



Impact Of Small-Scale Business Organization on Economic Development: A Case Study of Hamdala Special Bread Bakery Kwangwara, Kontagora, Niger State, Nigeria

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Abstract

This work has clearly revealed that small-scale businesses have suffered many setbacks due to a lack of amenities, poor funding, economies of scale, improper management, illiteracy, and other factors. The source of finance for small businesses is not enough to help them expand as expected. Scale business has an impact on the development of a country through the provision of jobs, revenue generation to the government and a boost to the standard of living. Also, it was realised that government intervention is weak and must be enforced. The research design and procedure for data analysis and test of hypothesis revealed that this study is based on the following: government programs and policies, economic growth and development, job creation and poverty alleviation. From the findings of this research, small-scale businesses have an impact on economic development because they create jobs and alleviate poverty. However, government intervention in small-scale businesses is not encouraging; more policies should be profound and implemented correctly.

Keywords: Small scale business, government, policies, bakery, organisation

Introduction

Small scale business started when people produced more product than they needed, as such they had to exchange their surplus. In essence small business existed and is as old as trade by barter because barter is done in small scale (Etuk, 1985; John, 1999). Each country tends to adopt which ever parameter or criteria suitable for it based on their economic policies in defining small scale business (Tom, 1985). Hence, the definition of small scale business differs from country to country and from industry to industry (Bukola, 2013). Each country tends to derive its own definition based on the role small business is expected to perform in the development of country. However, definition changes over a period of time with respect to price, technology and other considerations (Enefiok, 2006).

In some countries the definition of small scale enterprise is bound by financial measures such as profit, balance sheet, and the values of assets, annual sales small enterprises allow individuals to profit from their passion (Marc, 2003). It is a business that employs a small number of workers and



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doesn't have high volumes of sales (Richard, 2003). Financial measures can vary by industry, as annual receipts may be higher for industries that have higher overhead cost to operate. In general, small scale enterprises are business that do not dominate their respective country (Marc, 2003). They are generally privately owned and operated sole proprietorship corporation or partnership. According to Gustarfson (2003), a small business is the one which possess at least two of the following four characteristics viz: management, capital, area of operation is mainly local within their vicinity and relative size of the firm within its industry must be small when compared with the biggest unity in its field (Sunday, 1999)

According to Bukola (2008), small scale enterprises exist in almost every industry. They can range from mom and pop convenience store to small manufacturing plant. Additionally to Nigeria types of small scale enterprises can include privately owned restaurants, inns, bakeries, and dry cleaning and construction contracts. Small scale business is numerous in number but yet they face a lot of challenges and problems. Some of these problems include lack of capital, specialization, competition, inadequate power supply and most recently high unemployment rate.

This study is devoted to investigating the problems and prospects of small-scale businesses in Nigeria with reference to Hamdala Bakery in Niger state. This research is timely because it will: (i) Address the roles played by the government towards the promotion and development of small scale business;

(ii) Examine the contribution of small scale business to the economy of Nigeria;

(iii) Identify the constraints confronting small-scale business

(iv) Find suitable strategies that will improve the development, growth and survival of small-scale businesses.

Research Methodology

Sample design

The sampling technique used in this research is a simple random sampling technique.

Sampling size: 50 respondents

Research measuring instrument

The questionnaire was used as a research instrument for data collection. The questionnaire standardizes and organises the collection and processing in better and more concise manner

Methods of data processing

Data collected in this study were statistically analysed and presented based on the research questions and hypothesis that guided the study.

Question 1: Government generates revenue from small scale business?

In Table 1, 27 respondents representing 54 % indicated that government generates revenue from small scale business. On the other hand, 23 respondent representing 40 % asserted that government does not generate revenue from small scale business.

Table 1: Government generates revenue from small scale business

Responses	Respondents	Percentage (%)
Yes	27	54
No	23	46
Total	50	100 %



Question 2: Does small scale business creates jobs for Nigerians?

In Table 2, 49 respondent representing 98 % stated that small scale business creates jobs for Nigerians. Conversely, one respondent representing 2 % reported that small scale business do not create job for Nigerians.

Table 2: Small scale business creates jobs for Nigerians

Responses	Respondents	Percentage (%)
Yes	49	98
No	1	2
Total	50	100 %

Question 3: Do small scale operators make more profit than large scale business?

In Table 3 below, 38 respondent representing 76 % indicates that small scale business operator make more profit than large scale business. However, 12 respondent representing 24 % observed that small scale business operator do not make profit than large scale business.

Table 3: Small scale operators make more profit than large scale business

Responses	Respondents	Percentage (%)
Yes	38	76
No	12	24
Total	50	100 %

Question 4: Small scale business does not make any significant contribution to economic development of the nation?

In Table 4 below, 13 respondent representing 26 % reported that small scale business does not have any significant contribution to economic development of the nation. Furthermore, 37 respondent representing 74 % indicated that small scale business make significant contribution to economic development of the nation.

Table 4: Contribution of small scale business to the nation

Responses	Respondents	Percentage (%)
Yes	13	26
No	37	74
Total	50	100 %

Question 5: Does the growth of small scale business enhances growth in the nation's economy?

In Table 5 below, 46 respondent representing 92 % stated that the growth of the small scale business enhanced growth in the nation's economy. Nevertheless, 4 respondent representing 8 % implies that the growth of small scale business do not enhance growth in the nation's economy.

Table 5: Small scale business enhances growth in the nation's economy

Responses	Respondents	Percentage (%)
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Yes	46	92
No	4	8
Total	50	100 %

Question 6: Do small scale business owners re-invest their profit into their business?

In Table 6 below, 42 respondent representing 84 % reported that owner's re-invest their profit into their business. On the other hand, 8 respondent representing 16 % asserted that small scale business owners do not re-invest their profit into their business.

Table 6: Small scale business owners re-invest their profit into their business

Responses	Respondents	Percentage (%)
Yes	42	84
No	8	16
Total	50	100 %

Question 7: Does small scale business pay tax?

In Table 7, 38 respondent representing 76 % reported that small scale business pay tax. Conversely, 12 respondent representing 24 % observed that small scale business do not pay tax.

Table 7: Small scale business pay tax

Responses	Respondents	Percentage (%)
Yes	38	76
No	12	24
Total	50	100 %

Question 8: Does small scale business engage in corporate social responsibility activities?

In Table 8, 25 % of small scale business engage in corporate social responsibility activities. In essence average population of small scale business do not engage in corporate social responsibility activity.

Table 8: Small scale business engage in corporate social responsibility activities

Responses	Respondents	Percentage (%)
Yes	25	50
No	25	50
Total	50	100 %

Question 9: Does small scale business increase the standard of living in Nigeria?

In Table 9, 45 respondent representing 90 % stated that small scale business increases the standard of living in Nigeria while 5 respondent representing 10 % reported that small scale business do not increase the standard of living.

Table 9: Small scale business increase the standard of living in Nigeria

Responses	Respondents	Percentage (%)
Yes	45	90



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No	5	10
Total	50	100 %

Test Of Hypothesis

The method adopted in testing the hypothesis is statistical method of correlation.

$$R = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{[n(\sum x^2) - (\sum x)^2][n(\sum y^2) - (\sum y)^2]}}$$

R= Measure of linear correlation; n= Number of events; x = Positive response (Yes); y = Negative response (No)

Hypothesis 1

H₀: There is a strong relationship between government policies, programs and the operation of small scale enterprises.

H₁: There is no strong relationship between the government policies, programs and the operation of small scale enterprises.

Table 1

Questions	X	Y	x ²	y ²	xy
1	27	23	729	529	621
8	38	12	1444	144	456
9	25	25	625	625	625
Total	90	60	2798	1298	1702

$$R = \frac{3(1702) - (90)(60)}{\sqrt{[3(2798) - (90)^2][3(1298) - (60)^2]}}$$

$$R = -1$$

Analysis of hypothesis

Examining the response from question 1, 8 and 9 through the correlation method. H₀ is accepted and H₁ is rejected. Therefore, there is a strong relationship between government policies and programs and operation of small scale enterprises.

Hypothesis II

H₀: The operation of small scale business impinges on the growth and development of the economy

H₁: Small scale enterprise does not impact on creation of employment and poverty alleviation

Table 2

Questions	X	Y	x ²	y ²	xy
4	13	37	169	1369	481
5	46	4	2116	16	184
6	42	8	1764	54	336
Total	101	49	4049	1449	1001

$$R = \frac{3(1001) - (101)(49)}{\sqrt{[3(4049) - (101)^2][3(1449) - (49)^2]}}$$



$$R = -1$$

Analysis of hypothesis

Considering the response from 4, 5 and 6, the null hypothesis (H_0) is accepted and H_1 is disregarded. In essence, the operation of small scale business impinges on the growth and development of the economy.

Hypothesis III

H_0 : Small scale enterprise impact on creation of employment and poverty alleviation

H_1 : Small scale enterprise does not have impact on creation of employment and poverty alleviation

Table 3

Questions	X	Y	x^2	y^2	xy
2	49	1	2401	1	49
3	38	12	1444	144	456
10	45	5	2025	25	225
Total	132	18	5870	170	730

$$R = \frac{3(730) - (132)(18)}{\sqrt{[3(5870) - (132)^2][3(170) - (18)^2]}}$$

$$R = -1$$

Analysis of hypothesis

Observing responses from question 2, 3 and 10 the null hypothesis (H_0) is accepted while H_1 is rejected.

Discussion Of Findings

Considering the analysis and interpretation of the data, it is obvious that small scale businesses helps to increase the standard of living through the creation of job opportunities. Also government generates revenue through tax and taxation both directly and indirectly from small scale businesses. The development and growth in small scale businesses implies a growth in the nation's economy. The implication of this study is that if government does not provide adequate enabling environment for small scale business in order to contribute to the economic development of the nation.

Finally, if small scale business operators are not well enlightened, it will lead to improper management of finance and business. Since one of the major problems of small business is lack of fund, government and other stakeholders should provide more incentives to small scale business in order to encourage them.

Conclusion

From the data collected on the impact of small scale business on economic development. The following conclusions are drawn:

- (i) Government generates revenue from small scale business through tax and other levies
- (ii) Small scale business creates jobs and increases the standard of living in a country.



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- (iii) The growth and development of small scale business enhances growth in the nation's economy

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