements of the strategy to grow the private sector include:

- Privatization, deregulation and liberalization programme

- Development of infrastructure especially, electricity and transport, and

- Sectorial strategies for identified priority sector of agriculture, industry, especially small and medium enterprises, other elements of the programme include mobilization of long-term capital for investment, appropriate regulatory framework and coherent and consistent policy.

The envisaged level of 7 million employments is expected to be attained by 2007 in view of Governments determination to rely on the private sector as engine of growth. The anticipated increase in activities of SMES as well as Foreign Direction investments are to complement the efforts of

Government. This is in addition to its commitment to the Extractive Industries transparency Initiative (EITI), the strengthening of Nigeria Investment Promotion Commission (NIPC), independent corrupt practices and other related offenses Commission (ICPC), the Economic and Financial Crimes Commission (EFCC) and the due process and Procurement Procedure Mechanism.

2.3   ENTREPRENEURIAL DEVELOPMENT

Obviously, most businesses all over the world began their life with the spirit of enterprise or entrepreneurship. They began to thrive as individual or family business before they expand in both asset and capital base and drop the garb of family ownership.

According to Dr. Michael Olasubumi Balogun;

> "An Entrepreneur is a dreamer or a visionary who translates the dream or the vision into mission that he would use both his mental and physical facilities and other endowments to achieve".

The means that there cannot be a successful entrepreneurship without vision. The vision of a given

direction, a clear purpose and a well articulated business goal and objective which, when matched with the right determination and commitment, supported by favourable conditions and environment, will result in the emergence of a dynamic new business, when these visions become real, they create financial, social or cultural values.

Entrepreneurship has been recognized as an essential ingredient of economic development. Schumpeter (1961) sees an entrepreneur as a dynamic agent of change; or the catalyst who transformed increasingly physical natural and human resources into corresponding production possibilities. He argues that economy did not grow naturally or inevitably or even steadily, but rather, was pushed forward in sudden leaps by the activities of key mw who wanted o promote new products and new methods of production or to exploit a new source of materials or a new market.

The spirit of enterprise or entrepreneurship is an endowment given by God to an individual or group of individuals and thereafter, it is slowly nurtured with and unflinching tenacity and focus, so that it grows to become a fully- fledged new enterprise, given favourable conditions and

environment. Indeed, there must be a communicative relationship between the visionary and the enabler who invariably would be the regulator, or to be more specific, the Government, to turn the initiative into an enterprise.

Some writers have basically seen entrepreneurship development as a simple process of jump-starting or pioneering a new business venture, on the assumption that entrepreneurial activity is largely confined to the initial phase of a new business formation. It is perhaps permissible to make a more picturesque and dramatic analogy between new business formation and dried rearing starting the task requires only a moment of excitement, but a successful completion generously requires decades of careful thinking and hard work. It takes creatively and innovation for small-scale industries to remain relevant in rural development, and also have a fair market share. This brings us to the next paragraph in this segment of the research.

2.4 CREATIVITY AND INNOVATION

Creative ideas can come from anywhere and at any time. If the promoters of small-scale industries wish to foster

innovation, they should try to provide an organization structure in which innovative ideas are encouraged to emerge.

Our example of a formal structure for encouraging innovation is the quality circle. Quality circles seem to have emerged first in the United States, but it was in Japan that they were adopted most enthusiastically. The modern success story of Japanese small scale industries has promoted other countries to initiate many of the Japanese working methods, with the result that quality circles are now re-appearing in America and other countries.

In the words of Kotler (1972).

Business firms are increasingly recognizing that the key to their survival and growth lies in the continuous development of new and improved products. Gone is the confidence that established products will maintain strong market positions indefinitely. There too many competitors with fast-moving research laboratories, sophisticated marketing strategies and large budgets standing ready to woo away customers".

Stability calls for innovation too. An organization cannot rely on its existing products and markets forever, because

product, have a finite life, and customer demand change. A small-scale industry, which wants to maintain its sales and profit, must therefore develop new or improved products, or new markets, to replace the old ones in decline. It si a case of having to keep on peddalling just to stand still.

Nevertheless, it does not matter how ingenious a new business idea may be, it needs to be developed within favourable conditions and environment. Essentially, the only business the government has in the economy is to provide an enabling and favorable environment and having done so, it should then take the lead in encouraging and assisting those whose enterprises would develop the rural economy. Providing such an enabling environment, which will allow the talents of our people to flourish, involves a wide range of responsibility.

We have seen from the forgoing paragraphs that a sudden flight to small-scale industries may end up as a pipedream. It is the coordinated insight that guarantees a quantum leap. Having this in mind, one may ask, what is the meaning of small-scale industry, and how does it affect development and standard of living of our rural dwellers?

2.5 SMALL-SCALE INDUSTRY THE CATALYST TO RURAL DEVELOPMENT

Global macro-economic indicators reveal that small-scale industries are the engine to rural economic emancipation. The impact of this sector of the economy sends multiplier effects to the aggregate whole. It is indeed, the bedrock to East Asians dramatic growth.

However, there is no university accepted definition of small-scale industry. The definitions differ from one country to the other, and from one institution to the other. Definitions are usually based on the quantum of economic development of a particular country. This means that are standards upon which definitions of small-scale industries are based.

This ambit of the research will tend towards examining and reviewing different definitions adopted by different authors and institutions.

According to Klott Lawrence, 1973,

"Small scale industry is any industry which is independently owned and operated and not dominant in its area of operation".

Drucker D. F. 1974, maintains that there is only one critia with which a fair degree of reliability, indicates whether a business is small, fair sized or big. He says that a small business requires at most one man who is not engaged in any other functional work required. Drucker summed it up by asserting that regardless of titles and position, it can hardly exceed twelve to fifteen, which the boss can really be familiar with.

In the United Kingdom, the committee of inquiry known as the Bottom committee (BC) named after its Chairman was appointed in July 1969 on small firms. For the purpose of the study, a small firm was defined by them broadly as;

"One with not more than 200 employees" the committee chose to define a small firm in terms of three characteristics, which could be expected to make its performance and problems significantly different from those of large firms. Firstly, a small firm is one with a relatively small share or its owners or part owners in a personalized way, and not through the medium of a formalized management structure and thirdly, it is independent in that it does not form part of a

large enterprise nor its managers subject to outside control when taking major decisions.

In India, small-scale industries comprise all industrial establishments with a maximum investment capital of 500, 000 rupees; whereas in the United States, small-scale industry is recognized by legislation as one that does not occupy a dominant position in the industrial sector and whose workforce is less than 300 workers.

The small industry development programme, which was instituted by the Federal government of Nigeria defines small-scale industry as;

"Any manufacturing, processing or service industry with a capital investment not exceeding ₦500,000 in machinery and equipment and employing nor more than 50 workers.

Semi-mechanized small-scale industries and conventional small-scale industries are group under the category of above definition. We can further observe from these definition that what may be tagged small scale industry in one country, depending largely on the level of development attained by the country in question.

In the 1988 monetary policy Guidelines No 22, issued by the Central Bank of Nigeria, small-scale industry is defined as;

"One whose capital base does not exceed ₦2000, 000 (excluding the cost of land) or as one with maximum turnover of ₦4000,000". The Nigeria Bank of Commerce and Industry (NBCI) in 1986 after the introduction of second- Tier Foreign Exchange market, defined a small scale industry as "an investment with a maximum capital of ₦750,000 including working capital but excluding the cost of land".

Asides of variation in capital numendature, the management of small-scale industries are similar. It rather contracts directly, in many ways with those of large organizations.

The top manager of small-scale industries is usually will founder and owner of the business. As such, he or she will often want to take a close and detailed interest in many management decisions. The industry will be characterized by centralized decision-making, and so strongly influenced by the character and personality of the owner-leader.

The centralized control and decision-making by the owner-manager could eventually act as constraint on the growth of the organization, because eventually, as the organization gets bigger, the burdens of authority will become too great for one, or just a handful of individuals.

Koontz et al, suggest that small business managers have particular problems of short sightedness' and thus:

- Neglecting basic policy-making as they get bogged down in recurring operating problems.

- Failing to plan, eg for sales and production fluctuations, unexpected expenses, drains on working capital etc. small scale industries are often tempted to accept orders, without properly considering the capital required to meet them;

- Neglecting to review company objectives in the light of changes in technology, or the political, economic or legal environment.

Nevertheless, opinions of several authors reveal that small-scale industries are the engine for rural economic emancipation.

According to Alhaji Ibrahim Al-min Little,

"Small-scale Industry si the bedrock of the productive sector. They are the catalyst for economic growth".

While in affirmation with him, the researcher is of the opinion that since between 60-75% of our population dwell in the rural areas, government should ensure that about the same percentage of small scale industries are be sited in those rural areas through Local Economic Empowerment and Development Strategy (LEEDS). Ostensibly, this will naturally attract development to the rural areas of the country and reduce the high concentration and congestions in the urban cities. When the rural areas are developed, the whole nation will have also been developed.

Hong Kong has always been different from the early generation of new industrial economies, particularly in the small and non-interventionist role of its government. For the most of the past 40 years, Hong Kong's economic growth and productivity were the highest in the region. Small-scale industries flourished and by a government dedicated to macro economic stability and free market policies. The governments saw its role in terms of providing infrastructure, a strong

regulatory environment, and public housing and education. Under pinned by a strong civil service and administrative structure, export entrepreneurship flourished. In recent years, a new and dynamic link with the small-scale industries in local provinces of China has once again provided Hong Kong with a new source of growth.

The Nigerian government should learn some lessons from the principles underlying Hong Kong's and other East Asian tigers; growth miracle. Balogun argues that "apart from establishing and defending the rule of law, and providing security to lives and property of all the citizens and presidents of the country, the government owes a duty to provide adequate infrastructural facilities that will not only stimulate business development in the rural areas, but also allow for sustained business growth", He stressed further that No business can thrive efficiently without adequate and stable infrastructure. The requirements for good road, rail networks and efficient air travel services, stable supply of electricity, water and efficient telecommunication systems are not negotiable, so far as business development is concerned.

Ikpe observers that Nigeria's industrialization policies have been focused on large-scale industries and glad to note that the government have new resolved to promote small-scale enterprises as a strategy for effective industrialization of Nigeria. Describing small scale industries as a spring board for industrialization, he argues that if they are established in rural areas, will lead to increase in food production, supply of raw materials to bigger industries, diffusion of economic power, promotion of indigenous technology, jolting the economy through inter- sectoral linkages and the promotion of entrepreneurship at the grass root level.

Ezeanyagu observes that "a good feature of modern small scale industry is complementarities with large industry". He argues that this process allows small-scale manufactures specialize in those things they can do best and in many lines complementing the large manufacturing entities. He said that, Ford Motor Company, United Steel Corpoeration, and United States Rubber Company source their material inputs from 20,000, 50,000 and 1400 small scale industries respectively. For this reason, small- scale industries are observed by the researcher as playing catalysis role in economic development.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 POPULATIONS SIZE OF THE STUDY

Population is a complete set of individuals, groups, objects or measurement having some features, which can be observed. For the purpose of this study, the finite population studied was 41 villages in 20 local government areas.

3.2 SAMPLE SIZE

Sequel to constraints earlier mentioned, the researcher could not study the entire population within the ten/10 local government areas. Consequently, he sampled a total population of 250 persons. This of course comprised business proprietors and senior local government employees.

The selection of sample for the questionnaire and personal interview was by simple random sampling. This is a method of sampling in which solution is carried out such that every unit within the population has no equal chance of being chosen as a member of the sample.

3.3 SOURCES OF DATA

In collecting data for this research, both primary and secondary data sources were employed. All primary information and data were obtained through personal interview with and administration of Questionnaires to Senior Management Staff Business Entrepreneur in each locality.

The major secondary data sources include; books, journals and University of Nigeria Enugu Campus Library. The knowledge, experience, and skills gained form these sources were extremely useful and interview schedule. It was also of particular importance in compiling the literature review.

3.4 RESEARCH INSTRUMENT

As already mentioned in the forgoing paragraph, the major instruments, used for data collection were questionnaire personal interview. The questions were constructed in a single language such that as much information as needed could be obtained. The questionnaire consists of 17 items, which are multiple type questions that required the respondent to pick either one option or as many as applied to their circumstance. "Yes" or "No" questions were also employed while one or two questions gave the respondents room for open-ended opinions.

In order to ensure the reliability and validity of the questionnaire, some questions were deliberately repeated in different forms. The idea was that a lack of internal consistency in the answers to these questions would be an indication of the unreliability of the particular questionnaire.

3.5 DATA COLLECTION PROCEDURE

The questionnaire were distributed in person by the researcher. This was preceded by the presentation of a letter of introduction from the department of management.

A few questionnaires were completed immediately while majority had to be collected at a later date.

The oral interviews generally lasted between 10 and 15 minutes. Most of the interview questions were drawn from the questionnaires. It is assumed that the interview response will aid the detailed analysis of the objective/hypothesis of this study.

On the whole, out of 500 questionnaires were administered, 460 were collected while 10 were wrongly completed and therefore rejected.

3.5 TECHNIQUES OF DATA ANALYSIS

In order to ensure easy comprehension and analysis, most of the information presented as findings of this research have been reduced to tables. The hypothesis will be further analyzed, adopting chi-square at 95 percent confidence level (iex=0.05).

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF

DATA

The overview on statistical approach adopted by the researcher in data collection was dealt with in the proceeding chapter. This chapter however, will tend towards the analysis of these data quantitatively.

4.1 ANALYSIS OF THE QUESTIONNAIRE

During the study, a total of 500 questionnaires were randomly distributed to 500 respondents within the two local governments under review. Out of 250 questionnaires dispatched to each of the local governments, 250 completed responses were received from Arochukwu Local Government, whereas 201 were received from Ohafia local government and thus representing 100% and 84% of total questionnaires respectively.

4.2 ANALYSIS OF THE RESPONDENTS

Out of 250 respondents in Arochukwu, 60 were women while 190 were males. Further examination reveals that 80 were holders of higher diplomas and university degrees without professional qualification, while 50 were retirees. Also in Ohafia local government area, out of 201 respondents 41

were women, while 169 were men. This represents 20.5% and 80% of total respondents respectively. On the whole, 49 hold higher school diplomas, university degrees and other professional certificates, among them were 37 retirees.

ANALYSIS AND INTERPRETATION OF DATA

Table 1: Opinion on the meaning of small-scale industries.

RESPONDENTS OPINION

LOCAL GOVERNMENT AREAS	CHAPTIAL INVESTMENT 500,000.00 **AND** EMPLOYING Not more than 50 WKRS	CAPITAL 2000,000.00 WORKFORCE 100 TURNOVER 4000,000 PA	CAPITAL 750,000 workforce Not More Than 50	**NO IDEA**	**TOTAL**
AROCHUKWU	50 (62.5)	(95.0)	5 (62.5)	10 (10.0)	240
OHAFIA	70 (62.50)	90 (65.0)	40 (62.5)	10 (10.0)	210
TOTAL	**120**	**190**	**125**	**20**	**450**

The Hypothesis:

Ho: The conception of small-scale industries in Arochukwu is the same with those of Ohafia.

Hi: The conception of small-scale industries in Arochukwu is not be same with those of Ohafia.

Test Statistics

Chi-square

$X^2{}_O = \dfrac{(0-ei)^2}{Ei} \; x^2 \; (n-1, m-1 \; 0.05)$

$\therefore X^2{}_O = \dfrac{(50- 62.5)^2}{62.5} + \dfrac{(100-95.0)^2}{95.0}$

$+ \dfrac{(15-10.00)^2}{10.0} + \dfrac{(75-62.5)^2}{62.5} + \dfrac{(90-95.0)^2}{95.0}$

$\dfrac{(40-62.5)^2}{62.5} + \dfrac{(5-10.0)^2}{10.0}$

=

-0.4 + 0.26 + 2.5 + 2.5 + 0.26- 0.72

- 2.5 = 1.9

$X^2{}_O = 1.9$

Decision Rule

Reject Ho when $X^2{}_O > x^2$ (n-I, m-I 0.05)

$\therefore \quad X^2$ 2, 0.05 = 5.991

Therefore reject the Ho, and accept Hi that the conception of small-scale industries in the two local government areas are not the same.

Table 2: Opinion on sourcing initial capital outlay by small-scale

Industries: RESPONDENTS OPINION

Local Government	Contributions By Promoters	Individual Savings	Bank Credit Facility	Borrowing from Friends and Relatives	Total
Arochukwu	50 (60.0)	90 (80.00	50 (500)	30 (35.9)	240
Ohafia	50 (56.40)	70 (75.2)	50 (47.00	40 (32.90	210
Total	120	160	100	70	450

The Hypothesis:

Ho: The sourcing of initial capital outlay in the two local

governments are the same.

Hi: The sourcing of initial capital outlay in the two local

governments are not the same.

Test Statistics

Chi-Square
$$X^2_0 = \frac{(o- ei)^2}{Eei} \qquad X^2 = (n-I, m- I, 0.05)$$

$\therefore \quad X^2_0 = \dfrac{(70-60.0)^2}{60.0} \quad + \quad \dfrac{(90-80.0)^2}{80.0} \quad +$

$\dfrac{(50-50.0)^2}{50.0} \quad + \quad \dfrac{(30-35.0)^2}{35.0}$

$\dfrac{(50-56.4)^2}{56.4} \quad + \quad \dfrac{(70-75.2)^2}{75.2} \quad +$

$\dfrac{(50-47.0)^2}{47.0} \quad + \quad \dfrac{(40-32.9)^2}{32.9}$

1.607 + 1.25 + 0+ 0.714 + 0.726

X 0.360 + 0.191 + 1.532

= 6.44

X^2_O = 6.44

Decision Rule

Reject Ho when $x^2_O < x^2$ (n- I, m- I 0.05)

:. X^2 = (n- I, m- I 0.05)

= (2-1) (4-1) O.05 = 3, 0.05

X^2 = 3,6.05

X^2 = 9.348

:. $X^2_O > x\ 2$

Therefore accept the Ho that sourcing of initial capital in the two local government areas are the same.

Table 3: Opinion on preferable small-scale industry to be established in a particular area.

RESPONENTS' OPINIONS

Local	Palm oil and	Cassava Floor	Soap	Poetry	Corn and	Total

Govt. Area	Palm Kernel Processing Industry	and Garri Processing Industry	Industry	Feed Processing Industry	Plantain Floor Processing Industry	
Arochu kwu	50 (45.0)	70 (65.0)	40 (450)	50 (40.00	40 (35.00	240
Ohafia	40 (42.3)	60 (61.1)	50 (42.3)	30 (37.6)	30 (32.9)	210
Total	90	130	90	80	70	450

The Hypothesis:

Ho: The possible small-scale industries to be established in Arochukwu Local of Ohafia Local Government Area.

Hi: The possible small-scale industry to be established in Arochukwu Local Government Area are not the same with those of Ohafia Local Government Area.

Test Statistics:

Chi-Square

$$X^2_0 = \frac{E(o-ei)^2}{E\ ei} \qquad X^2 = (n\text{-}I,\ m\text{-}I\ 0.05)$$

$$\therefore X^2_0 = \frac{(50\text{-}45.0)^2}{45.0} + \frac{(70\text{-}65.0)^2}{65.0} +$$

$$\frac{(40\text{-}45.0)^2}{45.0} + \frac{(50\text{-}40.0)^2}{40.0} + \frac{(40\text{-}35.0)^2}{35.0} +$$

$$\frac{(40\text{-}42.3)^2}{42.3} + \frac{(60\text{-}61.1)^2}{61.1} + \frac{(50\text{-}42.3)^2}{42.3}$$

$$\frac{(30-37.6)^2}{37.6} + \frac{(30-32.9)^2}{32.9}$$

0.556 + 0.385 +0.556 + 2.5 +0.714 + 0.125

+ 0.019 + 0.125 + 1.536 + 0.256 = 6.772

$X^2_O = 6.772$

Reject Ho when $X_O^2 < x^2$ (n- 1, m- I0.05)

∴ $X^2 = $ (n I, m- I 0.05)

$X^2 = $ (2-1) (5-1) 0.05

$X^2 = $ 1x5 0.05 = 5, 0.05

$X^2 = $ 11.070

∴ 6. 772> 11.070

Therefore accept the Ho that the possible small-scale industries to be established in Arcohukwu are the same with those to be established in Ohafia.

Table 4: Opinion on whether the Establishment of small-scale industries can accelerate rural economic development

RESPONDENTS OPINION

Local Government Areas	Yes	No	Indifferent	total
Arochukwu	220 (2226)	15(7.95)	5(2.65)	240
Ohafia	220(197.4)	5(2.35)	5(2.35)	210
Total	**420**	**20**	**10**	**250**

The Hypothesis:

Ho: Small-scale industries are catalysts to rural development.

Hi: Small-scale industries are not catalysts to rural

development

Test Statistics:

Chi-Square

$X^2_O = \dfrac{E(o-ei)^2}{E\ ei}$ $X^2 = (n-1, m-I, 0.05)$

∴ $X^2_O = \dfrac{(220-222.6)^2}{222.6} + \dfrac{(15-7.95)^2}{7.95} +$

$\dfrac{(5.2.35)^2}{2.35} + \dfrac{(5-2.35)^2}{5.35}$

$= 0.030 + 6.25 + 0.034 + 0.024$

$+ 0.024 = 6.386$

. $X^2_O = 6.386$

Reject Ho when $X^2_O < X^2$ (n-I, m-I, 0.05)

$X^2 = (2-1)\ (3-1)\ 0.05$

$X^2 = 2, 0.05$

$X^2 = 7.378$

$\therefore X^2_O > X^2$

Therefore accept the Ho that small-scale industries are catalysts to rural development.

Table 5: opinion on whether small-scale industries are capable of creating job opportunities in the rural areas:

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	total
Arochukwu	225 (225.3)	10(7.95)	5(5.3)	240
Ohafia	200(199.8)	5(2.35)	5(4.7)	210
Total	**425**	**15**	**10**	**450**

The Hypothesis:

Ho: Small-scale industries are capable of crating job opportunities in the rural areas:

Hi small-scale industries are not capable of creating job opportunities in the rural areas.

Test Statistics:

Ho: Small-scale industries are capable of creating job opportunities in the rural areas.

Hi: Small-scale industries are not capable of creating job opportunities in the rural areas.

Test Statistics:

Chi-Square

$$X^2_O = \frac{E(o-ei)^2}{Ei} \qquad X^2 = (n-I, m-I, 0.05)$$

$$\therefore \quad X^2_O \frac{(225-225.3)^2}{225.3} \quad + \quad \frac{(10-7.95)^2}{7.95} +$$

$$\frac{(200-199.8)^2}{199.8} + \frac{(5-705)^2}{7.05} + \frac{(5-4.7)^2}{4.7}$$

$$= \quad 0.000 + 0.596 + 0.019 + 0.019$$

$$X^2 0 = 0.634$$

$\therefore$ Reject Ho when $X^2_O < X^2$ (N- I, m-I, 0.05)

$$X^2 = 7.378$$

$$X^2_O > X^2$$

Therefore, we accept the Ho, that small-scale industries are capable of creating job opportunities in the rural areas.

Table 6: Opinion on whether the activities of small-scale industries will enhance the development of local technologies.

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	210(212.0)	25(21.2)	5(5.3)	240
Ohafia	190 (188.00	15(18.8)	5(4.7)	210
Total	**400**	**40**	**10**	**450**

The Hypothesis:

Ho: Establishment of small-scale industries will enhance the development of local technologies.

Hi: Establishment of small-scale industries will not enhance the development of local technologies.

Test Statistics:

Chi-Square

$$X^2_O = \frac{E(o-ei)^2}{E\ ei} \qquad X^2 = (n-I,\ m-I,\ 0.05)$$

$$\therefore\ X^2_O = \frac{(210-212.0)^2}{212} + \frac{(25-212)^2}{21.2} +$$

$$\frac{(5-5.3)2}{5.3} + \frac{(190-188)^2}{188} + \frac{(15-18.8)^2}{18.8}$$

$$+ \frac{(5-4.7)^2}{4.7}$$

$$= 0.019 + 0.681 + 0.016 + 0.021 + 0.768$$

+ 0.019 = 1.54

X^2_O = 1.54

Reject H when $X^2_O < X^2$ (n- 1, 0.050

X^2 = 7.378

$X^2_O > X^2$

Therefore, we accept the Ho: that the Establishment of small-scale industries will enhance the development of local technologies.

Table 7: Opinion on whether small-scale industries can activate other economic activities in the rural areas:

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	220(222.6)	15(7.95)	5(2.65)	240
Ohafia	200(197.4)	5(2.35)	5(2.35)	210
Total	**420**	**20**	**10**	**450**

The Hypothesis:

H$_o$: Small-scale industries can activate other economic activities in the rural areas.

H$_i$:   Small-scale industries cannot activate other economic activities in the rural areas.

Test Statistics:

Chi-Square

$X^2{}_O = \dfrac{E(o\text{-}ei)^2}{E\ ei}$ $X^2 = (n\text{-}1, m\text{-}1, 0.05)$

$\therefore X^2{}_O = \dfrac{(220\text{-}222.6)^2}{222.6}$ $+ \dfrac{(15\text{-}7.95)^2}{7.95}$ $+$

$\dfrac{(5\text{-}2.35)^2}{2.65}$ $+ \dfrac{(200\text{-}197.4)^2}{197.4}$ $+ \dfrac{(5\text{-}2.35)^{2+}}{2.35}$

$+ \dfrac{(5\text{-}2.35)^2}{2.35}$

= 0.030 + 6.25 + 0.024 + 0.034 + 0.24

+ 0.024 = 6.386

$X^2{}_O$ = 6.386

Reject H$_o$ when $X^2{}_o < X^2$ (n-^{1}, 0.05)

X^2 = 2, 0.05

X^2 = 7.378

$X^2{}_O > X^2$

Therefore accept the Ho that small-scale industries can activate other economic activities in the rural areas.

Table 8:   Opinion on evaluation of existing small-scale industrial in the rural areas:

RESPONDENTS' OPINION

Local Government Areas	Very Poor	Poor	Encouraging	Fair Encouraging	Total
Arochukwu	180(180.2)	40(42.4)	10(7.99)	10(7.99)	240
Ohafia	160(159.8)	25(25.89)	5(7.09)	5 (7.09)	210
Total	240	80	15	15	450

The Hypothesis:

H_o: The existence of Small-scale industries in the rural areas

is very poor.

H_i: The existence of Small-scale Industries in the rural areas

is not very poor.

The Hypothesis:

Hi-Square

$X^2_O = \dfrac{E(o-ei)^2}{E\ ei}$ $X^2 = (n-1, m-1, 0.05)$

$\therefore X^2_O = \dfrac{(180-180.2)^2}{180.2}$ + $\dfrac{(40-42.4)^2}{42.4}$ +

$\underline{(10-7.99)2}$ + $\underline{(180{-}159.8)^2}$ + $\underline{(40{-}37.8)^2}$

7.99   159.8   37.8

$$\frac{+ (5-7.09)^2}{7.09} + \frac{(5-7.09)^2}{7.09}$$

$X^2{}_O = 0.00 + 5.78 + 0.50 + 0.00 + 0.128$

$+ 0.61 + 0.61 = 7.63$

$X^2{}_O = 7.63$

Reject H_o when $X^2{}_O < X^2$ (n- ^{1}, m-^{1}, 0.05)

$X^2 = (2-1) (4-1) 0.05$

$X^2 = 3,0.05$

$X^2 = 9.348$

$X^2{}_O > X^2$

Therefore accept H_o that the output of small-scale industries have potentials to large-scale industries.

Table 9: Opinion on whether the output of small-scale industries have input potential to large-scale

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	200(201.4)	25(21.2)	10(7.99)	240
Ohafia	180(178.8)	25(25.89)	5(7.09)	210
Total	**280**	**55**	**15**	**450**

The Hypothesis:

H_o: The output of small-scale industries have input potential to large-scale industries.

H_i: The output of small-scale industries do not have input potential to large-scale industries.

Test Statistics:

Chi-Square

$$X^2_O = \frac{E(o-ei)^2}{E\ ei} \qquad X^2 = (n-I,\ m-1,\ 0.05)$$

$$\therefore X^2_O = \frac{(200-210.\ 4)^2}{201.4} + \frac{(30-29.19)^2}{29.19} +$$

$$\frac{(10-7.99)2}{7.99} + \frac{(180-178.8)^2}{178.8} + \frac{(25-25.89)^2}{25.89}$$

$$+ \frac{(5-7.09)^2}{7.09}$$

$$= 0.009 + 0.022 + 0.505 + 0.00 + 0.030 + 0.616 = 1.182$$

$$X^2_O = 1.182$$

Reject H_o when $X^2_O < X^2$ (n- ^{I}, m- ^{1}, 0.05)

$$\therefore X^2 = (2-1)\ (3-1)\ 0.05$$

$$X^2 = 2.0.05$$

$$X^2_O > X^2$$

Therefore accept the H_o that the output of small-scale industries have input potentials to large-scale industries

Table 10: Opinion whether the output establishment of small-scale industries will improve the standard of living of our rural populace.

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	230(222.6)	10(15.9)	-	240
Ohafia	190(197.4)	20(14.1)	-	210
Total	**420**	**30**	**-**	**450**

The Hypothesis:

H_o: The establishment of small-scale industries in the rural areas is very poor.

H_i: The existing of small-scale industries will improve the standard of living of rural populace.

Test Statistics:

Chi-Square

$$X^2_O = \frac{E(o-ei)^2}{E\ ei} \quad X^2 = (n-1, m-1, 0.05)$$

$$\therefore X^2_O \text{ "} \frac{(230-2220.6)^2}{222.6} + \frac{(10-15.9)^2}{15.9} +$$

$$\frac{(190-197.4)^2}{} + \frac{(20-14.10)^2}{}$$

197.4   14.10

$= 0.246 + 2.189 + 0.277 + 2.469$

$X^2_O = 5.181$

Reject H_o that the establishment of small-scale industries will improve the standard of living or rural populace.

Table 11: Opinion on whether the current state of infrastructures and social amenities is capable of attracting small-scale industries to rural areas.

RESPONENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	180(187.5)	50(7.5)	10(7.5)	240
Ohafia	195(176.3)	10(28.2)	5(7.05)	210
Total	**375**	**60**	**15**	**450**

The Hypothesis:

H_o: The current state of infrastructures and social amenities is capable of attracting Small-scale industries to rural.

H_i: The current state of infrastructures and social amenities is not capable of attracting Small-scale industries to rural.

The Statistics:

Chi-Square

$X^2_O = \dfrac{E(o\text{-}ei)^2}{E\ ei}$ $X^2 = (n\text{-}1, m\text{-}1, 0.05)$

$\therefore X^2_O = \dfrac{(180\text{-}187.5)^2}{187.5} + \dfrac{(50\text{-}30.0)^2}{30.0} +$

$\dfrac{(10\text{-}7.5)^2}{7.5} + \dfrac{(9195\text{-}176.3)^2}{176.3} + \dfrac{(10\text{-}20.2)^2}{28.2}$

$+ \dfrac{(5\text{-}7.05)^2}{7.05}$

$= 0.3 + 13.3 + 0.833 + 1.983 + 11.746$

$+ 0.596 = 28.758$

$X^2_O = 28.758$

Reject H_o when $X^2_o < X^2 (n\text{-}1, m\text{-}1, 0.05)$

$X^2 = (2\text{-}1)(3\text{-}1)\ 0.05$

$X^2 = 2, 0.05$

$X^2 = 5.991$

$X^2_o > X^2$

Therefore, reject the H_o, and accept the H_i that the current state of infrastructure and social amenities is not capable of attracting small-scale industries rural areas.

Table 12: Opinion on whether establishment of small-scale industries in rural areas can checkmate the rate of migration to urban cities.

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	220(212)	25(18.55)	15(7.95)	240
Ohafia	200(188)	10(11.45)	–	210
Total	**400**	**35**	**15**	**450**

The Hypothesis:

H$_o$: Establishment of Small-scale industries in rural areas can checkmate the rate of migration to urban cities.

H$_i$: Establishment of Small-sale industries in rural areas cannot checkmate the rate of migration to urban cities.

Test Statistics:

Chi-Square

$$X^2_O = \frac{E(o\text{-}ei)^2}{E\ ei} \quad X^2 = (n\text{-}1, m\text{-}1, 0.05)$$

$\therefore X^2_O = \dfrac{(200-212)^2}{212} + \dfrac{(25-18.55)^2}{18.55} +$

$\dfrac{(15-7.95)^2}{7.95} + \dfrac{(200-188)^2}{188} + \dfrac{(10-21.15)^2}{21.15}$

$= \quad 0.679 + 2.243 + 6.252 + 0.765 + 5.878$

$X^2_O = 15.817$

Reject H_o when $X^2_o < X^2$ (n-1, m-1, 0.05)

$X^2 = 2, 0.05$

$X^2 = 7.378$

$X^2_o > X^2$

Therefore, reject the H_o, and accept the H_i that establishment of Small-scale industries in rural areas cannot checkmate the rate of migration to urban cities

Table 13: Opinion on whether the local government authority should be allocated with large share of national development budgets

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	230(227.9)	5(5.3)	5(5.3)	240
Ohafia	200(202.1)	5(4.7)	5(4.7)	210
Total	**430**	**10**	**10**	**450**

The Hypothesis:

H_o: Local government authority should receive large share of national development budgets

H_i: Local government authority should not receive larger share of national development budgets.

Test Statistics:

Chi-Square

$$X^2{}_O = \frac{E(o-ei)^2}{E\ ei} \qquad X^2 = (n-1,\ m-1,\ 0.05)$$

$$\therefore X^2{}_O = \frac{(230-227.9)^2}{227.9} + \frac{(5-5.3)}{5.3} + \frac{(5-5.3)}{5.3}$$

$$\frac{(200-202.1)^2}{202.1} + \frac{(5-4.7)^2}{4.7} + \frac{(5-4.7)^2}{4.7}$$

= 0.019 + 0.0169 + 0.0169 + 0.0218

+ 0.019 + 0.019 = 0.1126

$X^2{}_O = 0.1126$

Reject H_o when $X^2_O < X^2$ (n- 1, m- 1, 0.05)

X^2 = 2, 0.05

X^2 = 5.991

$X^2_o > X^2$

Therefore, accept the H_o, that Local government authorities should receive large share of national development budgets.

Table 14: Opinion on whether the establishment of small-scale industries can equally attract large-scale industries to the rural areas.

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	230(227.9)	5(5.3)	5(5.3)	240
Ohafia	200(202.1)	5(4.7)	5(4.7)	210
Total	**430**	**10**	**10**	**450**

The Hypothesis:

H_o: Establishment of small-scale industries in rural areas can attract the big-large-scale industries to the grassroots.

H$_i$: Establishment of small-scale industries in rural areas cannot attract the big-large-scale industries to the grassroots.

Test Statistics:

Chi-Square

$X^2_O = \dfrac{E(o\text{-}ei)^2}{E\ ei}$ $X^2 = (n\text{-}1, m\text{-}1, 0.05)$

$\therefore X^2_O = \dfrac{(230\text{-}227.9)^2}{227.9} + \dfrac{(5\text{-}5.3)^2}{5.3} + \dfrac{(5\text{-}5.3)}{5.3}$

$\dfrac{(200\text{-}202.1)^2}{202.1} + \dfrac{(5\text{-}4.7)}{4.7} + \dfrac{(5\text{-}4.7)^2}{4.7}$

= 0.019 + 0.0169 + 0.0169 + 0.0218

+ 0.019 + 0.019 = 0.1126

X^2_O = 0.1126

Reject H$_o$ when $X^2_O < X^2$ (n- 1, m-1, 0.05)

X^2 = 2, 0.05

X^2 = 5.991

$X^2_O > X^2$

Therefore, accept the H$_o$, and conclude that the establishment of small-scale industries in rural areas can attract the big-large-scale industries to the grassroots.

Table 15: Opinion on whether increased government investment in human and physical capital, will turn out to increased efficiency and productivity of small-scale industries

RESPONDENTS' OPINION

Local Government Areas	Yes	No	Indifferent	Total
Arochukwu	225(219.95	5(7.95)	10(10.6)	240
Ohafia	190(195.05)	10(7.05)	10(9.4)	210
Total	**415**	**15**	**20**	**450**

The Hypothesis:

H$_o$: Increased government investment in human and physical capital, will not turn out to increased efficiency and productivity of small-scale industries.

H$_i$: Increased government investment in human and physical capital, will not turn out to increase efficiency and productivity of small-scale industries.

Test Statistics:

Chi- Square

$X^2 = \dfrac{E(o\text{-}ei)^2}{E\ ei}$ $X^2 = (n\text{-}1, m\text{-}1, 0.05$

$$= \frac{(225-219.95)^2}{219.95} + \frac{(5-7.95)^2}{7.95} + \frac{(10-10.6)}{10.6}$$

$$\frac{(190-195.05)^2}{195.05} + \frac{(5-7.95)^2}{7.95} + \frac{(10-9.4)^2}{9.4}$$

$X^2{}_O = 0.115 + 1.095 + 0.034 + 0.31$

$+ 1.234 + 0.0383 = 2.6473$

$X^2{}_O = 2.6473$

Reject H_o when $X^2{}_o < X^2$ (n-1, M-1, 0.05)

$X^2 = 2, 0.05$

$X^2 = 5.991$

$X^2{}_o > X^2$

Therefore, accept the H_o that increased government investment in human and physical capital will turn out to increased efficiency and productivity of small-scale industries.

CHAPTER FIVE

FINDINGS, SUMMARY AND SUGGESTIONS

The main thrust of this chapter is to discuss the findings emanating from the study. The researcher will also summerise the research work and also make suggestions as functions of his findings.

5.1   DISCUSSION OF RESULTS

The study reveals that the conception of small-scale industries in the Local Government Areas are the same.

The findings also show that the sources of medial capital outlay of small-scale industries in the areas are the same. Most people commenced their business from personal savings and or credit facilities from community banks within the locality. Most of the promoters complained that it was not easy to access these credits from Bank, and in most cases, the approved loan may not be adequate sustain production and growth.

Another result arrived at in this study was that small-scale industries are catalysts to rural development. It generates employment opportunities and also activate other economic activities. These are in agreement with the findings

of pickles and Royce who maintained that small-scale industries create job opportunities and also accelerate economic growth.

The research evidence also reveals that small-scale industries can motivate the development and improvement of our Local etymologies, which will equally enhance quantitative and quantitative output. These outputs can also become inputs to larger industries. This complementary role is in line with the opinion of Ezeanyagu who said that a good feature of modern small-scale development is complementatarities with large industry. He went further to stress that the process is less evident today in the industrializing countries than in the industrialized ones where small manufactures specialized in those things they can do best and in many lines complementing rather than competing with large industries. This confirms the finding that the establishment of small-scale industries in the rural areas can equally attract the location of big scale industries whose social responsibilities become added-value to rural development.

It has also established by the findings of this study that the establishment of small-scale industries in our rural

arrears can improve the standard of living of rural drivellers.

It will attract the constructing of good road and communication network, water, electricity, Banks, Good Hospitals, qualitative education facilities and social amenities to the grassroots.

Table 12 of the study and oral interviews reveal that the presence of small-scale industries in the rural areas cannot checkmate the rate of migration to urban cities. This is because greater percentage of our people do not like staying in the rural areas presently. They prefer living in the cities or even outside the country only to return home during festive periods or funerals.

Regrettably, there are very few small-scale industries in the rural areas as revealed in Table 8 of this study. The few existing ones operate at a very low standard and also very low capacity. This was attributable to poor state of infrastructures in those areas as made evident in Table 11 of the study. According to Olasubomi Balogun, social amenities are to business what blood is to the body. No business can thrive efficiently without adequate and stable infrastructure. The requirements for good road, rail networks and efficient air

travel services, stable supply of electricity, water and efficient communication systems are not negotiable. If the much desired grassroot developments are to emerge successfully, government has a critical responsibility to ensure that rapid and consistent progress is made in all these areas.

5.2 SUMAMRY

A quantum shaft of emphasis to grassroots development as a matter of necessity at the present stage of our development is prominent in economic policies and programmes of various governments of Nigeria including the present administration. The researcher, motivated by the shaft, focused his search-light on small-scale industries as a catalysts to grassroot development.

The research evidence shows that small-scale industries have economic potentials that can trigger-off multiplier-effects on other socio-economic activities that will raise the standard of living of rural dwellers and also activate grassroot development.

Regrettably, infrastructures in those rural are in a very poor state. Most of the roads are death traps, and supply of electricity (ie where they exist) is very erratic. No right thinking

investor will want to waste his high-cost capital in such areas. It is a breath-taking risk.

However, the researcher is of the opinion that Federal and State Government should strive consistently to make the rural areas more attractive to small-scale industries through the provision of good roads, electricity, good drinking water, hospitals etc.

5.3 SUGGESTIONS

Having the findings of this study in mind, the researcher submits the following recommendations.

1. The Federal Government should allocate a larger share of national development budgets to the Local Government Authority, and apportion a team of consultants who will monitor, evaluate projects, and ensure compliance to Federal government rural development plan.

2. Obviously, increased government investment in human and physical capital will turn out to increased efficiency and productivity of small-scale that government should train and re-rain small-scale industrialists.

3. Our youth corpers should be properly trained during service year, on how to be self-reliant through

establishment of small-scale industries in our rural areas. Interest free loan should be granted to any of them who is willing to commence with the end of his/her service.

4. Government to lease with the Banks to ensure that adequate capital is granted to potential small-scale industrialists without collaterals.

5. Government should make our rural environment more attractive through the provision of basic infrastructures and social amenities.

6. Government should also encourage foreign corporate bodies to site their factories in our rural areas. For example, the much talked-about GSM Handset manufacturing plant.

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Dear Sir/ Madam,

QUESTIONNAIRE ON SMALL-SCALE INDUSTRY, AS A CATALYST TO RURAL ECONOMIC EMANCIPATION

My name is Mr. Uchenna Ikwuagwu, a postgraduate student of the above institution. I am conducting a study/Research on the above-mentioned subject and your responses to the attached questionnaire will be pivotal in data generation and evaluation of findings.

You are please requested to answer these questions as accurately as possible. There are no right or wrong answer. I assure you that all information given will be treated with strict confidentiality.

Your kind cooperation will be highly appreciated.

Thank you.

Age...

Sex...

Education Qualification...

Occupation..

Local Government of Origin/Residence..............................

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SECTION A: SMALL-SCLAE INDUSTRY

1. In Nigeria's present economic situation, would you grade small-scale business as

a. A business with a capital investment not exceeding ₦500,000 in machinery and equipment, and employing not more than 50 workers.

b. A business that it's capital base does not exceed ₦2000,000 9excluding the cost of land) and turnover of ₦4000,000.

c. A business with a maximum capital of ₦750,000 including working capital but excluding the cost of land.

d. None of the above.

2. Promoters of small-scale industries in your areas raise their capital through:

a. Contribution from members

b. Bank loan

c. Personal savings

d. Borrowing from friends and relations

3. Which of the following small-scale industries will be more viable within your locality

a. Palm oil and kennel processing industry

b. Cassava floor and yam process industry

c. Soap factory

d. Poetry-fee production factory

e. Corn and Plantain floor processing industry

f. All of the above.

4. Do you think that adequate presence of small-scale industries in your area will accelerate economic development?

(a) Yes { } (b) { }

5. Do you think that small-scale industries are capable of creating job opportunities in the rural areas?

(a) Yes { } (b) No { }

6. Do you think that activities of small-scale industries will enhance the development of local technologies?

(a) Yes { } (b) No { }

7. Do you think that the establishment of small-scale industries in the rural areas will activate other economic activities

(a) Yes {   } (b) No {   }

8. How would you evaluate the establishment of small-scale industries in your locality

(a) Very poor { }

(b) Poor {   }

(c) Encouraging {   }

(d) Fairly encouraging {   }

9. Do the outputs of small-scale industries in your locality have input potentials to large-scale industries?

(a) Yes {   } (b) No {   }

10. Do you considering the expected rate or performance of improve to a great extent, the standard of living of our rural populace?

(a) Yes {   } (b) No {   }

11. Do you consider the state of rural infrastructure and amenities as capable of attracting small-scale industries to your area?

(a) Yes { } (b) No { }

12. Considering the government programme on small-scale industries, do you view its effect in reducing the rate of migration to urban cities as encouraging?

(a) Yes { } (b) No { }

13. Do you support the opinion that rural areas should rescuer a large share of national development budgets?

(a) Yes { } (b) { }

14. Considering the complementarily of small-scale industries, do you think that their active presence in the rural areas will also attract bit industries and multi-national entities to the rural areas.

(a) Yes { } (b) No { }

15. If your answer above is yes, will it guarantee their social responsibilities to their immediate environment?

(a) Yes { } (b) No { }

16. Considering the intrinsic values in human recourse development, do you think that increased government

investment in human and physical capital will turnout to increased efficiency and productivity of small-scale industries?

(a) Yes { } (b) No { }