

**ROLE OF SMALL SCALE ENTERPRISES IN
INDUSTRIALIZATION OF ENUGU STATE**

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DECLARATION

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APPROVAL

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DEDICATION

This work is dedicated to all those who would want and are doing their best to see this country transit from this current state to an industrialised nation.

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I want to appreciate in a special way the Almighty God who is the source of everything in my life, without whom this work would have been impossible. I am deeply gratified Oh Lord my God.

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ABSTRACT

Small Scale Manufacturing Firm, Small Firm, which is a part of small scale enterprises, under the aegis of right framework of industrialisation process, can take this country to an appreciable level of industrialisation. Evidence abound where small firm contributed much to industrialisation in other countries. This presupposes that a study of this kind, Role of Small Scale Enterprises in Industrialisation of Enugu State, is needed to highlight these roles they play in economic development especially by the Small Scale Manufacturing Firm. This study therefore sought to know whether small firm can accelerate the pace of industrialisation and dispersal of industries by (i) generating substantial employment to the grassroots, (ii) promoting industrial initiative and entrepreneurship within the populace, (iii) developing and increasing export trade and finally, (iv) highlighting the challenges that militate against small firms. The researcher adopted cross-sectional survey research design. The population of the study was 520 workers of 49 small firms selected within Nsukka metropolitan city. The study made use of only the primary data. A sample size of 226 was determined using Taro Yamane's formula. The four hypotheses formulated were tested at 0.05% level of significance. The primary data analysis was done using simple percentage tables and tables of ranks, means and standard deviations. The tests of hypotheses were carried out using the following statistical techniques: Analysis of Variance was used for hypotheses 1, 2, and 4, while the Z – test was used for hypothesis 3. The findings show that there are contributions made by small firms in the area of employment generation, though not significant. It is observed too that the proprietors are relatively slow in embracing the dynamism found in today's technology. Promotion of export is still relegated to the background. Challenges that undermine the growth of small firms are within Enugu. Though, this is not significant. In conclusion, it has been identified that the small manufacturing firms could be used as a tool that can help in advancing the pace of industrialisation in Enugu State. We therefore recommend that government support programme be intensified and a counter monitoring team be set up to follow up all the policy implementation in Enugu. Export processing zones should be used to sensitize and encourage export in all the zones in Nigeria in a more vigorous way. Finally the real industrialists should be identified and followed one on one to avoid a blanket approach of supportive programmes which had been the problem of wrong people getting the package from the government.

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CHAPTER ONE INTRODUCTION

1.1 Background of the Study

Small Scale Manufacturing firm, which is a part of small-scale enterprise, has attracted a lot of attention from Nigerian economists, management consultants, the government etc., who are interested in the transition of this country to an industrialised state. Though there is phenomenal growth in the large-scale sector, small firms are known in playing a very important role in developing economies, Schafer and Talavera (2006). In fact, the small-scale sector is playing a vital role in the growth of any nation's economy the world over and is considered to be the engine of growth in most countries. If the small scale sector of any economy has the largest share of the population, then anything that happens to the sector positively or otherwise will definitely be of either great gains or great consequences to that nation.

Tracing from history, Jegede (1990) says that the earliest attempt by the government to develop small scale enterprises in Nigeria was in 1946 when seasonal paper No. 24 of 1945 on a ten year development and welfare plan was designed. This plan was presented to the legislative council of the time on December 13, 1945, and approved by the council on February 7, 1947. This paper authorized the establishment of Nigerian Local Development Board whose functions are to:

- a. Promote and develop village craft and industrial development of Nigerian products
- b. Set up and operate experimental undertakings for the testing or processing of Nigerian products

c. Approve other suitable projects by the government.

The board primarily was to encourage and develop small scale enterprises within the country, which of course will help them grow to a better and more efficient firms that will yield prospects to their proprietors as well as the development of the economy. This period was not having any coherent industrial policy but the former western and eastern governments were able to establish industrial estates at Yaba and Enugu respectively in 1958. Subsequently in 1962 and 1963, the Ford Foundation of United States of America helped eastern and northern governments to establish Industrial Development Centre (IDCs). Jegede (1990) in continuation says that by the end of Nigeria civil war, the federal government took over the leadership role in fostering the development of small scale firms in Nigeria. Firstly it established within the ministry of industry, small scale firms division and eleven other IDCs in addition to reactivating the one at Owerre and Zaria. Sequel to this, the federal government created credit and loan scheme that was known to be Small Scale Firms Credit and Loan Scheme. This was to see that those would be investors in small-scale firms should not be scared away from their intended venture for want of fund. Ayozie (2006) continued by saying that in recognition of the role played by the small-scale firms the federal government on her second national development plan included the five cardinal points: Accelerating the pace of industrialisation and dispersal of firms, generating substantial employment opportunities, promoting Industrial Initiatives and entrepreneurship among the populace, developing and increasing export trades and complimenting large-scale firms. Primarily this will encourage the establishment and sustenance of small-scale firms, and in turn foster the process of industrialisation in Nigeria.

The federal government continued by introducing different programmes and institutions to manage the programmes for effective utilization of the resources provided. The establishment of Nigeria Industrial Development Bank (NIDB) in the 1950s for instance was to help in the development process. The aim of the colonial masters then was to use this as a platform to assist the potential entrepreneurs in agricultural exploitation of national resources, commerce and industrial production. It was expected that with the help of this bank many Nigerians would take advantage of the young economy as Nigeria's market up to the 1960s was dominated by imported goods from Europe and develop alongside political evolution in the country. Great attempt to develop the small-scale firms in the 1970s was evident during the days of oil boom Ayozie (2006). The Second development plan of the Federal Republic of Nigeria between 1970 and 1974 had a package meant to stimulate the growth of small-scale firms by giving it active support. That brought about the creation of eleven industrial development centres in different parts of Nigeria while the ones in Owerri and Zaria were reactivated. On that same second National Development Plan period, Nigerian Bank for Commerce and Industry (NBCI) was established with an allocation of ₦5.4 million. In furtherance of her effort the federal government through the third National Development Plan (1975-1980), established three other development centres with the objective of identifying and developing small scale firms. By 1984, the number was increased by six and now the IDC is 21 in number. Subsequent establishments of public banks to help fund small and medium enterprises- the Peoples Bank, Nigeria Agricultural and Rural Development Bank (NACRDB), Bank of Industry etc. are all geared towards small and medium enterprises funding of which small scale industry is a part.

Meanwhile, on this bid to pursue industrialisation vigorously the federal government introduced indigenization Decree of 1972 and later on Nigeria Enterprises Promotion Act of 1977, which helped in creating chances for Nigerians who were interested in manufacturing and other small businesses. The decree was later amended in 1997, which encouraged Nigerians to take a cue from economic history as industrial development requires a gradual, continuous, persevering exercise. The decree as well provided that for the nation to be self reliant it is necessary to check the present day giants humble beginnings, as small scale enterprises. In the following decade i.e. the 1980s, the federal government policy measure placed emphasis on the technological aspects of industrial development of small scale firms in Nigeria, Ayozie (2006). The government then diverted efforts to exploration and exploitation of natural resources while discouraging capital-intensive mode of production. This became an encouragement for Nigerians to go into small-scale firms for maximum utilization of the country's natural resources. This was necessary as Jegede (1990) rightly notes that in the 1980s the manufacturing sector was characterized by high geographical concentration due to lack of adequate infrastructures all over Nigeria, high production cost, low value-added, low capacity utilization, high import content and low level of foreign investment. All these affected the industrialisation process to a large extent. In an effort to keep being on track by the federal government a report by UNIDO was of a great encouragement. UNIDO (1989) reports that the expectation of growth in the manufacturing sector would be on annual average rate of 7.5% between 1989 to 1994, and this will account for over 10% of gross domestic product by 1992 with small and medium enterprises contributing more than half of the sectors contribution to the GDP. The report says that not only will the expected

growth come from small and medium enterprises but this would be achieved by using local resources and labour. By the 1990s, the government both at federal and at the state level continued their contribution towards the growth of small-scale firms especially in the rural areas, to help in the dispersal of firms in Nigeria. Due to the fact that large scale firms within 1970s and 1980s failed in fulfilling the dynamic role of bringing about the desired growth and development of the Nigerian economy industrially, especially in the rural areas. The federal government established Small and Medium Firms Development Agency. This establishment of the government was to help develop and harness the prospects of viable small and medium firms within the economy as the vehicle for rural industrialisation and poverty eradication, (Mahmood 2003). The agency trains interested investors, help people to secure loan, appraise and re-appraises government policies to make sure its purpose are continually being achieved. At the turn of the millennium, precisely by the year 2002 the federal government reiterated the crucial need for sound small and medium scale firms' programme and project towards a sustainable growth and development, having propagated the paramount role of small and medium scale firms as a veritable vehicle for rapid industrialisation and the engine of growth in the nation. Like Hamel (1997) would say, the goal is to try imagining a future that is plausible – the future that one can create.

All these programmes and policy initiatives, were intended to transform the country from under developed state to a developed one which will guarantee a self reliant future.

1.2 Statement of the Problem

Going by the historical antecedents of small firms' establishment and support, one would expect Nigeria to be among the second world of industrialised nations, least to say.

However, to the chagrin of many positive minded Nigerians the fact of getting to that El Dorado is still far. One of the major problems of the developing world, is that after the independence many African countries attempted to leap directly to a modern industrial structure through public investment in large-scale firms. This venture, laudable as it may be, did not achieve the desired goal. Many of these large-scale firms never took off, while so many failed to sustain themselves and went moribund before long after their establishment. It had been identified that inadequate attention to economic viability and market prospects resulted in substantial excess capacity and this was a major problem. In Nigeria for example so many of the public owned enterprises failed to deliver in sustaining themselves let alone establishing subsidiaries or helping the industrialisation process. The Ajaokuta Steel Company, the Aladja Steel Rolling Mill, Nigerian Fertilizer Company (NAFCON) etc have continued to be a conduit for siphoning the country's hard-earned money. Though as they say, learning a new dance is always a difficult task, the country must continue to move on but from a different framework, as the rates at which these large firms go moribund are quite alarming. That framework is none other than achieving industrialisation with the help of small and medium scale enterprises of which small scale manufacturing is a part. However that does not mean the sector is without its challenges. One of the primary concern in a small business is the problem of risk. Many who begin the start-up process terminate it in less than one year. Of those that survive, many are unable to achieve sustained growth and profits. Small-to-medium business enterprises (SME) have a 50% to 90% chance of failure within the first five years. It should be a cause of worry to all concerned citizens of Nigeria if we must develop. While there are measures of personal risk behavior of entrepreneurs, the

literature contains no measure of risk orientation for the enterprise. This is a pointer towards some anomaly within the sector. If these numbers of small business establishments are on the line of mortality regularly, what could this mean to the economy? If this is the case what is then the fate of the expected contribution from small scale firms to industrialisation of this country as evidenced in other country's example? While it is clear that the task of industrializing a nation is not an easy one, it is imperative that a study of this type is carried out to highlight the vital role small scale industry plays in industrialisation process, identify why the effort being made has not impacted much on the process of industrialisation. As the question remains have we been able to imagine a plausible future and work towards its creation?

1.3 Objectives of the Study

The broad objective of this work is to bring to the fore the role of small scale manufacturing in industrialization of Enugu State. However, the sub objectives are:

1. To ascertain the effectiveness of Small Scale Manufacturing Firms (SSMF) contribution to employment generation in Enugu State
2. To know the extent SSMFs are promoting Industrial Initiatives and entrepreneurship in Enugu State
3. To ascertain whether the role of Developing and increasing export trades by SSMFs are possible in Enugu State.
4. Highlight the challenges that face Small Scale Manufacturing Firms

1.4 Research Questions

To carryout this study the following questions were asked to help the researcher achieve the desired objective of the study. The questions are as follows:

1. How do small-scale firms boost generation of employment opportunities?
2. How has industrial initiative and entrepreneurship among the populace been promoted through small-scale firms?
3. To what extent is export trade increased and developed by the instrument of small-scale firms?
4. To what extent have the identified challenges militate against the industrialisation in Enugu State?

1.5 Research Hypotheses

It is the aim of this research to test the hypothetical postulations formulated in the course of this work, to know if these postulations would be acceptable. Therefore, to achieve this aim, the researcher formulated the following alternative hypotheses:

- H_A 1. Substantial employment generation in Enugu State is significantly affected by Small Scale Firms.
- H_A 2. Industrial initiative and Entrepreneurship among the populace are significantly promoted through Small Scale Firms.
- H_A 3. Increment and development of export trade is affected significantly by small-scale firms.
- H_A 4. The issue of Funding, Basic Infrastructures, Managerial Skill, Marketing Mix and Technology are significant challenges militating against small scale firms in Enugu State.

1.6 Significance of the Study

This work will be of use to some, individuals, organizations, government etc. Primarily the researcher will be of immense benefit as this work will help him in prosecuting the

Master of Science degree programme that he is pursuing in the department of management. The government will benefit in the area of policy development and implementation. The existing and would be investors will as well find this work very useful. As it will highlight the prospects and challenges of small-scale firms and show case the probable opportunity there of. Finally, it will also be of great importance to researchers, students of management as well as those in related fields of study.

1.7 Scope of the Study

This research will cover some selected firms that are within the concept of small-scale industry within Nsukka, their roles in the process of industrialisation and their challenges especially in Funding, Basic Infrastructures etc as it affects small scale firms. The small firms studied are in the area of Bakery and Confectionary, Fabrication and Welding, Sachet and Bottled Water Production, Palm Kernel Oil Mills and Allied Products and Finally Furniture Making. And this study is undertaken to cover a time frame of ten years, 2003 till 2012.

This town Nsukka is the second largest city in Enugu State, which is located north of the state. The area is thickly populated and happens to be the headquarters of Enugu North Senatorial zone of the state.

The researcher chose studying about the small scale firms in the city because of its economic importance to the state of Enugu.

1.8 Limitations of the Study

The researcher would want to make this study have a statewide coverage by having to draw sample from all the seventeen local government areas of the state. However, this

feat was not possible considering some factors that were beyond the researcher's control.

Of which these are:

1. Uncooperative attitude of respondents, some of the respondents are in fear of giving out their business secret. They would rather not divulge any information on their business. However the researcher convinced all the respondents that their responses was only for academic purposes and should not in any way endanger their business.
2. Lastly accessibility, this last factor was also a difficult one as most of the respondents were either not available or are too busy for one to interact with as expected. The researcher repeated visits so as to get almost all the respondents, while those that are too busy the researcher patiently waited for them.

1.9 Definition of Related Terms

Domestic Demand-Driven Model: This is a theory of growth or strategy for growth that focuses attention on the consumption of the goods produced locally rather than on export. It is as well known as Consumption Driven Model.

Export Oriented Model: This is a theoretical model of industrialisation that focuses attention on the production of goods and services by developing countries for export to highly industrialised nations. Also known as The Export-led Growth Strategy originating from the export-led growth hypothesis (ELGH), which postulates that besides labor and capital expansion, export expansion is one of the main determinants of growth. In other words it is not only prescribed for developing countries, any country desiring growth can adopt this strategy.

Industrial Development Centres: Centres created by government in different regions of the country to oversee, and help it develop the areas under them industrially.

Import Substitution industrialisation This is another theoretical model of industrialisation which has its policy on establishment of domestic firms to produce goods that were not produced domestically while imports of some goods are discouraged.

Lakhs: Units of numbering or expressing figures in the South Asian numbering system meaning a hundred thousand (100,000 or 1.0×10^5).

SMI: Small and Medium Scale Industry.

SSMF: Small Scale Manufacturing Firm

Stagflation: An economic situation where there is high inflation but no increase in the jobs available or business activities.

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CHAPTER TWO REVIEW OF THE RELATED LITERATURE

2.1 Conceptual Framework

In defining Industrialisation, Britannica Concise Encyclopedia, says that it is a process of converting to a socio-economic order in which industry is dominant. It entails both technology and profound social developments. While the Geographical dictionary defines industrialization, as the process by which manufacturing firms develop from within a predominantly agrarian society. It goes further to say that characteristic features of industrialization include the application of scientific methods to solving problems, mechanization and a factory system, the division of labour, the growth of the money economy, and the increased mobility of the labour force, both geographically and socially. These definitions show how kin industrialization is with development of any nation. Agrarian level is the level of which agriculture is the main business of the society, and from there the society develops. Agriculture is regarded as the cradle of industrialisation because agriculture is the first known attempt by man to transform the natural setting to satisfy his need. The Biblical injunction to man that he must till the soil to get what to eat attests to this. Like the tools used in the tilling and cultivation of farmlands in the Stone Age were fabricated and these formed the earliest firms. Hence;

Industrialization is critical to development. Apart from the traditional functions, which are to increase national income, to improve stability of foreign exchange earnings, to secure fuller employment and expand the market for local raw materials, industrialization is an essential process in the drive for self-reliance and relevant for self-sustaining developments.

As one can see, it is the greatest ingredients of development, without which there can never be any meaningful development. Furthermore,

Industrialization is the engine of technological development, which provides the structural context in which scientific technology is applied or can be applied to the full utilization of resources for the production of goods and services for the satisfaction of the needs of the people.

Ukwu (1985:42)

Here the question that comes to mind is can a car run without its engine? Or can any human being breathe or live without his or her heart. No car ever moves without its engine unless there is an impact from outside like pushing. In this clarification, the author makes it vividly clear the great importance of industrialization lies in being the hub of national growth, which in turn provides for self-sustenance and reliance. That is the dream of any developing nations of the world. A country where the standard of living is functionally high, education is provided both for the privileged and less privileged alike, healthcare is at the reach of everybody, basic infrastructures like portable water supply, constant power supply, good road network and other channels of transportation like railways, airways and waterways are available for and affordable by all.

Firms as Britannica Concise Encyclopedia defines it are a group of productive organizations that produce or supply goods, services, or sources of income. It classifies these productive organizations into three, primary, secondary, and tertiary firms.

Secondary firms are classified further as heavy and light. Primary industry includes agriculture, forestry, fishing, and mining, quarrying, and extracting minerals. Secondary or manufacturing industry, processes the raw materials supplied by primary firms into consumer goods, or further processes goods from other secondary firms, or builds capital goods used to manufacture consumer and non-consumer goods; secondary industry also includes energy-producing firms and the construction industry. Tertiary or service industry includes banking, finance, insurance, investment, and real estate services; wholesale, retail, and resale trade; transportation, information, and communications services; professional, consulting, legal, and personal services; tourism, hotels, restaurants, and

entertainment; repair and maintenance services; education and teaching; and health, social welfare, administrative, police, security, and defense services.

B.C.E., as cited in Answers Corporation (2010:2)

Here interest is drawn to the secondary aspect of this classification that is manufacturing.

They are those firms that process raw materials from primary industry for the production of consumer and non-consumer goods. Furthermore, this is narrowed down to that area of manufacturing that involves light production process, which are then referred to as Small-Scale Firms.

The definition of small-scale industry cannot mean the same thing everywhere. It varies from country to country and even within a country, its definition still means different things to different sectors. Some see the definition from the number of workers employed by a firm, while others define it from capital point of view and so on. However, there are standards adopted when defining small-scale industry, which makes it apparent. Broom (1983:26), puts it that the definitions are not rigidly fixed since people adopt different standards; some go by the number of employees or asset size while others, volume of sales and so on. Hogget and Kuranthko (1998:20) citing the committee for economic development (CED) of United Nations, outlines the following as a guide when defining small business, which includes small-scale industry:

- Managers are also owners,
- Area of operation mainly local,
- Owners supplied capital,
- Small in size within the industry.

In the United Kingdom, the committee of inquiry known as the Bolton Committee (1971) defined small firm as that which employs not more than 200 employees. The committee went further to include the characteristics, which makes its performance and problems significantly different from that of large firms as:

- A small firm is one with relatively small share of its market,
- It is being managed by its owners or part owners, in a personalized way and not through the medium of formalized management structure,
- It is independent in that it does not form part of a large enterprise nor are its managers subject to outside control when taking major decisions.

What the Committee for Economic Development and the Bolton Committee have done is to see the concept of small business from a very broad perspective. They widened the scope so that from their framework anyone can derive the definition that suits the area in question. This shows that it is too difficult to come up with one singular definition that will be universally acceptable.

In Nigeria for instance it is not how an economist sees small-scale industry that an accountant will. An economist will define small scale industry as that organization that are into production with the main objective of producing goods and services in order to meet and satisfy human and animal wants in no large or medium size, on a continuous basis for the primary aim of earning profit as a reward for the risk of undertaking the venture. An accountant defines small-scale industry as that category of companies, which do not exceed more than one of the following criteria:

- Average number of employees should not exceed fifty,
- Annual sales value otherwise called turnover of 1.5 million naira,

- Balance sheet total or gross assets of 7 million naira (as per International Accounting Standards). Ezema (1995).

While National Council on Industry (2001), on their 13th meeting held in Makurdi, Benue State, says that Small Scale Industry is that industry whose total cost is over N1.5 million but not more than N50 million, including working capital but excluding cost of land, and or a labour size of between 11-100 workers. The Federal Ministry of Industry in 2003 maintained that small scale industry's definitions is as it was defined by the National Council on Industry some two years back. In trying to make the concept of any business in the small sector clearer, Ekpenyong (1999:25) defines it thus:

Small business is that enterprise with relatively little capital investment that produce in small quantities and as a result, control a small share of the market; that employ not more than fifty workers and in which management, marketing and entrepreneurial functions are vested on the proprietor”.

The definitions of small scale firms has shown us that it requires small amount to establish, produces in small quantities, marketing, management and entrepreneurial functions are vested on the proprietors. This makes it easier to establish and the greater populace can go into it giving the proper training to overcome the attendant challenges. However, with these operational definitions, one can easily say what small-scale industry is. That means any firm operating within this framework is regarded as an industry on the small-scale.

2.2 THEORETICAL FRAMEWORK

Theoretically a country is expected to have a framework of industrialisation that will help her achieve their desired goal of industrialising their nation. This will serve as blue print or a working diagram for the industrialisation process of that country. The developed

countries of the world today, had or have their theoretical frameworks which served or are still serving as the rudder that steers their ship of industrialisation. Without which it would have been difficult to achieve the success so far. If Sears (2000:42) puts it that development is a multi dimensional process involving changes in structures, attitudes and institutions as well as acceleration of economic growth, reduction of inequality, and eradication of absolute poverty and promotion of social welfare, then a coherent approach to achieving all these would be very important. As a matter of fact, it is so, for it requires a holistic overhaul that will affect every sector of the economy. In the light of the above, it becomes imperative that the nation Nigeria will no doubt need an industrial framework that will help her industrialize. Within this framework, the role of small-scale firms will be evident and how this aim of industrialisation would be achieved, be entrenched in the framework.

So, many countries of the world adopted different models like the Import Substitution Industrialisation, Technology Transfer as a model, Domestic Demand Led Growth Strategy while others took to Export Oriented Model to name but a few. In all these that had been tried in different countries of the world, the roles played by small scale firms can not be overlooked. Therefore the concept of Small Scale Enterprises is part and parcel of them. In Nigeria too, it will be necessary that the framework will support small scale enterprises adequately for it to be a huge success.

2.2.1 Import Substitution Industrialisation

Liang (1997) defines import substitution as a deliberate industrial policy adopted by governments to establish domestic firms to produce goods that were not produced

domestically. This policy encourages the production of both goods that were imported and those not imported before to help the country in question in their development process. It is a policy that was adopted in most of the Latin America, South American countries and some of the Asian countries. Import substitution industrialisation as a policy helped the developing countries achieve a growth rates of six, seven and eight percent within the periods of 1950s, 1960s and 1970s Krueger (1978). Most developing countries that adopted import substitution then gave their priority attention to development of manufacturing firms. Ray and Sten (1961) state that they had many options available to them

1. They can import investment goods and raw materials to produce consumer goods
2. They can import capital goods to make investment goods which in turn produce consumer goods, and to make intermediate goods and develop domestic raw materials supplies.
3. They can make capital goods to make capital goods.

All these were options available, depending on the level of the country's industrialisation process. Majority of these countries took to option 1 of importing investment goods to produce consumer goods and gradually grow from there to level of producing capital goods. Only very few of these developing countries, Brazil, India and South Korea, were able to make significant progress in establishing capital goods firms under this framework due to its difficulty in carrying on with the framework. Unfortunately, this did not continue to enjoy the said high growth rates for too long, as the policy framework did not envision some of the problems that emanated shortly after their introduction. For instance, those countries that adopted the policy ran into problems of stagflation and

severe shortages in foreign exchange. Therefore, by the turn of the new decade, 1980s, it became apparent that the potentials of the policy had been exhausted. And most of the Asian Tiger nations opted out for a different model that will carry their industrialisation process onwards.

2.2.2 Domestic Demand-Driven Model

This is a growth strategy that focuses attention on the consumption of the goods produced locally rather than on export. Like import substitution industrialisation, it leverages on the private consumption of the populace thereby converting money that would have been used to import these consumer goods into the country's GDP. Though it is a strategy for growth, its long term dependence is not assured. Tik (2010) posits that Malaysia's economy is currently being driven by private consumption, unlike the private investment of the 1990s. Over the past six years, private consumption's contribution to GDP leapt from 32 percent in 2002 to 93 percent to 2008, contributing as much as 4.6 percent to the country's annual average GDP growth of 5.1 percent. This is an encouraging result from a growth model of this type. But the question is for how long can this growth be maintained? It is evident that the model best suits the country with large population and had developed to a level that its consumption rate can sustain growth for a long period of time. Hence Tik in continuation says, it is understood that developing nations should not adopt a consumption-driven economy due to the pressing need to mobilize domestic savings for capital stock formation in the future.

2.2.3 Export Oriented Model

This is another type of development strategy for the developing economies. External trade is one of the engines that sustains long term growth and supports technological

progress. When a country is open to international trade and competes in a global export market, it is compelled to adopt the most advanced production and management techniques, employing high skilled human capital and engage in research and development, Jin (2009). Therefore exposing oneself to a competition of this kind will definitely boost growth and produce the much desired industrialisation. A framework that embraces this process is simply Export Driven Model, a model, where productions of goods and services are encouraged to meet high standard for export. Wikipedia (2010) puts it that Export Oriented or Export Driven Model of economic development is a model that focuses on development of goods for export to highly industrialised nations. The problem encountered in the earlier described model, import substitution industrialisation, was acute shortage of foreign exchange and stagflation, which largely marred the continued sustenance of the industrialisation process in many countries. This model came as an advanced framework to take care of this shortcoming. Therefore a continued inflow of foreign exchange in which the new framework supports was recommended as a replacement.

Export driven model do not encourage only the development of goods for export to highly industrialised countries but as well to those countries of the world that are in need of whatever products that can be offered. One might remember in the early 1980s when goods of substandard quality in Nigeria are ascribed to Taiwan. That was the era of austerity measure that saw the influx of Taiwanese products into the country. While this support the production of high quality goods for export to highly industrialised countries, it also encouraged the production of goods for the developing countries. Of course

countries set their standards based on purchasing power capability. So the countries imports are customized to suit their standard. Meanwhile the consumption of these high quality goods in their country are discouraged, with the interest being focused on attracting the most they can of foreign exchange for industrialisation. Most of the East Asian countries known as Asian Tigers, adopted this export oriented model and it had continued to prove very effective in their industrialisation process and hence, the sustaining of their growth.

2.3 EMPIRICAL REVIEW OF THE RELATED LITERATURE

2.3.1 Review of some country's Industrialisation

A. Small Scale Manufacturing Firms in India's Industrialisation

India is one of the developing economies of the world that had invested so much on small scale firms to help its industrial growth. The government had always encouraged small scale firm's establishment having envisioned the role this will continue to play in the economic development of their country. In the work of Morris and Bassant (2003) say that small firms in India has a crucial and seminal role to play which arises out of both the late industrialisation context and the particular historical experience of industrialisation thus far, which has contributed to evolution of their industrial structure. The emphasis on Village and Small-Scale Firms (SSIs) as an integral part of the Indian Industrial strategy is understood. The country sees Village and Small-Scale Firms as a tool that will play an important role, as a producer of consumer goods and absorber of surplus labour thereby addressing the problems of poverty and unemployment. The government outlined the roles small scale firms are playing in the economy of India, apart from production of consumer goods and employment of surplus labour as equitable

distribution of national income, enhancing balanced regional industrial development, acting as nursery for entrepreneurship and facilitate mobilization of local resources and skills which might remain unutilized. Due to this realization the effort made in the support are sustained without bias or sentiment so that the growth will continue unabated. The result from their work show that small scale manufacturing firms establishment is quite encouraging to the implementers of this policy and the entire people of India. Though growth of domestic markets and the input-output linkages (especially between small and large firms through a variety of networks) facilitate the evolution of small scale firms, on the interim the success of large firms that are into the production of consumer goods such as textiles, means of transportation, building materials and others means there is a large displacement of traditional craft firms that are labour intensive and thereby reduce employment. But then the Government of India introduced in their support programme the promotion of Small-Scale Firms through deliberate policies such as protection from large-scale firms, capital subsidies, differential tax treatment, reservation etc. As well within the framework of the policy, the government encourages small scale firms to produce for export.

This protection policy came in 1967 in an attempt to protect small scale firms from large corporations by reserving 44 goods for their exclusive production, says SIDBI. The items on the list for the reserve continued to increase as years go by and the small scale firms kept increasing. The sector is given this special consideration to build them up, and allow for a favourable competition when they must have grown. The Small-Scale Manufacturing Firm has emerged as a dynamic and vibrant sector of the Indian economy

in recent years due to this careful planning and execution of the policy, thereby displaying phenomenal growth in the field of production, employment and it has dispersed development in general and exports in particular, Morris and Bassant (2003). There are nearly 34 lakhs (three million four hundred thousand) Small-Scale Firms in the country accounting for about 40% of the gross value of output in the manufacturing sector and about 34% of the total exports of the country. It provides employment to nearly 186 lakhs persons, which is second, only to Agriculture, reports the government. SIDBI (2000), reports that in the region of Tamil Nadu alone, within a decade 1988/1989 to 1998/1999 had the fastest growth of firms. Within this period the region grew with an annual rate of 12.8% and employment grew side by side with an annual rate of 10.9%. As could be seen the growth of both firms as well as employment generation, within this region alone went into double digit underscoring the fact that small scale firms play a seminal role in industrialisation of India. The Small-Scale sector contributes amply to other socio-economic aspects such as reduction in income inequalities, product diversification, and dispersed development of small firms and linkage with other sectors of the economy. The country's export to Nigeria in this recent time can attest to this growth and development. Gradually Indian products are being favoured by consumers in Nigeria against some of their counterpart.

B. Asian Tigers Example of Industrialisation

Asian Tigers are the countries of the Far East that had a tremendous growth economically within this recent past. These include Singapore, South Korea, Hong Kong and Taiwan. Their industrialisation though new, are unique in that they are noted for maintaining exceptionally high growth rates between 1960's and 1990's. Lately, some other countries

in the region are following this trend of development, which are countries like Philippines, Malaysia, Indonesia and Thailand, (www.wikipedia). The report has it that these are regarded as the new four Asian tigers. This rate of their growth earned them the name, Asian Tigers. These countries and their likes were as backward in industrialization as those current African countries back in the mid 1900's. In this 21st century, these four countries are still regarded as the fastest growing economies of the world. All of them attempted Import Substitution Industrialisation model for development but opted out for Export Oriented Model which is a more welcomed development strategy than the earlier due to sustainability. On realizing the impact the small-scale firms would have on their economy, the policy shift was carried out in the area of encouragement for establishment and support, geared towards manufacturing of goods for export.

i. Characteristics of the Asian Tigers economies

These countries known as the Asian Tigers adopted the policy of export driven model of economic development. They did not only develop goods for export but as well discouraged the consumption of these goods locally. This they did by imposing high tariffs. Their attention was focused primarily on how best to maximize foreign exchange earning considering the fact that their region were very poor and again the problem associated with the failure of import substitution industrialisation. Secondly these countries singled out education as a means for improving productivity. And so, emphasized education because they know its importance in their national development. All levels of educational system were improved upon to make education more functional. Thirdly, the countries of the Asian Tigers were very poor which as a result had abundance of cheap labour within the 1960s and so they leveraged on the combination of

cheap and yet productive workforce. It is evidently clear the world over what the power of education can do in any economic development. On adopting this model, they were determined on achieving their goal come what may, so they never wanted to leave any stone unturned. In fact all of them maintained a double digit growth for decades, they had trade surplus and held high level of U.S. Bond, Wikipedia (2010).

ii. Taiwan the instance of Industrialisation process of Asian Tigers

Taiwan being one of the Asian Tigers took to Export Driven Model for their industrialisation process to ensure the survival of her development programme. The desire was in them to either match the western world or surpass the level of these countries known as the most developed in the world. This desire in them propelled their adoption of Export driven Model of Industrialisation, which encouraged small-scale business establishment and their support for production of goods and services especially for export. For instance the case of Taiwanese industrialisation started with adoption of Import Substitution Industrialisation in the 1950s. This period on their course of industrialisation was characterized by heavy emphasis on replacement of nondurable-consumer goods such as textiles, apparels, wood and leather products by domestic goods, says Tai-Li (2010) in his study. He continued by saying that these products were predominantly imported into Taiwan from Japan. The government of Taiwan then encouraged the local firms for the production of these imported goods instead by providing raw materials locally. As a result the importations of these goods were restricted to help the local firms thrive. However the stability of the country's population, agricultural productivity and technology in the rural areas helped in the development of their industrial sector that was highly dependent on surplus labour to produce, and local

market to consume these industrial goods. This is then the snag of the import substitution model which its framework does not focus attention on export, but production of goods locally to replace imports. As a result of this lag, by the end of the 1950s Taiwan's domestic market for nondurable consumer goods was already exhausted. The sector was already crying for expansion of which the Import Substitution Industrialisation as a framework could not support. This brought about the shift from import-substitution to export-processing meant to solve the problem of small market and provide employment to agricultural surplus labour, says Tai Li (2010). It is evidently clear as no nation can ever develop to the level of industrialised one, locally by consuming what they have produced alone. Hence, this shift in policy was the best decision that the country can take to continue in the trend of their industrialisation process. His work reveals that the government not only did have a policy shift but they matched words with action. This they did by creating export processing zones and establishing seventeen industrial districts in the rural areas to encourage private investment on small scale manufacturing. This yielded result as many small-scale firms started springing up in the rural areas. Tai Li(2010) in his work shows that the result was marvelous. He gave the instance of Nan T'un district where they used to have twenty-six registered firms, which comprise twenty-one food processing firms and the remaining being kiln, textile, and machinery manufacturers in 1956. By the 1970s this trend changed due to the government induced firms through their export oriented policy. The importance that food-processing firms used to have was overtaken by machinery, chemical and metal plants. This export oriented factories that were established in the rural areas helped in attracting large scale firms too, as there are the availability of labour to work in those factories and subsidiary

firms as a result of the large ones. As a matter of fact this became the source of employment for the rural youths. So many of them decided to leave farm work for cities to learn technical skills and subsequently took advantage of the government's policy to establish small-scale factory.

One of the villages in the Nan T'un district, Liu Ts'o, which could boast of only one family firm then, grew to have approximately twenty firms as a result of this dramatic change. Thirteen of them were into machinery processing, while the remaining were wood product manufacturing, electroplating, vacuum modeling and sealing, electronics assembly, and hat and bag manufacturing. This small village has about 789 inhabitants, and yet the impact of industrialisation policy was so enormous. It is on record that almost all the rural areas had the same experience, just as was the case with Nan T'un district, one of the districts of the export processing zones.

Although Taiwan's export-oriented economy was not stable and well grounded then, the islands unique pattern of economic and socio-cultural development has puzzled many scholars. They look outside the core of the world capitalist system for supportive evidence of the dependence theory which maintains that reliance on export trade rather than firms for internal consumption bolster urban metropolitan centres at the expense of the rural hinterland, Amsden (1979), Harrel (1981) as cited by Tai-Li but this was not so with Taiwan, rather they carried the rural hinterland along on their industrialisation process. Barro (1998) says that the four Asian Tigers-Hong Kong, Singapore, South Korea, and Taiwan maintained exceptionally high growth rates of real per capita gross

domestic product from 1960 to 1995. These were around 6% per year, Right behind were Indonesia, Malaysia, Thailand, and China. These performances placed this East Asian group at the top of the world's growth list. Supporting this argument, countries like USA, Germany and particularly Japan where SSI is defined according to the period, varying in maximum complement from 10 to 20. Then to 100 employees and lately less than 300 employees; states that factories with fewer than 20 employees account for 87.3% of their total number in that country which employs 20.1% of all the workers and contributes 12.6% of the total national output. The case as stated on the table below shows example of these three countries:

Table: 1 Factory and Employee relationships of three developed countries of the world.

Country	Number of Workers	% of Factories	Type of Employment
Japan	Less than 100	98%	58%
USA	Less than 100	87.7%	25.4%
Germany	Less than 100	72.6%	18.7%

While those factories employing more than 100 workers contributes as follows

Country	Number of Workers	% Of Factories	Type of Employment
Japan	1000	0.1%	13.4%
USA	1000	0.6%	27.5%
Germany	1000	2.2%	38.0%

Source: World Bank Working Document, 2010

While China adopted the same model of industrialisation process of producing for those highly industrialised nations, she as well prowl all over the developing countries, searching for whatever to supply. Their target is where ever to sell their products whether developed or developing nation. One striking feature of the model is, apart from focusing on the production of goods for export, the domestic consumption of these products are discouraged through government policies such as high tariffs. The model principally

focuses attention on attracting more foreign exchange for the country. As well the model helps in fast tracking both national development and individual growth of the citizens. These countries known as Asian Tigers that adopted the model, as well took to egalitarianism in their countries and they were committed to it in the form of land reform to promote property rights and to ensure that agricultural workers would not be disgruntled, wikipedia (2010). The large scale firms are encouraged to subcontract their products to small scale firms or establish subsidiaries in the rural areas to help in the dispersal of firms. It is however the realisation of the intermediate role the small-scale industry can play in industrialization process and the decision to accommodate them adequately.

In another development, the acknowledgement of the role of SME sector as the backbone of any economic growth is a case to be emphasized, as Japan, India, China and the Asian Tigers economies have all built their strong production base on the SME sector. Take a look at the developed countries of Europe and North America where the economies are based on corporations, they are today seriously supporting small and medium enterprises. Because corporations dominated economies creates problems as crisis of the corporations becomes crisis of the nation. This phenomenon makes the survival of private corporations the responsibility of the government rather than the shareholders, because of the possible large-scale loss of jobs and heavy impact on the financial system, as a corporate collapse would cause disaster to the economy. While the Asian Tigers nations decided otherwise to avert this problem and built their economies largely on the small and medium enterprises. If this should be a 'food for thought' for the developing economies, it is

important to note here that development programs by these countries should be encouraged with every determination through SME. It should be realized that Small-Scale Firms is only posing a new challenge, and its encouragement is for a better future.

2.3.2. The African Experience

Africa is still a continent yet to develop to the standard acclaimed in the world as industrialised. It has experimented on various types of framework of industrialisation. Even though the continent had been and is still the producer of most raw materials used by the developed countries of the world. A continent regarded as rich in raw material resources but very poor economically when compared with the countries of the developed world like UK, USA, France, Germany, etc, yet their state of industrialisation are still far behind. Hence experts as well as well meaning individual are making a clarion call especially to the leaders of these countries in Africa to be more proactive to development of their countries industrially. Take their counterparts in Asian continent as example; many of them were at the same economic backwardness like Africa few decades ago. Due to their effort to move up the ladder of industrialisation these countries adopted different strategies of industrialisation and today they are among the industrialised nations of the world.

Similarly, some African countries are realizing what some Asians did way back then and are experimenting on how best to achieve their own industrialisation. A country like South Africa on the road to industrialisation adopted import substitution as a strategy to her industrialisation. However, the South African economy which is characterized by extreme dualism, an economic situation where modern first world system with a good

physical, social and communications infrastructure conjoined, inextricably, with a typical third world type, resource poor economic sector are on the process. This notwithstanding, the side of South African economy that is industrialised was achieved using this framework and it was a success. Even though this cannot be without certain constraints given the economic conditions. Today South Africa is regarded as the best developed economy in Africa and one of the fast developing economies in the world.

Ghana another African country is one of the many nations under the quagmire of un-industrialised by the world standard, is also doing her best. The country like Nigeria is trying to grapple with the realities of getting on to the league of industrialised. Steel (1992) in his work posits that Ghana on this realization of the importance of industrialization, the country introduced Economic Recovery Program (ERP) way back in the year 1983 to redress some of the causes of its long economic decline. Steel went further to state that the key elements of the program supported by adjustment lending, import liberalization increased access to previously restricted inputs especially for small firms, and broadened competition from imported products. With the massive realignment of the highly overvalued exchange rate which created new export opportunities and import substitution. Okoh and Ping(2000) in their work say that those import dependent firms were affected though, due to price raise of imported inputs and the cost of financing them, it is for the overall interest of the development process for the country. In the light of this problem, the alternative was to look inward to small-scale enterprises development. These small-scale enterprises employ technology transfer as well as the development of their indigenous technology where necessary. This means that the nation

is using a combinational strategy to pursue her industrialisation process. Hence, Liedholm (1990); Schmitz (1982) says, that the fundamental issue is how to create a policy business environment that enables Small Scale Enterprises (SSE) to contribute productively to industrial development, not whether SSE's have a role. Parker et al (1994), says that in Ghana the small and medium enterprises SME contributed to the economic growth immensely. The sector had absorbed the labour force by 15.5% when compared to large scale firms that had employed only 5% of the labour force. As well in that sectors output it was recorded to be 6% of the gross domestic products (GDP). This is not to say that the contribution is fantastic, but a consistent effort without bias or corruption will definitely see this country grow from there.

Some scholars gave their respective reasons for the support of the development of small and medium enterprises in Nigeria which will be embodied in the industrialisation framework of this country. Osoba (1987) cites that due to low level of capital requirement for the establishment of small scale industry, it will help in industrialisation process of this country. In his own work Adejugbe (1987) is of the view that due to large number of establishment and their labour intensive nature of their operation will guarantee employment for large members of the society, while inventions, adaptation and general technological development will also be there as it is common within the enterprise of SME. A more equitable distribution of income are usually achieved in this sector considering the fact that the small firms are large in number and employs large altogether, Oshagbemi and Saanai (1987). Also Holz-Eakin and Rosen (2005) as cited in Schafer and Talavera (2006) ..., corroborates this fact after conducting their research,

when they say that small scale enterprise is one of the most important contributors to the growth of developing countries such as Taiwan and Malaysia. In complementing the large scale firms, Healy and Lutken (1989) say that enhancement of the tempo of industrial development are generally visible among small and medium scale enterprises to become feeders of the large scale firms. This will help the forward and backward linkages needed in industrial growth. Where large scale is established, definitely there will spring up other small scale firms that will compliment the large ones. Hence we advocate the adoption of Import Substitution Industrialisation, co-joined with Export Oriented Model of which the position of Small Scale Firms is evidently clear.

Industrialisation is not only desired by one country but by all. Therefore, it is a human thing where, three square meals are affordable, education is functional, basic infrastructures meant to make life more meaningful are provided and are at the reach of everyone.

Africans the continent over is so desirous of leaving this poverty standard to a more comfortable one.

2.3.3 The Prospects of Small Scale Firms

The roles, of small-scale firms in any nation whether developing or developed ones, cannot be overemphasized. Kreitner (1995) reiterates that the earliest business enterprise began on a small scale. This is a far reaching statement, because it is always better when growth starts from the cradle. This is better understood when one puts into perspective the natural cause of development into consideration. The developmental process of human beings starts from conception gradually grows till birth and another stage of

development starts until the child matures into an adult when he or she can weather the turbulence of living the life in this world. It is obviously clearer when one goes down the memory lane, in the world today most multi-nationals started at small scale. Even though their respective growth trend may have varying opportunities ascribed to them. The Ford Motors of America, Suzuki Motors of Japan, Dell Computers and the likes are examples in those highly industrialised nations. Aliyu (1990) on realizing this role says that the investments aimed at stimulating the development of a more diversified and integrated industrial base has shifted to small scale enterprises. This shift is very important as the case with some Asian Tigers like Taiwan and Malaysia. L Saro (2001) posits that development is:

1. Increase in the availability of basic goods and services
2. The living standard is raised i.e. higher incomes, provision of more jobs, better education etc.
3. Expanding the range of economic and social choice to individuals
4. The pattern of agricultural and technological productions are advanced

Though to achieve this level in development might not be easy, there are strategies that could make it possible amidst this difficulty. Many countries, in their quest for development have employed different approach to achieving their development. Small scale firms should be seen as one of the tools for achieving this goal conjoined with others to serve the great role of industrialisation. However, these roles differ from country to country due largely to factors determined by the country herself. If there is a committed effort from both the small-scale proprietors and the supporting institution, there will be an unprecedented benefit from small-scale sector. Moreover, this stems from

laying a very sound foundation at every level in the society. Hence Nnaji (1998) says what any society that must develop into a vibrant, economic middle income or major income society must do is to first bridge the chasm. That bridge is to place services as the bedrock of its society and its goal to be, creation of firms, which power economic growth; in science and economic growth, is technology. This corroborates the vital role industrial establishment can play in any nations development. In consonance with this Ezeife (1988) says that what makes manufacturing popular in the Asian tiger nations are mostly the one room factories that constantly gives way to one flat factories which are along the path to industrial revolution. It is evident from this that starting small does not mar but makes a nation remain on course towards industrialisation. So, small-scale firms are the solid ground on which industrialisation thrives because it gets down to the grass root. And more exciting part of it is the propensity of the stage to stage metamorphosis from small scale to large corporation which would be the main base for economic power.

i. Employment

Small-scale industry is regarded as a veritable tool for employment generation. It is clear that employment generation is assured through SSI as that sector can not fully afford automated machines like the large corporation does. Their activities are mostly based on human labour, hence they are said to be labour intensive. As well this is obtainable with developed economies where relatively the society is richer than the developing countries, their mainstay in production is more of labour intensive than automated. This role of SSI in employment generation is evident in the works of Daniels & Ngwira, (1993); Gallagher & Robson, (1995). They say, it is estimated that small and medium scale enterprises employs 22% of the adult population in developing countries. If Small and

Medium Enterprise, SME's can employ up to this proportion of the population, it shows how enormous the growth and development they could contribute to the economy. The most outstanding role in this employment generating capability is the issue of offering job opportunities to rural dwellers. Because small scale firms are established at every nook and cranny of the country, it makes it possible for rural dwellers to enjoy being employed without drifting to the urban areas for jobs. So the problem associated with rural urban migration is minimized, the living standard of this rural dwellers will improve and most importantly the desired industrialisation is brought to the grass root.

ii. Industrial Initiative and Entrepreneurship

Promoting industrial initiatives and entrepreneurship among the people is a prospect from small-scale firms that is worth mentioning. Small scale firms as a concept encourage especially the dynamic and vibrant youths to go into its establishment as it is relatively cheap. Though, this is only for the ones with requisite skill who can move with tide of constant innovation and entrepreneurship so therein. However the industrial initiative as well as entrepreneurship is being promoted as business is always changing. It is only with skill that one can succeed and maintain success in his enterprise. Hence they say change is an inevitable concept. The special edition of Business Week (1992) stresses it the more that change can no longer be an occasional episode in the life of a corporation, companies with rigid structures will be swept away. For one to feel that he is managing a small scale firm without adaptability and flexibility in this regard definitely is at the risk of running his business aground. This dynamics surely is as a result of businesses being very sensitive to change constantly. The goal of any enterprise is to achieve success continually, which is only possible with proper industrial initiative and entrepreneurship

ability of the proprietors. There are people who through small scale industry developed their industrial initiative and took it up as an entrepreneur, today that is yielding tremendous profit. Take the instance of most inventors like Thomas Alva Edison the American inventor, Henry Ford the auto maker, Innoson Group the great industrialist, Wilson Nigeria Limited the entrepreneur to mention but a few. All these achieved their success as a result of industrial initiative and entrepreneurship. These made their dreams come true and not only that, through their initiative and entrepreneurial skill had taken their establishment to the level they are today.

Quality management is an area of management that industrial initiative and entrepreneurship can foster. For instance the export oriented model adopted by the Asian Tigers encouraged the manufacturers to dwell so much on quality as their products are targeted onto those highly industrialised nations. Without which it will be difficult to market their products there. When small-scale firms imbibe the culture of quality management the result will always be tremendous if they meet the quality standards of the potential buyers. Of course there is no doubt that their products would be acceptable by the countries of their destination. McDonalds and the Burger King and here in Nigeria Mr. Biggs, the fast foods franchise, are today the toast of patronage because of the qualitative products and services they provide. Mercedes cars enjoy a wide range of customer demand both from middle and high class due to quality they deliver. And a whole lot enviable firms in the world today. It is so with the entire known world organization today. No wonder Anyaoku (2010) posits that no nation in the world has ever advanced in development without laying its fortresses on quality education. And this industrial initiative and entrepreneurship is sharpened through education. The constant

innovation by manufacturers to avert being edged out of business as a result of competition is another good example of how industrial initiative and entrepreneurship can play a vital role. Saikou and Wen-Chi (2009), opine that entrepreneurship is a source of innovation and change, and as such spurs improvements in productivity and economic competitiveness. And therefore activities to convert ideas into economic opportunities lie at the very heart of entrepreneurship. This issue of maintaining economic opportunities has gotten to the point that most of industrial goods today are being modified before anybody would have thought it necessary just to keep competition at bay. In the motor industry for instance they churn out motor vehicles of different and wonderful designs almost on yearly basis, and so are with other industrial goods. Nwachukwu, (1988) says that any organisation that fails to recognize the inevitability of change is doomed to failure. Change is inevitably too necessary for an organisation to keep being on track. Opening up to change brings positive innovation and hence the opportunity of exploring better avenues that firm can leverage on to keep being at a competitive advantage. And these innovations are borne out of industrial initiative and entrepreneurship

iii. Efficiency

The trend of life is always better if begun from the small way and gradually grows to the top. For expenditure profile, which requires downward adjustment is always too difficult to achieve unlike creating it. The maxim that practice makes perfect is another concept that explains this point in question. The ability to transform from small firm is relatively easier and flexible when compared with starting big and maintaining that level as a result of saving cost through labour. Due to the fact that, the more one does anything, the more perfection expected of him is attainable. If a particular firm goes into production on a

small scale, the probability is high that the firm keeps trying all possible channel of achieving his goal (objectives) with a minimal input-cost. With this organizational efficiency which is only attainable through small-scale firm primarily is about achieving optimum goal at the cheapest but standard way. Efficiency begets high profit and this in turn translates to overall growth for the firm. This growth could be multiplied continuously to an extent, that the expansion of the small firm becomes large. That does not mean that small scale firms do not have its challenges and most often some goes out of existence due to this challenges.

2.3.4. Problems and Challenges facing Small Scale Firms

There are problems and challenges that face small enterprises which affects the growth of SSI the world over. Here under are the challenges of Funds and Infrastructure as experienced in Taiwan to show that this is a problem encountered by developing countries.

i. Funding of Small Scale Firms in Taiwan

Funding which is widely known to be a very difficult issue for investors everywhere, was as well threatening the growth of small-scale firms in Taiwan. Tai Li (1983) in enumerating the challenges facing the small scale firms in Taiwan puts funding among other challenges as it affects the growth of small scale firms in that country. Then it was the same story when they started their industrilisation process. The people of the country could surmount the obstacle of raising funds. Some of these ways of getting about this challenge are stated below:

1. Grain Mutual Credit Aid: As the name of the association suggest, it is a group of people who comes together to help each other financially as there is the

need. Because the cost of establishing a small scale firm is not too high the members of society engages themselves in this type of association where one can borrow money to run his firm. This was a veritable source of funding because most of small scale entrepreneurs do not register their firm before going into operation, while in the other hand it's an avenue for acquiring cheap loan. Which of course without registration, one can not walk into any bank to seek loan nor is it possible to get cheaper capital from bank. Therefore most people resort to borrowing through the mutual credit aid. How does it work one may ask? Grain mutual credit aid through a convener rallies those who are interested and they will decide on how much to contribute, say one thousand kilogram worth of grain. After the contribution they bid on who will take the contribution, the person in turn pays an interest for collecting the contribution. By this arrangement the proprietors of small scale factories could raise up money easily and at cheap rate too.

2. Family Inheritance: Some would be small firm owners are from a family with relatively rich background. People in this category do not have to worry too much as the family inheritance can support their take off. It's all about using the person's inheritance to raise money, like selling landed property.
3. Personal Savings: there are those that were able to make some reasonable savings that could help him or her take off. These are the people of working class, who can raise their own money through savings.
4. Finally through Banks: There are those that have access to bank loan that is, being able to provide all requirements for the bank to grant them such loan.

These category of investors are those who before their take off gets their firm duly registered.

ii. Infrastructural Problems in SSI in Taiwan

Provision of infrastructures like electricity, good road network, housing accommodation, portable water and effective and functional communication network and so on, in any given society is and had always been a herculean task. For individuals it would be impossible, that is why it is an exclusive task left for the government. However the government of every country is striving to make available functional basic infrastructures that are affordable by her citizens even when the task is enormous. Due to this difficulty in meeting the expectation of man in the area of infrastructural demand, that becomes a serious threat to national development. So any industrialised nation is one that can cater for the aforementioned basic infrastructures to her citizens at least to a reasonable degree. In a developing economy like Taiwan the issue of availability of infrastructures was never easy for the small scale manufacturers. Hence most of the small scale manufacturers established their factories in their various farm houses, Tai-Li (1983). The second problem that a potential investor in small scale industry faces is how to provide electricity for his intended factory, though available but very expensive for small scale firms. Their greatest headache was access to supply of electricity. The need for electricity is so much as no industrial machinery can run without it. And getting subsidy, from government requires registration and most of them starts first without registering. Because of this most of the proprietors had no option but to establish their firms in the hinterland farm houses where they will pay no bill for accommodation, and make use of available electricity no matter how to avert exorbitant bills from industrial electricity

charges. This then turned out to be a great challenge to small firm owners, for the survival of small scale industry within the country largely depends on these infrastructures.

In Nigeria Awolowo (1986), says in spite of the oil wealth and its ever bold industrialisation programmes, little has been achieved in the way of economic development; our per capita real income remains as low as ever, poverty, disease and ignorance are evident everywhere, particularly in the rural areas. Unfortunately, this statement credited to one time elder statesman Chief Awolowo back in 1986 is still or better said is even truer today than ever after twenty-six years of such warning. Boapeah (1993) as cited in Umeania (2004) points out that there are so many problems that hinder the growth of small scale enterprises in developing countries of which some of them are lack of credit, competition from large-scale firms, over liberalization of the economy, and difficulty in access to advisory services and research findings. It is unfortunate that all these are factors that could be controlled if managed properly to ensure tremendous growth of the sector which will help industrialisation of the country in question like Nigeria. Some of these are the problems that are posing a serious challenge to small scale firms in Enugu State:

a. Funding

Funding, as we know is one, actually, the major problem that is facing the small-scale firms in Nigeria and in particular Enugu State. Some say the reason could be traced to wrong utilization of fund if granted to most of the small scale industrialists. When the issue of funding comes up they are of the view that some people might be ready to help but they are afraid of diversion. To some it will be time to take in a new wife, some will take to buying new vehicles and to some taking chieftaincy titles rather than using the

money for its original purpose. It is even most worrisome to find out that this act is also being perpetrated by those who had laboured to establish a small scale industry, and subsequently they would allow their labour to get wasted. Abdulkadir (1984) as cited by Ile (2003) says, both loans obtained from government, banks and individuals are used to promote personal aggrandizement instead of the corporate objective of the business and hence failure to repay the loan including the interest.

Another area of thought is the vulnerability of small scale firms. Some of the institutions are of the view that SSI is too vulnerable and advancing loan to them will only compound issue for the sponsors, they may never pay back and it is difficult for small scale firms owners to provide security for their loans and hence their refusal. Bigsten et al (1999) as cited in Umeania (2004) about 90% of small firms are refused loans when applied for from the formal financial intermediaries, due to inability to fulfill conditions such as collateral for security. There had been myriad of suggestions to help in finding solution to the problem having realized the importance of the sector. Insuring ones business is most paramount on the list of solutions proffered. But the dynamics of insurance business is still too difficult for entrepreneurs at this level to understand. Even those few that know the importance of insurance are not thinking in that direction due to cost. Banks that could train their clients and help them grow in this area of investment are not interested as well due to cost on their own side. Even with the claim that Small and Medium Scale Equity Investment Scheme designed by bankers committee to help in this regard for this scale of investors are not making appreciable impact. The scheme is bedeviled with bottlenecks that investors find it too difficult towing the line of acquiring loan through the scheme, unless one is connected with the issuing bank or appropriate authority. Though

there is government support programmes and is supposed to be enough, they are marred by corruption. Most often one discovers that the wrong people are either the ones that get the financial support from the government because it is not available to all-unless those that have the link. The bank loan, which most banks are not ready to keep their word about Bankers Committee's provision of ten percent for Small and Medium Scale Enterprises Equity Investment Scheme (SMEEIS), is another worrisome trend. Financing any organization had never been a cheap and easy process. However, for a country like Nigeria to be within the level of development so desired, there should be an urgent attention to this. Considering the fact that this is an area predominantly occupied by low-income earners, it is ever made difficult tackling this problem headlong. Against this backdrop is the reason why government on realizing how important the development of this sector is, had in the past created a lot of programmes to help entrepreneurs in this regard.

On the 246th meeting of the committee held on 21st December,1999, it was agreed that banks would set aside 10 percent of their profit before tax as a fund to finance small and medium scale enterprises. Anaro and Akpan (2007) reports that the total Banks loan to the real sector is about 51.52 trillion naira between 1999 and 2007. And only about 1.18 percent of this sum was given to small and medium scale enterprises within the corresponding period. They continued by explaining that the loan to the real sector improved tremendously by 1,087.4 % that is from 1.27 trillion in 1999 to 15.08 trillion, in the year 2007, while the loan for small and medium scale enterprises (SME) was increased conservatively by 68.03%. That is from 46.82 billion naira in 1999 to 78.66 billion naira in 2007. This of course is not adequate to spark off the needed growth in the

economy as expected. If the talked about funding is for the whole SME's, then what would be the share given to small scale firms: that is small scale manufacturing? To worsen the issue, Momoh and Alawode (2007), report that the Central Bank governor says that participating on the small and medium equity investment scheme should be optional. Against this back drop, Garba Ibrahim Gusau, on the same report, warns that this directive is counter productive. He advised the Federal Government to raise bond specifically for SME. He further said that many countries and regions have developed various financing models for their SME programme. This means that there mustn't be only one way of financing the SME programme as one model might work at a particular place while it may not work somewhere else. Central Bank of Nigeria Governor's directive means that the federal Government is loosing sight of the reason behind establishment of the scheme. The Governor should realize that no organization no matter how highly placed would be ready to dole out their hard earned money. This really needs the intervention of the government to compel the banks to comply with the scheme's disbursement requirements.

Mahmood (2003), stresses government was preparing a project document that will establish a National Credit Guarantee Scheme for small and medium firms. He continued by saying, that this scheme will be a private/public sector joint venture with a capacity to guarantee about N20 billion loans to Small and Medium Firms SMI then. While the vision of the

Ministry of Trade and Investment, is to increase the contribution of SMEs to the nation's Gross Domestic Product from 10 per cent to 30 per cent and increase export earnings

through SMEs from three per cent to 25 per cent within the life-time of this administration Aganga (2012). To be able to achieve this, we have identified commercial banks and development financial institutions and we are partnering with them to come up with SME-friendly products or re-design existing products to enhance access to finance by SMEs. This policy issue from the minister requires urgent attention and implementation. Mere saying it to attract peoples hail will not do us any good as we know that a serious support is a must for us to achieve a meaningful development in this sector.

b. Basic Infrastructure

Basic Infrastructure is another area of concern that is threatening the development of Small-Scale Firms in Enugu State. No economy can thrive well under poor infrastructures like epileptic power supply, bad road network, lack of portable water, poor communication network etc. The instance of power is a very terrible monster that is posing a stumbling block to development in this country let alone Enugu. Though the small scale manufacturing sector is known to be labour intensive, it still relies heavily on availability of power to continue growing. Without power there is no way some production can be done using machines. The MAN president notes, as cited by Adeyemi (2009), the lessons of the past few years have shown that if local manufacturers are to survive in a globalize world, the provision of energy cannot be compromised, particularly in our peculiar situation where the upgrading of energy production had suffered almost thirty years of neglect. It is only with this type of automation and leveraging on the availability of cheap labour that a production firm can boast of cheaper output, thereby the hope for effective competition can be possible. If an imported good is cheaper than

locally produced one, the local industry will definitely suffer in the face of competition. Take a situation of firm that runs a 50KVA generating set for hours for some days in a week, what will be the cost of maintaining the power generator i.e. servicing, fueling and spare parts? The cost alone will have a ripple effect on the price of the produced goods. Nigeria today is celebrating power generation capacity of 4800MW when a country like South Africa produces an average of 45000MW of electricity. Nigeria is over three times more populated than South Africa. Nigeria's population estimate is 158,423,182 (World Bank, 2010) while that of South Africa is estimated to be 49,991,300 (Statistics South Africa, 2010). The question is wouldn't it had been three times their production level that Nigeria should be celebrating?

The poor state of Nigeria road network is a case that cries for attention. By every calculation there is no way the development of small scale firms in Enugu State can be achieved without the rural areas. And without a befitting road network, accessing the villages in this state would be difficult and vice versa.

c. Attitude of Entrepreneur

The people of this state, Enugu have attitudinal problems. In various fields of life one finds the same unpatriotic attitude being manifested. Most proprietors are only interested in using their establishment to collect either grant or whatever from the Government. Meaning that, there are lots of fake proprietors in Nigeria, in the name of investors in small scale enterprises. Because the federal government is doing her best in providing support and incentives, many do not have the intention to establish any industry as a venture with propensity to grow. They use same as means of collecting these supporting

packages and incentives for their own selfish reasons. Abdulkadir (1984) as cited by Ile (2003) posits that loans obtained from government, banks and individuals are used to promote personal aggrandizement instead of the corporate objective of the business and hence failure to repay the loan including the interest. This attitudinal problem is fraudulent. Individuals are not interested in the corporate objective of their business but to use it to defraud the government in the name of collecting incentives as a proprietor in SME sector. Just imagine what kind of entrepreneurs the persons with this attitude would be, a fraudster of course. If somebody had come into the industry with the intention to invest surely there is no way this kind of attitude would be exhibited. Obviously this is a fraudulent behaviour which a real entrepreneur would like not to be associated with. It is pertinent to say that confronting these unpatriotic attitudinal problems of so called business owners is very necessary. And the only way out is to change or face the consequence. So if change is made possible we will have less of the fraudulent practices that are inherent in our society. While only the genuine entrepreneurs will be within the sector which without them, achieving the desired growth in the economy will definitely be impossible.

d. Inability to plan

Some lack planning culture, they believe planning is a waste of time, effort and money. The unfortunate thing here is that these small firm owners believe that they can get along without planning. It is very evident that failure to plan is planning to fail. Ojiako (1987) as cited by Ile (2003), states that one of the problems small or medium scale businesses has is the lack of strategic planning. They not only need planning to succeed but a long term strategic planning to survive on the long run.

Nwachukwu (1988) says that many indigenous businessmen are often too preoccupied by the day to day operation of their businesses with the result that they have no time set aside to reflect on the future of their enterprise. In his definition of the term planning, he says that planning is a thought process concerning a proposed course of action. It is important to remind them he continues that it is like somebody who wants to embark on a journey. Surely, such person must sit down to make necessary preparation before he embarks on the journey. The pertinent questions like what is the purpose of this journey, what am I expected to go with, what is the financial involvement and so on must be answered if he hopes to succeed, otherwise getting stranded on the way and probably frustrated, awaits him. In continuation that failure to plan gives rise to inefficiency and lack of direction. Why is planning so important? It is primarily for the singular reason of any investment, to succeed. So, if planning is done as at when due, because planning is a continuous process, so many problems would be taken care of on the course of doing business and success will be a possibility.

e. Lack of Information

There exists the problem of communication by the owners. Most proprietors of small scale firm have problem of keeping secret to the detriment of their establishment. They rather not divulge any information, forgetting that not everything should be kept secret. When information flows as it should, the chances are that one will be better equipped to face challenges but most do not want to communicate either to or from their immediate environment. And it is very important to note here that the more one communicate the better informed he is. But lack of exchange of information on their business, the strategies needed for growth will as well lack and subsequently the threat of failure settles

in. As the saying goes dialogue brings about the chances of achieving a desired and needed result. What should be the practice is to keep advancing on competitive strategies. There is always a unique capability which every individual or business has against the other that will be of advantage. And what proprietors should do is exploiting this advantage optimally through communication.

f. Lack of proper Training

Another problem is the poor education and lack of requisite skills most business owners have. Many people see business from the point of getting money and dabbling into a business venture. It does not matter to them whether they are trained or educated properly on the requisite skill be it in production, technical services or other enterprise. All they want to know is that they have seen somebody doing very well in that area of business and surely their case will not be different. Of course there is no business without a secret, that is, the nitty-gritty of that business must be known before success can be achieved in there. There is no production that does not require the technical know-how. And if one is jumping into an area of production without the technical background needed for the production, definitely success can not be achieved. They lack the patience needed to learn and acquire the requisite knowledge and without this training or apprenticeship there is no way success can be guaranteed.

g. Lack of Motivation by the Entrepreneurs:

Nwachukwu (1988) says that motivation is that energizing force that induces or compels and maintains behaviour. Motivation is an internal psychological process whose presence or absence is inferred from observed performance. When motivation is absent the very workforce of any organization will be lacking in optimum output. And probably at the

risk of that establishment going out of existence, there is no way a firm can operate without vibrant and motivated workforce. Ezigbo (2007) says that motivation is one of the key ingredients in employee performance and productivity. No firm can boast of effective and efficient performance without proper motivation for the workforce. Consider any business that is conducted by human beings with the aim of achieving their basic needs as non existence or dead if proper motivation is not given to the workforce. There must be a motive behind any action and anyone who undertakes a job with any firm must think towards that goal. This motive which is also known as driver is, what keeps someone on a persistent track for achievement. Until this is achieved, motivation will continue to be sustained. Udeze (2000), puts it that man is a wanting animal and man is also part physiological and part psychological, if any is lacking it brings about discontentment in the being. In either case, a deficiency in each triggers off an impulse which can be emotionally charged, compelling behaviour or act that can help supply the deficit to restore normalcy. These forces can be triggered off internally or externally. Here we are concerned with these impulses that are triggered off by these forces or drivers. Most entrepreneurs or proprietors lack in the ability to motivate their workers so as to elicit their optimal performance. To them it is the attitude of a dictator and his subjects. The workers must as a matter of compulsion carry out their duty with or without their satisfaction. If performance evaluation is to be conducted in most of our small scale firms, what one would get is not even average performance but virtually low-performance. Very many of the workers are carrying on the job because of non-availability of alternative. Suffice to say that given the opportunity, the worker would quit. And of course you will agree with me that this kind of worker will never give in his

best to the business establishment. Citing Ile (1999) an unmotivated employee has these problems as:

1. Child characteristics.
2. Dependency syndrome
3. Erratic behaviour and
4. Shallow interest in what he does.

When all these become the characteristics of workers in a company what more does anyone expect.

h. Policy Issue

Government Policy is another area of concern. Policy formulation and policy implementation by the government or appropriate authority is always at cross roads. Since the federal government's intention to develop the small and medium scale enterprises, very sound policies had always been formulated. The establishment of, Nigeria Development Bank, NIDB in the fifties, was to help in the development and growth of SMEs. Ayozie (2006) says that great attempt to develop the small-scale firms in the 1970s was evident during the days of oil boom. In this period both monetary and fiscal policies were formulated to help in the national development of small and medium enterprises which included:

1. Industrial development and national integration through industrial dispersal
2. Provision of greater employment opportunities
3. Increased production of manufactured exports
4. The development of indigenous technology

5. Increasing local content of industrial output (use of local raw materials to promote greater linkages and backward integration to raise general level of economic activity).

Again, the policy of indigenization Decree of 1972 and later on Nigeria Enterprises Promotion Act of 1977, which helped in creating, chances for Nigerians and in particular indigenes of Enugu State who were interested in manufacturing and other small scale businesses. The establishment of Industrial Development Centres, NERFUND, Peoples Bank in the 1980s, the Nigeria Directorate of Employment NDE, Nigerian Agricultural Co-operative and Rural Development Bank in the nineties, Nigerian Bank for Commerce and Industry (NBCI), and most recent is the Bank of Industry.

2.4 Critique of the Literature

The federal government on their bid to develop small and medium scale enterprises of which small scale industry is a part had formulated and supported all these programmes and policy initiatives. It is primarily to transform the country from an under developed state to a developed one. It can be seen that the serious minded government's effort are there to help in the industrialisation attempt in the time past. Unfortunately it has not giving the desired result. The question then is, has all these efforts geared towards industrialisation through small scale firms development achieved its purpose by SSF small scale firms, playing its intended roles? However, these roles of small scale firms in industrialisation of any nation are clear, even though it has not been fully exploited in the industrialisation of Enugu State. This work seeks to know why in the face of important role played by small scale manufacturing firms in industrialisation of other nations, Enugu State industrialisation process has not fully exploited that sector.

2.4 Summary of the Related Literature

In summary, this work reviewed both theoretical and empirical studies to the topic of research. It is evident from the literature that Small Scale Firms which is part of small scale enterprises has proved to be a veritable tool that helps in industrialisation process. It is playing a significant role in many countries today, both developing and highly industrialised country of the world.

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CHAPTER THREE RESEARCH METHODOLOGY

3.1 Research Design

A research design is one which describes how data relating to a given problem is collected and analyzed; it provides the procedural outline for the conduct of any given investigation. The design adopted in this work is a cross-section survey research design. This design best suits the research as it allows determination of the status of a giving phenomenon through collection of data and analysis of this data over the problem that affects a large cross sectional area while attempting to isolate antecedents or causes of the phenomenon under investigation

3.2 The Population of the Study

The target population of this research will be the management and production staff of all the small-scale production firms in Nsukka town. The town has about one hundred and ten registered small scale firms with total staff strength of 520 within the selected area of production and technical services. The distribution of workers among the study areas are as follows:

Table 2 The Distribution of Workers i.e. Admin. /Proprietors and Production

Area of production	No. of Firms	Admin/Proprietors	Production
Bakery & Confectionary	6	6	40
Fabrication & Welding	45	45	170
Sachet & Bottled Water	11	15	35
P.K.O. Mills & Allied Products	8	8	19
Furniture Making	40	45	137
Total	110	119	401

Source: Ministry of Commerce and Industry, Nsukka (2014)

3.3 Sample Size Determination

The sample size was determined using the Taro Yamane's formula, to calculate the number. Then the target population of the production firms in Nsukka is stratified so that all the mentioned firms might have the probability of being studied. After, the sample sizes of the different strata are determined using the proportionate allocation or percentage of the population of the different strata to the total target population. The sample size is thus calculated as:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = sample size

N = the finite population

e = level of significance or limit of tolerable error

1 = unity (a constant)

with the level of confidence at five percent.

So if $N = 520$

$E = 5\%$ that is 0.05

1 = unity

Then, $n = ?$

$$n = \frac{520}{1 + 520(0.05)^2} = 226.1. \text{ So the sample size for this research is 227.}$$

The total Administrative/Proprietors strength is 119 which is 22.9% of the population, while the production staff strength is 401 which is 77.1% of the population. The sample sizes for the respective cadre are:

- Administrative/Proprietors = 22.9% of 226 = 52

- Production Staff = 77.1% of 226 = 175

Using Boyle's proportional allocation formula, the following are the respective sample size for the various firms under the study:

Bakery and confectionary: Administrative staff = $(6/119) * 52 = 2.6$ approx. 3 and

Production staff = $(40/401) * 174 = 17.3$ approx. 17.

Table 3: Proportion of Sample size to the various Firms under Study

Area of Production	Admin/Proprietors	Production	Total Workers
Bakery and Confectionary	3	17	20
Fabrication and Welding	19	74	93
Sachet/Bottled Production	Water 7	15	22
Palm kernel Oil Mills	3	9	12
Furniture Makers	20	60	80
Total	52	175	227

The table above has shown in a glance the total sample size of 52 administrative staff/proprietors which constitute about 22.9% of the entire sample size, while 175 are the production workers that is about 77.1% of the sample size. This means that together the sample size is 227.

3.4 Data Distribution and Collection

This research used on the primary data and the instrument for the collection of this data is questionnaire. This instrument contains questions that are of structured and unstructured type meant to elicit responses from the respondent. The researcher administered these on proprietors as well as the production workers of the various firms. This was the only option for the researcher to collect first hand information on the firms being studied through field survey. As well there is the problem of lack of documents in most of the small scale firms in Nsukka.

The structured questions are designed with optional responses on a five point Likert scale which are designed to address the objective questions. There is the need also to simplify the questions to avoid ambiguity making it possible for easy understanding so that the respondent answers the questions appropriately. The response rate of a survey is a ratio of how many respondents who actually completed the questionnaire to those who did not, and this is expressed in percentage (0% - 100%). The researcher was conscious of this rate of response as it determines the true representation of the population by the sample. Though this will only be true if the sample size was done as it should, without biases.

3.4.1 Distribution

The questionnaire for data collection was distributed to respondents using personal visit, which the researcher undertook himself. The questionnaire distributed after the first contact were 227 copies and they were left behind for the respondents to fill at their most convenient time. The respondents promised to do so while an agreed date for collection was reached, which was to be on a future date. They were reminded of the need to complete the questionnaire and kept ready for collection on that day. This instruction was also necessary to help in boosting the number of questionnaire to be returned.

3.4.2 Collection

The collection of the questionnaire was carried out on the day agreed upon with the respondents by visiting them on their respective firms. Those who were not at their place of work when visited were the ones that failed to return theirs even after revisiting them. And this number is very small compared to the number of respondents that complied. They are only 11.5% of the total sample size which is 27 respondents. In all, the researcher was able to get high response rate from the respondents. Although it was a hectic experience the

researcher got a rate of 88.5% of the sample size which translates to 200 respondents. There was no questionnaire that was bad, as all returned questionnaire were filled out correctly.

3.5.1 Validity of the Instrument

Validity is the appropriateness of an instrument in measuring what it is intended to measure. These instruments are examined to make sure they can effectively measure what they are intended, which is to make sure that the research questions are properly addressed by the instrument of data collection. However, validity aspect varies depending on ones research. Hence, no different research will have same way of testing for validity, the principle remains same. Here the researcher consulted an expert who did content validity to make sure that the primary data collection instrument contains the appropriate items for the study and to remove all items of ambiguity. While the validity for the test of hypothesis was done using the construct validity.

3.5.2 Reliability of the Instrument

Reliability is seen as an assessment carried out to know whether the same findings would be obtained if the research were repeated or conducted giving the same conditions. To make sure that the instrument used is reliable the researcher adopted the test-retest method, here he designed a questionnaire with twenty five questions. The questionnaire was administered onto fifteen respondents at intervals. The first instrument was administered within a period of three weeks of which the same instrument was re-administered to the same group and using the spearman rank order correlation coefficient to ascertain the relationship of the two responses.

Table 3.4 Spearman Rank Order Correlation Coefficient Table

Respondents S/N	Ranks for X ₁	Ranks for X ₂	Difference in Ranks d ₁	d ₁ ²
1	48	50	-2	4
2	47	49	-2	4
3	52	57	-5	25
4	50	52	-2	4
5	51	49	2	4
6	58	56	2	4
7	51	52	-1	1
8	48	53	-5	25
9	56	52	4	16
10	50	53	-3	9
11	53	55	-2	4
12	49	47	2	4
13	55	53	2	4
14	46	50	-4	16
15	48	52	-4	16
N = 15				$\sum d^2 = 140$

Source: Field Survey 2013

The spearman rank-order correlation formula is

$$r^1 = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

$$= 1 - \frac{6 * 140}{15(15^2 - 1)} = 1 - \frac{840}{3360}$$

$$r^1 = 1 - 0.25 = \underline{0.75}$$

The value of rho is 0.75, which shows a high degree of relatedness or correlation between the two sets of responses from the respondents. This means that the instrument is highly reliable.

The instrument used in this research is the questionnaire. They are expected to be very reliable because all the approach used is given the appropriate tests. The intent was to ensure that the researcher gets the best of the information regarding the firms under study. Especially as he administered the entire instrument directly, one on one with the

respondents. And, subsequently, promised to come back on a later date for collection, to ensure maximum response.

3.6. Data Presentation

In presenting the data in Chapter 4 after collection and collation, the researcher used tables and percentages where necessary. This does not go without explanation how the data was sourced and presented. Each of the research questions was presented using tables and subsequently analyzed to give the clearer interpretation of the data.

3.7 Data Analysis Technique

Investigations started with a general analytical strategy to treat evidence fairly, produce compelling analysis, conclusions and to rule out alternative interpretations. The strategy available to survey research is that data are collected on the field which after analysis was compared with theoretical propositions from the literature to know if the research is in line with existing knowledge or if the research has produced entirely new one. The analysis of the data was by organizing, classifying, sorting out and arranging data statistically and scientifically so that the intention of this research will be achieved. This analysis was done using different analytical tools that are suitable. The four hypotheses formulated were tested at 0.05, level of significance. The primary data analysis was done using simple percentage tables and tables of ranks, means and standard deviations. The tests of hypotheses were carried out using the following statistical techniques: Z-test for hypothesis 3, while Analysis of Variance was used for hypotheses 1, 2 and 4.

3.8 Decision Rule

Spearman Rank Order Correlation Coefficient

Onyesiku (1995) in his work puts the following guide to determine the degree of relatedness or relationship in Spearman Rank Order Correlation coefficient:

Where $r^1 \geq 0.70$ very strong relationship

$0.70 > r \geq 0.50$ strong relationship

$0.50 > r \geq 0.20$ moderate relationship

$0.20 > r \geq 0.10$ weak relationship

$r < 0.10$ no or negative relationship.

Analysis of Variance

Reject Alternative Hypothesis H_A if the calculated value of F is lower than the tabulated value. Otherwise accept.

Z – Test

Do not reject Alternative Hypothesis H_A if the Z – calculated is higher than critical or tabulated value at degrees of freedom (39-1), (161-1). At 0.05 level of significance. otherwise reject.

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CHAPTER FOUR DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation with Analysis

This seeks to give a presentation of data after their collection and collation. In presenting this data, tables and percentages were used.

Research Question 1:

How do small scale firms boost generation of employment opportunities?

Table 5 Distribution of respondents, on the question of employment generation by Small-Scale Firms in Enugu State.

Response	Frequency	Percentages
Agree	12	6.0
Strongly Agree	30	15.0
Disagree	76	38.0
Strongly Disagree	66	33.0
Undecided	16	8.0
Total	200	100.0

Source: Field Survey 2014

Taking a cue from the response on the table No. 4.1, one can see that those who are optimistic about the employment generating capability of small scale firms are low with strongly agree having only 15.0% and those who agree on the concept only 6.0%. They are of the view that given its present role in employment generation, there is every hope that small scale firms will even do more as employment generation tool. What is required is only proper encouragement to would be proprietors to establish small-scale firms. Those, who strongly agree makes their decision based on the way their firms are performing. Although, the number is nothing to write home about when compared with the number of unemployed in the society but they are looking at the future. Some are already thinking of expanding beyond their current area of establishment. Those, who

agree, while having the same stand, are of the opinion that with time if the pace of development continues, small firms will definitely be a good platform for generating substantial employment.

On the contrary, there are those who disagree with the idea of small-scale firms (SSI) becoming a tool for employment generation. As could be seen on the table, the greater part which is 38.0% of the respondents disagrees while 33.0% strongly disagrees with the concept. These two groups do not think the SSI would ever be a tool for generating employment in Enugu State taking into consideration their operation in Enugu State. A good number of them are just eking out a living from their firm, hence their disagreeing with this idea, those that are at the point of collapse vehemently opposes this with strongly disagree. The remaining 8.0% with undecided do not belong to either side. They are not sure if this singular role is feasible through small-scale firms.

Research Question 2

How industrial initiative and entrepreneurship among the populace been promoted through small-scale firms?

Table 6: Ranks, Means and Standard Deviations on how industrial initiative and Entrepreneurship within the populace are promoted through Small Scale Firms.

S/N	Promoters of Ind. Initiative & Entrepreneurship	Mean of X	Standard Deviation SD	Rank
1	Training, innovativeness	3.590	1.346	1
2	Appropriate marketing mix	3.515	1.360	2
3	Advertising to enhance sales	3.300	1.407	3
4	App. performance measures	3.155	1.422	4

Source: Field Survey 2014

There, in this table 4.2 are score of the factors that promote industrial initiative and entrepreneurship which are appropriate marketing mix, advertising firm's product to

boost sales, training for new and existing technology and being highly innovative, using the appropriate performance measures which direct the firm on their day to day activities towards achieving a their goal.

On the table, training and innovativeness is shown as the most important factor that promotes industrial initiative and entrepreneurship of any given firm. This factor has the highest mean of 3.590 among all other factors and with the lowest standard deviation of 1.346 on the table, it shows that respondents are much more in agreement with this factor than all these factors. The next that follows on the degree of importance is appropriate marketing mix to improve the way a firm does its business in the area of purchasing and sales of their products, which has a mean of 3.515 and standard deviation of 1.360. This mean is next to the mean for training and innovativeness, while the standard deviation as we can see follows behind. On the table, the factor, advertising firms' product has a mean of 3.300, to follow appropriate marketing mix with a standard deviation of 1.407 as next most important. Lastly, appropriate performance measure with mean of 3.155 and the highest standard deviation of 1.422 on the table, is next on the degree of importance of the factors that promote industrial initiative and entrepreneurship.

This invariably is the view of respondents on factors that promote industrial initiative and entrepreneurship within Enugu State. Training and being innovative is the most important. Subsequently, on the line according to ranks is appropriate marketing mix, then advertising ones products to enhance sales and lastly applying appropriate performance measures.

Research Question 3

To what extent is export trade increased and developed by the instrument of small scale firms?

Table 7: Distribution of respondents on, whether Small-Scale Firms development increases export trade.

Responses	Frequency	Percentage
Agree	35	17.5
Strongly Agree	24	12.0
Disagree	48	24.0
Strongly Disagree	63	31.5
Undecided	30	15.0
Total	200	100

Source: Field Survey 2014

Table 4.3 shows the response from respondents regarding development of small-scale firms to increase export trade. Those who strongly agree that development of SSI, could promote export trade are only 24 representing 12% and those who agree are 35 being only 17.5% of the entire respondents. When asked what hinders their firms from thinking export, though at present exporting their product, might be difficult considering the production level. Some were of the opinion that their products cannot compete favourably on their side. What we produce, they would say, is always not as fanciful as imported goods, which compromises patronage. Some decry lack of up to date technological equipment for their production. Take for instance the furniture making industry; some of these furniture makers can produce even better furniture than foreign made ones. What they only lack, according to them are the requisite tools. When will these type of tools used in modern furniture manufacture be at their reach, some asks. It is worth mentioning here that, this ability conjoined with the requisite tools, small scale firms will not only produce for export but also compete favourably.

The groups that do believe negatively are the people who disagree and strongly disagree. These constitute the greater number of respondents as disagree has 48 and 63 for strongly disagree, representing 21% and 31.5% respectively. They are of the view that export is only the thing for the large corporations. The possibility of export to them is not to be thought of, as it is beyond their scope. When the researcher told them about export oriented model as practiced in some of the Asian countries. And how, the federal government had established the export processing zones in the different parts of Nigeria, with aim of encouraging export from any sector. It wasn't an idea that sounds fantastic; they asked how would anyone be interested in export that he is not knowledgeable about? Moreover there is ample market opportunity for them here in Nigeria before anywhere else. The question of adopting an industrial framework for Nigeria's industrialisation was accepted if the implementation of that framework as explained is possible. They would like the government to adopt the export oriented model conjoined with import substitution industrialisation as a policy framework for industrialisation. But their response wasn't in affirmative, until then when policy works, as we all know how things are done in this country. The researcher wanted to know more on what they mean by, how things are done in this country. Their responses were series of complaints ranging from shoddy government support, inability to source fund from financial institution, to infrastructural decay. The last group, which makes only 15.0% of the respondents, does not belong to either the hopeful or the hopeless. Their response was just flat with I do not have an idea.

Research Question 4

To what extent are these, funding, basic infrastructure, managerial skill, marketing mix and technology, a challenge that militate against industrialisation in Enugu State?

Table 8: Rank, Means and Standard deviations of factors militating against Industrialisation of Enugu State.

S/N	Factors	Mean of X	Standard Deviation	Rank
1	Poor Basic Infrastructures	3.29	0.88	1
2	Lack of Funding	4.25	1.01	2
3	Poor Managerial Skill	2.44	1.16	3
4	Lack of Marketing Ethics	2.93	1.18	4
5	Obsolete Technology	3.65	1.34	5

The response, on the table 4.4 represents the various agreed by the respondents factors that militate against the small-scale firms' contribution to an appreciable quota to the industrialisation of Enugu State as identified by the researcher. It can be seen that among these factors the

one with the highest mean of 4.25 with standard deviation 1.01 is lack of fund, while poor basic infrastructures follows in the order with the mean, 3.29, but a lower standard deviation with 0.88. Though, lack of fund has higher mean than poor basic infrastructure, the response shows that most respondents agrees on poor basic infrastructure as the greatest factor militating against industrialisation of Enugu State through small scale firms. This is so because the factor with highest mean is ranked first and followed with the one next to it until the least is ranked. While the factor with the lowest standard deviation has, the greatest effect followed with the one next to it on the table until the last factor that has the highest standard deviation. This shows that the lower the standard deviation the higher the respondents are in agreement with their response. As it is shown

on the table the next factor that militate against industrialisation in Enugu State is lack of funding, having the mean of 4.25, with standard deviation 1.01 next to poor basic infrastructure. Poor managerial skill with a standard deviation of 1.16 even when mean is 2.44 follows the factor, lack of funding, on the table. The next factor is lack of marketing ethics with a mean of 2.93 and standard deviation of 1.18, and lastly followed by obsolete technology with a mean of 3.65 and a standard deviation of 1.34.

4.2 Test of Hypotheses

H_{1.1}. Hypothesis One:

Substantial employment generation in Enugu State is significant by Small Scale Firms.

Using Analysis of variance to test this hypothesis, the result will thus be;

Table 9: Distribution of Respondents of various groups of firms on t he question of employment generation in Enugu State by small Scale firms

Response	Weight	Bakery and confectionary X_A	Fabrication & welding X_B	Sachet/Bottle Water X_C	PKO Mills X_D	Furnit ure X_E	total
Strongly Agree	4	9	5	8	3	5	30
Agree	3	3	2	2	3	2	12
Disagree	2	18	15	23	6	14	76
Strongly Disagree	1	23	13	10	8	12	66
Undecided	0	3	2	5	2	4	16
Total	10	56	37	48	22	37	200

Source: Field Survey 2014

Table 10: Computation of mean of various groups

X_A	X_A^2	X_B	X_B^2	X_C	X_C^2	X_D	X_D^2	X_E	X_E^2
36	1296	20	400	32	1024	12	144	20	400
9	81	6	36	6	36	9	81	6	36
36	1296	30	900	46	2116	12	144	28	784
23	529	13	169	10	100	8	64	12	144
0	0	0		0	0	0	0	0	0
104	3202	69	1505	94	3276	41	433	66	1364

$$\begin{array}{ccccc}
 (\sum X_A)^2 & (\sum X_B)^2 & (\sum X_C)^2 & (\sum X_D)^2 & (\sum X_E)^2 \\
 =10,816 & = 4761 & = 8,836 & = 1,681 & = 4,356 \\
 X_A = 20.8 & X_B = 13.8 & X_C = 18.8 & X_D = 8.2 & X_E = 13.2 \\
 n = 5 & n = 5 & n = 5 & n = 5 & n = 5
 \end{array}$$

$$\text{Grand mean} = X_t = 20.8 + 13.8 + 18.8 + 8.2 + 13.2 = \frac{74.8}{5} = 14.96$$

To compute the SSB = $\sum (X - X_t)^2 \times n$

$$[(20.8 - 14.96)^2 \times 5] + [(13.8 - 14.96)^2 \times 5] + [(18.8 - 14.96)^2 \times 5] + [(8.2 - 14.96)^2 \times 5] + [(13.2 - 14.96)^2 \times 5]$$

$$= 170.528 + 6.728 + 73.728 + 228.488 + 15.488 = 494.96$$

To compute the SSW (within sum of squares) =

$$\text{Group A} = \sum X_A^2 - \frac{(\sum X)^2}{n} = 3202 - \frac{10816}{5} = 1038.8$$

$$\text{Group B} = \sum X_B^2 - \frac{(\sum X)^2}{n} = 1505 - \frac{4761}{5} = 552.8$$

$$\text{Group C} = \sum X_C^2 - \frac{(\sum X)^2}{n} = 3276 - \frac{8836}{5} = 1508.8$$

$$\sum X_D^2 - \frac{(\sum X)^2}{n} = 433 - \frac{1681}{5} = 96.8$$

$$\sum X_E^2 - \frac{(\sum X)^2}{n} = 1364 - \frac{4356}{5} = 492.8$$

$$\text{Sum the group result} = 1038.8 + 552.8 + 1508.8 + 96.8 + 492.8 = 3690$$

$$\text{SST (Total Sum of Squares)} = 494.96 + 3690 = 4184.96$$

The degrees of freedom (df) are

$$\text{Within groups} = (n_A^{-1}) + (n_B^{-1}) \dots (n^{-1}) = (5-1) + (5-1) \dots$$

$$= 4 + 4 + 4 + 4 + 4 = 20$$

$$\text{Between Groups} = K(\text{number groups}) - 1 = 5 - 1 = 4$$

The variances of SSB and SSW

$$= \text{Variance for SSB} = V_B = \frac{SSB}{dg} = \frac{494.96}{4} = 123.74$$

$$\text{The variance of SSW} = V_W = \frac{SSW}{dg} = \frac{3690}{20} = 184.5$$

F ratio of the two variances is:

$$F = \frac{V_B}{V_W} = \frac{123.74}{184.5} = 0.6707$$

$$F_{\text{cal.}} = 0.6707$$

$$F_{\text{tab.}} = 2.87 \text{ at } \alpha = 0.05, \text{ degrees of freedom} = 4 \text{ and } 20.$$

Decision Rule: Reject Alternative hypothesis H_1 if the calculated value of F is lower than the tabulated value.

Decision: As the calculated value of F-ratio at 4 and 20 degrees of freedom 0.05 level of significance is 0.67 which is lower than the tabulated value, 2.87, then we have good reason to reject the alternative hypothesis. Generating substantial Employment by small-scale firms in Enugu State is not significant.

H₁ 2. Hypothesis Two:

Industrial Initiative and entrepreneurship among the populace is significantly being promoted through small scale firms.

Table 11: Factors that affect Industrial Initiative and Entrepreneurship

Response	App. Mktg Mix (A)	Advertising (B)	Training Innovation (C)	Appr. Performance measurement (D)
S /Agree	65x5 (325)	52x5 (260)	65x5 (325)	45x5 (225)
Agree	45x4 (180)	47x4 (188)	56x4 (224)	49x4 (196)
Disagree	28x2 (56)	25x2 (50)	22x2 (44)	38x2 (76)
S / Disagree	22x1 (22)	33x1 (33)	23x1 (23)	35x1 (35)
No Opinion	40x3 (120)	43x3 (129)	34x3 (102)	33x3 (99)
$\sum fx =$	703	660	718	631
$\sum fx^2 =$	2839	2572	2938	2393

Table 12: Mean and Standard Deviation of the responses from Respondents

Response	Mean of X	SD	Remarks
App.Mktg Mix	3.515	1.360	S
Advertising	3.300	1.407	S
Training/Innov.	3.590	1.346	S
Appr. Perform. Measure	3.155	1.422	S

To calculate the standard deviation of the various factors:

$$SD = \sqrt{\frac{\sum fx^2 - \frac{(\sum fx)^2}{n}}{n - 1}}$$

$$\sqrt{\frac{2572 - \frac{(660)^2}{200}}{199}} = \sqrt{\frac{2572 - 2178}{199}} = \sqrt{\frac{394}{199}} = \sqrt{1.9799} = 1.407$$

$$\sqrt{\frac{2938 - \frac{(718)^2}{200}}{199}} = \sqrt{\frac{2938 - 2577.62}{199}} = \sqrt{\frac{360.38}{199}} = \sqrt{1.811} = 1.346$$

$$\sqrt{\frac{2393 - \frac{(631)^2}{200}}{199}} = \sqrt{\frac{2393 - 1990.805}{199}} = \sqrt{\frac{402.195}{199}} = \sqrt{2.021} = 1.422$$

Table 13: The relationship between the responses from the respondents.

$\sum fx =$	703	660	718	631
$\sum fx^2 =$	2839	2572	2938	2393
$n =$	200	200	200	200
$X =$	3.515	3.3	3.59	3.155

$$\text{Grand mean} = 3.515 + 3.3 + 3.59 + 3.155 = \frac{13.56}{4} = 3.39$$

$$\text{SSB} = \sum (X - \bar{X})^2 \times n$$

$$\text{Factor A} = (3.515 - 3.39)^2 \times 200 = 0.125^2 \times 200 = 3.125$$

$$\text{Factor B} = (3.3 - 3.39)^2 \times 200 = -0.04^2 \times 200 = 1.62$$

$$\text{Factor C} = (3.59 - 3.39)^2 \times 200 = 0.2^2 \times 200 = 8$$

$$\text{Factor D} = (3.155 - 3.39)^2 \times 200 = -0.235^2 \times 200 = 11.045$$

$$\text{SSB} = 23.79$$

$$\text{SSW} = \sum X^2 - \frac{(\sum x)^2}{n}$$

$$\text{Factor A} = 2839 - \frac{703^2}{200} = 2839 - 2471.045 = 367.955$$

$$\text{Factor B} = 2572 - \frac{(660)^2}{200} = 2572 - 2178 = 394$$

$$\text{Factor C} = 2938 - \frac{(718)^2}{200} = 2938 - 2577.62 = 360.38$$

$$\text{Factor D} = 2393 - \frac{(631)^2}{200} = 2393 - 1990.805 = 402.195$$

$$\text{SSW} = 1524.53$$

$$\text{SST} = \text{SSB} + \text{SSW} = 23.79 + 1524.53 = 1548.32$$

Degrees of freedom

Between groups = $K-1=4 - 1 = 3$

Within groups $(n_A - 1) + (n_B - 1) \dots (n_A - 1) = 20-1 = 19$

$$V_B = \frac{25.79}{3}, V_W = \frac{1524.53}{19}$$

$$F = \frac{V_B}{V_W} = \frac{7.93}{80.24} = 0.0988$$

$F_{cal} = 0.1$,

$F_{tab} = 3.13$

Decision Rule: If the calculated value of F is greater than the tabulated value, the alternative hypothesis should be upheld.

Decision: The result of F calculated at 3 and 19 degrees of freedom and 0.05, level of significance is 0.1, which is lower than tabulated value of F which is 3.13. The alternative hypothesis is not accepted. So industrial and entrepreneurship among the populace has not been significantly promoted.

H₁ 3. Hypothesis Three

Increment and development of export Trade is affected significantly by small scale firms.

Mean and standard deviation of the respondents opinion between Admin/Owner managers and production staff of the firms.

Weights to the responses

Strongly Agree	-----	4 points
Agree	-----	3 points
Disagree	-----	2 points
Strongly disagree	-----	1 point
No Opinion	-----	0

Table 14: Mean of Administrative/Owner managers of firm.

X	F	FX
4	5	20
3	7	21
2	6	12
1	9	9
0	12	0
Total	39	62

$$\text{Mean of } \bar{X} = \frac{\sum FX}{\sum F} = \frac{247}{161} = 1.53$$

Table 15: Mean of Production workers of the firms.

X₂	F	FX₂
4	19	76
3	28	84
2	24	48
1	39	39
0	51	0
Total	161	77.44

$$\text{Mean of } \bar{X} = \frac{\sum FX}{\sum F} = \frac{247}{161} = 1.53$$

Table 16: Computation of Standard Deviation of Admin/Owner managers of small firms.

(X_I = 1.59)

X	F	X - \bar{X} = X_I	FX_I	F(X_I)²
4	5	2.41	12.05	29.04
3	7	1.41	9.87	13.92
2	6	0.41	2.46	1.01
1	9	-0.59	-5.31	3.13
0	12	-1.59	-19.08	30.34
Total 10	39	2.05	-0.01	77.44

$$n_I = 39$$

$$\sum F (X_I)^2 = 77.44$$

$$\text{Variance } S^2_1 = \frac{\sum F(X_I)^2}{n-1} = \frac{77.44}{38} = 2.038$$

$$\text{Standard deviation } S = \sqrt{2.038} = 1.428$$

Table 17: Computation of Standard deviation of production workers ($X_2 = 1.53$)

X	F	X-X=X₂	FX₂	F(X₂)²
4	19	2.47	46.93	115.92
3	28	1.47	41.46	60.51
2	24	0.47	11.28	5.30
1	39	-0.53	-20.67	10.96
0	51	-1.53	-78.03	119.39s
$n_2 = 161$				$\sum F (X_2)^2 = 312.08$

$$\text{Variance } S_2^2 = \frac{\sum F(X_2)^2}{n-1} = \frac{312.08}{160} = 1.9505$$

$$\text{Standard deviation } S = \sqrt{1.9505} = 1.397$$

To compute Z-test for the responses from respondents are

$$X_1 = 1.59, X_2 = 1.53$$

$$S_1 = 1.428, S_2 = 1.397$$

$$n_1 = 39, \quad n_2 = 161$$

$$Z = \frac{X_1 - X_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}} = \frac{1.59 - 1.53}{\sqrt{\frac{2.038}{39} + \frac{1.9505}{161}}}$$

$$Z = \frac{0.06}{\sqrt{0.052 + 0.012}} = \frac{0.06}{\sqrt{0.064}} \frac{0.06}{0.253} = 0.24$$

t_{tab} at 198 degrees of freedom, $\alpha = 0.05$ level of significances = 1.645

$$t_{\text{cal}} = 0.24$$

Decision Rule: Do not reject the alternative hypothesis if the t-calculated is higher than critical or tabulated value at degrees of freedom $(39-1) + (161-1) = 198$ at 0.05 level of significance, otherwise reject.

Decision: As the t-calculated is 0.24, 198 degrees of freedom at 0.05 level of significances. ($\alpha=0.05$). The alternative hypothesis is rejected.

Conclusion: Increment and development of export trade are not affected significantly by small scale firms.

H₁. 4. Hypothesis Four

The issue of Funding, Basic Infrastructures, Managerial Skill, Marketing Mix and Technology are militating against Small Scale Firms in Enugu State.

Each of the factors is weighted by the respondents according to degree of challenge associated with the factor. The researcher gave weighing range from 4 (highest) to 0 (lowest).

Utmost a challenge ----- 4
 High challenge ----- 3
 Averagely ----- 2
 Adjust ----- 1
 No challenge ----- 0

Table 18: Factors that pose challenges to the various firms under study

Factors	A Bakery and Confectionary	B Fabrication and Welding	C Sachet/Bottle water	D PKO /Allied Production	E Furniture
Lack of fund	3	4	4	5	2
Poor Infrastructure	4	2	5	5	3
Obsolete Technology	2	5	2	4	3
Poor mktg Ethics	5	1	3	2	4
Poor Man. Skills	2	4	2	4	3
Total	16	16	16	20	15

Table 19: Computation of mean of the Factors

X_A	X_A^2	X_B	X_B^2	X_C	X_C^2	X_D	X_D^2	X_E	X_E^2
3	9	4	16	4	16	5	25	2	4
4	16	2	4	5	25	5	25	3	9
2	4	5	25	2	4	4	16	3	9
5	9	1	1	3	9	2	4	4	16
2	4	4	16	2	4	4	16	3	9
$\sum X = 16$	42	16	62	16	58	20	86	15	47

$$SSB = \sum (X - \bar{X})^2 n$$

$$\text{Mean of } X_A = 16/5 = 3.2$$

$$\text{Mean of } X_B = 16/5 = 3.2$$

$$\text{Mean of } X_C = 16/5 = 3.2$$

$$\text{Mean of } X_D = 20/5 = 4.0$$

$$\text{Mean of } X_E = 15/5 = 3$$

$$\text{Grand Mean} = 3.2 + 3.2 + 3.2 + 4.0 + 3.0 = 16.6/5 = \underline{3.32}$$

$$SSB = [(3.2 - 3.32)^2 \times 5] + [(3.2 - 3.32)^2 \times 5] + [(3.2 - 3.32)^2 \times 5] + [(4.0 - 3.32)^2 \times 5] +$$

$$[(3.0 - 3.32)^2 \times 5]$$

$$= 0.072 + 0.072 + 0.072 + 2.312 + 0.512 = 3.04$$

$$SSW = \sum X^2 - \frac{(\sum X)^2}{n}$$

$$\text{Group A} = \sum X_A^2 - \frac{(\sum X)^2}{n} = 42 - \frac{16^2}{5} = 42 - 51.2 = -9.2$$

$$\text{Group B} = \sum X_B^2 - \frac{(\sum X)^2}{n} = 62 - \frac{16^2}{5} = 62 - 51.2 = 10.8$$

$$\text{Group C} = \sum X_C^2 - \frac{(\sum X)^2}{n} = 58 - \frac{16^2}{5} = 58 - 51.2 = 6.8$$

$$\sum X_D^2 - \frac{(\sum X)^2}{n} = 86 - \frac{20^2}{5} = 86 - 80 = 6$$

$$\sum X_E^2 - \frac{(\sum X)^2}{n} = 47 - \frac{15^2}{5} = 47 - 45 = 2$$

$$SSW = 16.5$$

$$\text{Degrees of freedom } V_B = 5 - 1 = 4$$

$$\text{And } = V_W 25 - 5 = 20$$

$$\text{Variance} = \frac{SSB}{VB} = \frac{3.04}{4} = 0.76$$

$$S_W^2 = \frac{SSW}{V_B} = \frac{16.4}{20} = 0.82$$

$$F_{\text{calculated}} = \frac{SB^2}{SW} = \frac{0.76}{0.82} = 0.93$$

$$F_{\text{tabulated}} = 2.87$$

Decision Rule: Under the degrees of freedom 4 and 20 at 0.05 significance, if the calculated value of F, is greater than the tabulated or critical value of F, accept the alternative hypothesis. Otherwise, do not accept.

Decision: As the calculated value of F is 0.93, at degrees of freedom, 4 and 20, and 0.05 level of significance, it is not up to the tabulated value of F, 2.87.

Therefore reject the alternative hypothesis and say, the opinion of the respondent is these attendant challenges do not militate against, industrialisation significantly.

4.3 Discussion of Results

Objective One

The possibility of generating substantial Employment opportunities by small-scale firms in Enugu State.

Findings: The analysis of variance test shows that F-calculated is 0.6707, which is lower than F-tabulated, 2.87, and therefore the alternative hypothesis H_1 is not accepted.

Discussion: As can be seen, the result shows that the rate small scale firms are generating substantial employment in Enugu State is not significant. The test shows that the respondents are of the view that the rate of employment generation by small scale firms are not what it should be due to so many reasons but given a timely and adequate support and encouragement, the sector will definitely be an employment generating avenue. The finding in respect of the hypothesis again did not agree with the work of Daniels & Ngwira, (1993); Gallagher & Robson, (1995). Who says, it is estimated that small and medium scale enterprises employs 22% of the adult population in developing countries. Judging from experience on their performance, most of the respondents believe that small scale industry will generate an appreciable employment in Enugu State as well as the country. But this will be amply exploited if the corruption on the government can allow their supportive programmes to be fully implemented to the targeted entrepreneurs. Hence Morris and Bassant (2003) says that Small-Scale Industry sector has emerged as a dynamic and vibrant sector of the Indian economy in recent years due to careful planning and execution of the policy, thereby displaying phenomenal growth in the field of production, employment and dispersed development in general and exports in particular thereby addressing the problems of poverty and unemployment.

Objective Two:

Promoting Industrial Initiative and Entrepreneurship among the populace in Enugu State,

Findings: The result of the test shows that the alternative hypothesis is not accepted.

Discussion: The result shows that through small scale firms, industrial initiative and entrepreneurship are not promoted significantly, not because it is not capable of, but due to the operating environment of most small scale firms in Enugu. This result is contrary to the statement from the Indian government which says that among other roles small scale firms act as nursery for entrepreneurship and facilitate mobilization of local resources and skills which might remain unutilized. Though the result is not entirely negative as it supports the findings of Liedholm (1990); Schmitz (1982) who says, that the fundamental issue is how to create a policy business environment that will enable Small Scale Enterprises (SSE) to contribute productively to industrial development. It is of the view that industrial initiative and entrepreneurship in the developmental process is not out of place here in Enugu rather the need to harness and adequately develop small scale firms to take up this role effectively. Hence responses from respondents show that the identified factors do promote industrial initiative and entrepreneurship in Enugu State but not to the extent of a significant level. And this is attributed to environmental constraints, which do not allow small scale industry to take its appropriate position in the economy.

Objective Three:

SSI has the propensity to Increase and develop export trade.

Findings: The result of the analysis of mean and standard deviation shows that increment and development of export trade are not affected significantly by small scale firms. And so the alternative hypothesis is not accepted.

Discussion: The result of this hypothesis does not support the statement of Aliyu (1990:35) who is of the view that on realizing the role that small scale firms play, the investments aimed at stimulating the development of a more diversified and integrated industrial base has shifted to small scale enterprises. Most of the small scale firms studied shows that the interests for development of goods are there but they are yet to grow to that level. Some attributes their problem in not reaching the desired goal here to inability to procure requisite equipment due to lack of funds, others say that government policy in this regard is not encouraging as they are supposed to encourage export through their export processing zone. The implementation is marred by gross corruption in the country. While some lack the requisite technology that could compete favourably if exposed to outside economies. This does show that, irrespective of the supportive programmes of the government and awareness, the role of small scale industry in this regard is far from achieving the desired goal.

Objective Four:

The highlights of challenges that face small scale firms particularly in the area of funding, basic infrastructure, managerial skill, marketing mix and technology

Findings: The result of the analysis of variance test shows that there was no reason to accept the alternative hypothesis.

Discussion: The hypothesis is rejected as the opinion of the respondents show that attendant challenges do not affect industrialisation significantly. Holz – Eakin (2005) and Schafer and Talavera (2006) stresses the contribution from small and medium enterprises to growth especially in Taiwan and Malaysia. This does not

suggest that small scale enterprises do not have challenges. The challenges therein do affect the growth of small scale firms in Enugu to some extent but not to the point of halting it. The fact that Nigerians are known for their ability to keep surviving even where it is too difficult to attests to this. So if these challenges are addressed and properly managed, of course they will definitely not affect growth process, rather the type experienced in the Asian Tigers like Taiwan and Malaysia would be here with us in Enugu. This is why, small and medium scale enterprises irrespective of these challenges facing the sector in the country is as well contributing to growth and development.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

On the course of this research the following are the summary of what the researcher found;

1. In the area of employment generation, small scale firms' contribution to industrialisation in any given society can not be over emphasized. Though in our own case one might say that small firm's impact on employment is not yet significant, it is still generating an employment within the populace. The instance of some of these firms employing regularly. Some of them says that they started with only one employee and after some years have up to fifteen and some more employees on their payroll.
2. Small Scale Firms do not Promote Industrial Initiative and Entrepreneurship among the populace in Enugu State significantly. It has been found that entrepreneurs in this area are highly risk averse. It is observed too that the proprietors relatively are slow in embracing the dynamism found in today's technology because various reasons like cost, acquisition, maintenance and training. While another issue is environmental factors which includes basic infrastructure problems, government policies, that pose a great challenge and of course funding which is evident how expensive it is in taking up an idea, midwife that idea and commercialize it is, so says our respondents

3. Increment and Development of export trade is not affected significantly. The study reveals that even though small scale firms have not affected it is expected, it is still within the minds of entrepreneurs within Enugu. They are of the opinion that if the issue of technological equipment is addressed definitely most of them will think export. So encouragement and support are needed here to help out.
4. Challenges are many that undermine the growth of small scale firms within Enugu, but as the respondents put it the sector is trying their best amidst these challenges. Irrespective of these challenges, one would see the level of small scale firms establishments within Enugu. Hence the result of the test of hypothesis says reject the alternative hypothesis.

5.2 Conclusion

In conclusion, it has been identified that the small scale firms could be used as a tool that can help in advancing the pace of industrialisation in Enugu State. Though this role is bedeviled with the problem in Nigeria and the way Nigerians go about their business. Let these identified roles be fully exploited in the face of this problem of industrialisation. We know that with the right framework, perseverance and strict implementation of this policy to the letter, there will be definitely a tremendous growth in the development process. And of course to reach this desired level of industrialisation we must not forget the fact that small scale firms will be of great help. Take the evidence of other nations and not so fantastic contribution made in this country, we say that the role of small scale firms can not be overemphasized, though we are still far from reaching the desired level, it can be seen that grass root development in Enugu State can only be possible

through small scale firms. It is evidently clear that the following can further be developed in the economy of this state, Enugu: Industrial initiative and entrepreneurship, Export promotion, Provision of complimentary role by small scale firms and finally Employment generation.

5.3 Recommendations

After carrying out this research work, the following recommendations are made based on the research findings:

1. There is the issue of government proffering a lot of policies and supportive programmes, but that ends up not reaching the greater chunk of small scale investors, the government is therefore being asked to come up with monitoring team that will oversee the implementation of these policies and programmes in such a way that the real small scale industrialists are the beneficiaries. In this light the researcher is recommending a follow up team that will serve as counter monitoring team.
2. Provisions of basic infrastructures are among the most difficult challenges that respondents are pointing at. On the course of this research it was revealed that infrastructural decay especially the issues of power supply is affecting the development and growth of small scale firms in Enugu State as well as the country in general. In this regard it is very important that government should make provision of basic infrastructures a priority. Attention must be geared towards solving the problems posed by epileptic power supply, poor road network, etc. The issue of poor management skill, lack of marketing ethics or the dynamics of modern marketing are other problems facing small scale

industrialists. It is recommended that all the investors or business owners in this sector should as a necessity be encouraged to carry out or undergo a continuous training in these areas of their deficiency. The problem of obsolete technology is another issue though, it is still part of training and with the continuous training afore mentioned the problem will ever be taking care of, while the acquisition of requisite equipment to meet up with the new technologies requires funding. This problem could be tackled from diverse points, as that falls within the purview of funding which might be unaffordable by these small scale industrialists. Government support in this area is one avenue. Advancing soft loan to prospective as well as existing industrialist is a welcome development. Another approach is acquisition of loan from development financial institution like Bank of Industry, or commercial banks through the intervention of the government so that the cost for capital will not be too heavy on the proprietors. Finally the example of Mutual Fund system that Taiwanese used in their development process of small scale firms is another way that is worthy of mention. In Enugu State there is a similar programme called thrift groups. With this system the poor ones can raise capital to take off their intended firm or purchase of requisite tools and equipment for production.

The impact of the export processing zone is not being felt by the small scale firms in Enugu State. These export processing zones would have been on a better position in exploiting the efforts of the small scale firms in the country by leveraging on Africa's level of development and of the other countries of the world. Though this dream may not have been actualized, we must not wait until our products can compete the world over.

Therefore, it is of great importance that government should sensitize, promote, and support export by small scale firms through the export processing zones as is the case in the example of Asian Tigers. It is therefore recommended that Import Substitution Industrialisation, co-joined with Export Oriented Model of which the position of Small Scale Firms is evidently clear be adopted.

3. It is noteworthy stating here that efforts made by interested investors should on no account be allowed to die away. There are people who are making genuine effort to create and maintain viable small scale industry, these should be identified and constantly visited by government to know how best to support them. As sometimes a blanket support programme might not be the best, taking into consideration the problem of mortality as highlighted by some scholars. This means that the government should be wary of this great challenge, by constantly researching on the area of development of small scale firms. If other countries used small scale firms as tool to fast track their economic development, there is no reason why Nigeria would not reposition her small scale firms to achieve their desired industrialisation. Irrespective of the challenges facing SSI.

With these recommendation there is no gain saying the fact that small scale industrialists would be better off, and the gains will definitely see the industrialisation process taking its proper position in the economy of Nsukka and thereby positively industrialising Enugu State.

5.4 Contribution to Body of Knowledge

This study has contributed to knowledge in some areas. Among these are the following:

1. Where the efforts of our policy makers should be to achieve our most desired industrialisation.
2. The different developmental strategies adopted by so many countries in the world are stated here which the policy makers can always lay hands on for their policy promulgations.
3. Those who are already in the field of small scale industry but are having problem can consult it as a reference material.

So, it is the researcher's optimism that this work had contributed to body of knowledge.

5.5 Area for further Research

No research ever claims to be exhaustive. There are still areas that this research in particular did not touch because of the scope, which might be of interest to scholars. So the researcher recommends that further research be carried out in the following areas:

- Other development Strategies to compare with the ones mentioned in this research
- Causes of mortality in the sector of Small Scale Firms

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APPENDIX I

Department Management
University of Nigeria
Enugu Campus

17 August 2012

Sir/Madam,

I am a postgraduate student of the above named School, by name Ugwuoke Cosmas Ik.

I write to request your help in filling out this questionnaire, which is a data collection instrument for the research work on the topic: **Role of Small Scale Enterprises in Industrialisation of Enugu State**. It is for academic research in partial fulfillment of an award of Master of Science degree in Management.

I do hope that you will kindly oblige me this request.

Thanks

Yours sincerely,

Ugwuoke Cosmas Ik.

APPENDIX II

QUESTIONNAIRE

Section One

Tick (✓) where appropriate

1. What Sex are you? (a) Male () (b) Female ()
2. What is your Marital Status? (a) Single () (b) Married () (c) Divorced ()
3. What is your level of education?
 - (a) F.S.L.C. () (b) GCE / WASC / SSSC () (c) HND/ B.Sc ()
 - (d) Higher Degree () (e) Others, specify -----
4. Which category of staff are you? (a) Administrative () (b) Production ()

Section Two

Key: A ---- Agree, S/A ----- Strongly Agree, D ---- Disagree,

S/D ---- Strongly Disagree, Und ----- Undecided

S/N	ITEMS	SA	A	D	SD	Und
	Objective 1. Generating substantial Employment Opportunities in Enugu State.					
1	Regular employment by firms have reasons other than labour turnover					
2	Expansion is one of the causes for regular employment					
3	Labour turnover is a thorne on the flesh of proprietors.					
4	Retention of workers is one of the factors that ensure high productivity.					
5	Do you feel that SSI might be the prime mode or source of employment in Enugu State?					

S/N	ITEMS	SA	A	D	SD	Und
	Objective 2. Small Scale Firms Promote Industrial Initiative and Entrepreneurship among the populace.					
6	Training, for existing and new technologies are regarded as a prerequisite for growth in any establishment, do you agree?					
7	To keep growing in a competitive world one needs a continuous flow of ideas as an entrepreneur.					
8	Do you agree with using appropriate marketing mix by your firm to maintain a continuous high sales.					
9	Advertising ones products creates awareness and therefore firm's growth is largely tied to it, do you agree?					
10	Do you think using appropriate performance Measures can enhance growth generally?					
	Objective 3. Developing and Increasing Export Trade					
11	SSI has the capability of exploring and exploiting the local raw material especially for export.					
12	Export Oriented Model with Import Substitution Industrialisation as a policy framework would encourage growth of SSI in Nigeria and particularly Enugu State					
13	It is the view of some scholars that for local firms to compete favourably with foreign firms, basic infrastructure, policy and government support etc. must be maintained.					
14	Through small scale firms, our export trades could be increased and developed to an appreciable level.					

S/N	ITEMS	SA	A	D	SD	Und
	Objective 4. Highlighting some of the challenges that face Small Scale Firms in Enugu State.					
15	Lack of basic infrastructures in Enugu State are considered daring, do you agree with this statement?					
16	The cost implications of the infrastructural decay unto small firms are quite high and affect the growth of these firms. What is your opinion?					
17	The researcher identified among this Funding, Technology, Management, Marketing and Government Policies as other challenges facing different small firms in Nigeria at various degrees, to what extent will you agree with this.					
18	Do you agree to the point that SSI could help in advancing the pace of industrialization in Enugu State					

- 19 What type of performance measures are you using in your firm?
- 20 How do you ascertain the appropriateness of this measure to ensure continuous growth?
- 21 Do you think outsourcing by large scale firm can help the SSI in Enugu State in their development process? (a) Yes () (b) No ()
- 22 If so, do you see SSI in Enugu State taking up the complimentary role with Large Firms?
- 23 Of all these challenges which is or are most challenging?

Thank you for being a part of this research.