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## Challenges of sustainability of small scale businesses in Ihiala Local Government Area of Anambra State

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### Abstract

This study ascertained small scale business affordability, employability, and challenges among youth in Anambra State. This study adopted a descriptive survey research design. The population of study is made up of 22,53128 youth in Anambra State who are into small scale business. A simple random sampling technique was used to select 180 males and 140 females in Anambra State which gave a total sample size of 3120 youth. one research question and one hypothesis guided this study. The instrument used for data collection is a researcher-made instrument titled “Small scale Business Affordability, employability, and Challenges among Youth in Anambra State (SSBAEAYA) at a 4-point weighted scale of strongly agree, Agree, Disagree, and Strongly disagree. The instrument was validated by two specialists in the Department of Business Administration at Enugu State University in Enugu State using Cronbach alpha. The coefficient of reliability is 0.87 which shows that the instrument is reliable to be used for this study. Data was analyzed using mean and standard deviation. z-test statistics were used to test the hypothesis.

**Keywords:** Anambra State, Ihiala Local Government Area, Nigeria, Small scale business, Youths

### 1. Introduction

Small scale businesses are established principally for the mutual benefits of the owners mostly for profit making. Hallberg (2000) opined that government promotes small scale businesses because of the economic benefits it has provided to the citizens such as job creation, efficiency, and growth compared to large-scale industries. Small scale business is affordable, employable, and well fitted for individuals the ages of 30 to 45 years. Some small scale businesses do not require huge amounts of capital, space, and labourers for their start-up. Lawal (1998) identified that small scale businesses have contributed to the transformation of rural communities, gross domestic products, revenue generation, utilization of local resources, and promotion of indigenous entrepreneurship among others. According to Williams (2008), small scale business is a business people engage themselves in to earn a living. Small scale businesses have encouraged innovation and flexibility, keeping large firms competitive and greater employee satisfaction. Both the developed and developing countries have provided policies for promoting and encouraging small scale businesses as a strategy for accelerating industrialization. Every state in Nigeria has accorded high priority to fostering the development of small scale businesses. small scale businesses to progress in Nigeria, they must interact with relevant regulatory bodies responsible for designing, implementing, and promoting all policies for small scale businesses to thrive. Medium-scale enterprise agencies are responsible for creating an enabling environment for small scale businesses. They stand as vanguards for promoting and facilitating rural industrialization, poverty reduction, job creation, and sustainable livelihood. Small scale businesses begin with identification, assessment, and benchmarking business environment to identify or find out which aspect of the school environment offers promising opportunities for small scale businesses to succeed.

Every business, irrespective of its objectives, has a philosophy of growth or survival. The inability of a business to survive, and adapt can be regarded as business failure. The inability of a business to survive, and adapt can be regarded as a business failure due to the inability of businesses to meet their current obligations as they fail. A good number of small scale businesses in Nigeria, particularly in Ihiala, Anambra State, who enter into businesses without business ethics fail woefully due to wrong choice of business competition, lack of business connection, educational experiences, technological changes, poor management, paucity of capital, poor financial control or inability to keep business accounts or records.

Other reasons for business failure include lack of employee satisfaction, government policy, poor business promotions, unreasonable expenses, absence of productivity improvement techniques, and unethical practices to businesses among others. Good business management hinges on judicious utilization of available resources such as technology, accurate record keeping, judicious use of business resources, and effective management skills to succeed. in the business. Effective

business management connotes inter with business experts, environmental scanning and benchmarking, employment of skilled labourers, and reading business publications among others. This strategy enables any potential business entrants to scratch out a balance in carrying out businesses of their choice. Risk is inevitable in business. Businessmen do not fear risks in their businesses. The more risks an individual takes in business, the more rewards follow thereafter if eventually, that individual can have all it takes to surmount the risks. With the above expository, small scale business management is defined in the following ways:

Small scale businesses are businesses engaged by individuals to earn a living. Small scale businesses do not require too many registration protocols. The risks of small scale businesses are borne by the owners. Sullivan (1975) defined small scale businesses as businesses independently managed by the owners with owners-supplied capital. It is more or less local in operation. This definition showcased that small scale businesses are operated with the owner's resources and it is operated in the locality where those businesses are favoured to exist. Madu, Uzoechi and Agu (2000) identified that small scale businesses have exhibited landmark achievements in entrepreneurial skills development of the citizenry. Good numbers of Small scale businesses have supported large scale businesses with various economic resources. Small scale businesses have gained top recognition in the lives of the citizenry. Youths who wished to train themselves in higher education, get into married lives, or build their own personal houses have benefitted from small scale businesses.

Small scale businesses have received many accolades in Nigeria and in Diaspora communities. About 95% of Ihiala youths who graduated from universities, including those who wished to engage in small-scale businesses have used small scale businesses to earn a living and benefitted greatly from small scale businesses immensely since white-collar jobs are not easy to obtain. Okoroafor (2005) encapsulated that small scale businesses have offered the majority of the citizenry self-employment opportunities both in Nigeria and other African countries. Small scale businesses do not require prolonged training and capital for their start-up. Any individual can start up small scale businesses for the fact that necessary capitals are procured for its start-up. Sullivan (2006) maintained that some small scale business operators make use of locally available raw materials from various localities in Anambra State. The owner of small scale businesses enjoys absolute freedom in managing their small scale businesses. owners of small scale businesses operate at their own time and pace. Small scale businesses do not require too much borrowing from banks. Owners of small scale businesses can obtain financial assistance from friends and well-wishers or perhaps start up small scale businesses with their personal savings. Small scale business operators exhibit long-standing familiarity with their suppliers. The majority of small scale businesses have managed their small scale businesses up to medium scale and large scale businesses due to the honesty, integrity, and objectivity they portrayed and kept as a legacy in their businesses. The majority of small scale businesses many from the local communities in Nigeria and Ihiala LGA in particular are into extraction and manufacturing. They supply raw materials to large scale businesses and companies. These efforts have endeared small scale businesses with positive recognition.

Commodities of small scale business operators have tremendously saturated local markets and streets where consumers meet them and buy at reduced prices at close proximity. The efforts of small scale businesses in supplying needed raw materials to various markets and industries in Anambra state is a benchmark for the survival of the Anambra state economy. Some large scale businesses who on the products of small scale businesses for further production of their goods and services have maintained their foothold in Anambra State. Nwaiwu, Onuoha and Gbenga (2013) maintained that small scale businesses have input positively in economic development of Nigerian youth, especially in Anambra state. Nwaiwu, Onuoha and Gbenga reaffirmed that small scale businesses require environmental scanning and benchmarking in areas where they are to be sited. Raw materials extracted from Ihiala and other local communities in Anambra State have boosted small scale businesses in Ihiala. Small scale businesses like Garry, Sugar cane. Bitter cola, vegetables, yam, vegetable oil, palm oil, and plantain fruits among others, are exported to countries very far and near the whole world. This is one of the reasons why Nigerians are regarded as giants of Africa and Anambra state, the commerce home to many Nigerians. Small scale businesses exist side by side in various communities and markets in Anambra State according to how each local government in Anambra State has deemed it a feat to organize and patronize it. Agu and Akanwa (2006) opines that some government policies discourage small scale business operators. Small scale businesses in Anambra state are classified into the following below:

- 1. Manufacturing and construction enterprises**
- 2. Farming enterprises**
- 3. Trading enterprises**
- 4. Service enterprises**

Manufacturing and construction in small scale enterprises are found in the area of food production, drinks, furniture, soap, polish palm oil, aluminum, nut, and boat making a road, building construction, fabrication, Garry processing, vegetable oil, tomatoes, canned fish, fish, cellophane, printing and publishing, shoe, paper manufacturing and selling among others.

Farming: is also a form of small scale business employing many in Anambra State. Most of the people in rural areas of Anambra state took farming as a business. Farming may be crop or animal production. There are several shortfalls in farming business in Anambra State. The factors that impede the farming business in Anambra include farming with manual labour, which is majorly on subsistent farming. The farming business is seasonal in operation. Farming businesses have employed large population employ large population of Anambra state indigenes and people from other states in Nigeria residing in Anambra State. Small scale trading businesses found in Anambra state, especially in Ihiala LGA include shop owners, market men and women, and supermarket sellers. Others are retailers, wholesalers, and hawkers who vary in size.

Other enterprises in Anambra state do not produce tangible products. They provide essential services to other sectors of the economy in Anambra state. Examples of service businesses in Nigeria are consultancy businesses, hospitals, arts and painting, entertainment, hotels and restaurants, printing businesses, transportation, waste disposal, car wash, interior decoration, and insurance businesses. George and Jones (2006), assert that environmental analysis is very important despite how small scale business is segmented in the markets and localities. George and Jones, however, stated that identification of business opportunities and threats are vital issues in being successful in a dynamic business environment.

### **2. Problem statement**

Small scale businesses have boosted the Nigerian economy especially, in most of the LGAs in Anambra state. The local extractions and manufactured products of small scale businesses within Anambra State and its environs are sold in most of the local markets in Anambra State. Ihiala is a lane light of this study. The following are challenges of small businesses in Anambra state, include Challenges' of funding, lack of data for planning, inability to keep adequate business records, lack of infrastructural facilities, Inability to separate business accounts from personal accounts, lack of effective government policies, the high interest rate on funds borrowed, inadequate of environmental analysis, inadequate planning and poor market analysis. Though, small scale businesses are mostly protracted with these changes above. Some small scale businesses surmount these challenges.

#### **2.1. Purpose of the study**

This Study determines the sustainability of small scale businesses in the Ihiala local government of Anambra state.

Research question: What are the challenges of small scale businesses in Ihiala LGA, Anambra state?

Hypothesis: There is no significant challenges of small scale business in Ihiala Anambra state.

### **3. Review of related literature**

Small scale business is imperative in every state or locality where they are found or situated. This is reflected in making goods available to customers and employment of many people in different spheres of the business. Klein (2006), emphasized that a written business plan is a description of a business's future. Ndugbu (2011), affirmed that financial institutions and investors assess the capability of small scale businesses before granting them loans through the business history, education, and business experience of the dealer. Scarborough (2011), opines that small scale business operator creates business in the face of risk and uncertainty and achieve profit and growth.

Spors (2007), maintained that small-scale business operators earn far more above the minimum wage offered in white-collar jobs. He further maintained that the earnings depend on time spent in the business. Small scale businesses cramp down during the war and other non-man-made obstacles. Fairlie (2020). averred that the majority of small scale business owners in Africa and America were on a high hit during the COVID-19 pandemic. A well-managed and financed small scale business can grow to large-scale businesses. Egger (2020) maintained that small scale businesses on the verge of becoming large-scale businesses cannot succeed perfectly with medium-term financing. Small businesses have relieved the majority of people from the shakes of poverty and death. Mohammed et al. (2019) opined that the control of small scale businesses' financial resources is controlled by personal willingness to preserve scale business legacy. control of small It would have been very bad for the majority of people in Nigeria and Anambra state in particular, but small scale businesses have brought a majority of people back to life, while those that did not engage in it are suffering. Carlson (2018), and Delgross (2021) identified that small scale business successful planning, enactment of rules, and implementation of small scale business policies can be stressful or encompassing during the implementation stage, but when planning and implementation are addressed they can facilitate the level of comfort to the owner or owners.

### **4. Methods**

This study ascertained small scale business affordability, employability, and challenges among youth in Anambra state. This study adopted a descriptive survey research design. The population of the study is made up of 2, 53128 youth in Anambra state who are into small scale businesses. A stratified random sampling technique was used to select 180 males and 140 females in Anambra state which gave a total sample size of 3120 youth. One research question and one hypothesis guided this study. The instrument used for data collection is a researcher-made instrument titled "Small scale Business Affordability, Employability and Challenges among Youth in Anambra State (SSBAEAYA) at a 4-point weighted scale of strongly agree, Agree, Disagree, and strongly disagree. The instrument was validated by two specialists in the Department of Business Administration at Enugu State University in Enugu state using Cronbach alpha. The coefficient of reliability is 0.87 which shows that the instrument is reliable to be used for this study. Data was analyzed using mean and standard deviation. Z-test statistics were used to test the hypothesis.

### **5. Research method**

Research question 1: What are the challenges of small scale businesses in Ihiala LGA Anambra state?

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**Table 1:** Show the mean rating scores and standard deviation of small scale businesses among male and female youth in Ihiala Anambra state

S/N	Items statements	X	SD	Decision	X	SD	Decision
1	Fund challenges.	3.75	0.73	SA	3.61	0.69	SA
2	Lack of data for planning.	3.59	0.66	SA	3.72	0.70	SA
3	Lack of business plan	3.66	0.29	SA	3.53	0.31	SA
4	Inability to keep adequate records.	3.21	0.45	A	3.09	0.34	A
5	Unwillingness to accept advice from business experts	3.80	0.81	SA	3.78	0.76	SA
6	Lack of infrastructural facilities.	3.03	0.39	A	3.21	0.33	A
7	High interest rate on borrowed funds.	3.61	0.48	SA	3.53	0.30	SA
8	Lack of data for planning.	2.96	0.71	A	2.90	0.69	SA
9	Lack of management expertise.	3.52	0.60	A	3.50	0.72	A
10	High collateral securities on borrowed funds.	0.03	0.00	A	0.03	0.00	SD
	Total mean	3.53	0.69		3.53	0.66	

Table 1: indicates the opinion of male and female respondents on the challenges of small scale business in Anambra state. Items 1 to 3, 5, 7, 9, and 10 have mean scores of 3.75, 3.59, 3.66, 3.80, 3.61 and 3.52 for male youth, while female youth have scores of 3.61, 3.72, 3.53, 3.78, 3.53, 3.53, 3.50 respectively. Items 4, 6, 8, and 10 were 3.21, 3.03, 2.96 and 0.04 males youth and 3.09, 3.21, 2.96 and 0.03. Their overall mean scores and standard deviations stood at 3.53 and 0.66 for males and 3.53 and 0.66 for females.

### 5.1. Test of Hypothesis

**Table 2:** Show the z-test summary on the challenges of small scale business in Anambra state.

Respondents	No	X	SD	Df	z-cal	z-tab	Decision
Male Chauvinist	180	3.46	0.57			1.96	Accept
Female Chauvinist	140	33.4	0.54	318	0.48		HO1

Table 2 shows that the calculated z-value of 0.48 is less than the z-tab value of 1.96 since the calculated z-value of 0.46 is less than the tabulated value of 1.96, the null hypothesis is accepted. Therefore, there is no significant difference in the mean rating scores of male and female youth on challenges of small scale business in Anambra state.

## 6. Summary of findings

From the analysis in Table 1; the above challenges of funding, lack of business plan, lack of data for planning, inability to keep accurate records, inability to separate business accounts from personal accounts, unwillingness to accept advice from experts, lack of infrastructural facilities among others are challenges of small scale business in Anambra State. on the issue of a business plan, Klein (2006), identified that a business plan is very essential to a business, and it is a written description of a business's future. Still on the challenges of small-scale business, Ndugbu (2011), intensified that banks and investors look at the educational background and personal business experience of the operator before giving a loan to the operator.

## 7. Recommendations

The following recommendations guided the study

1. Anambra state government should provide funds to small scale business enterprises in Anambra state This will help to address the problem of funding small scale businesses in Anambra State.
2. Small scale business operators should endeavour to separate the records of the small scale businesses from their personal records. This will help small scale business operators to know the actual amount generated from the business.

3. Financial institutions in Anambra state should reduce the interest charged on borrowed funds. This will enable small scale businesses to wax strong in Anambra state.

### 8. Conclusion

Small scale business has been an age-long practice in Anambra State. The business has sustained many who are disappointed in the long-awaited promises of white-collar jobs from friends and relatives. The economic development of the country through in employment of the youth, and industrialization of the rural areas among others are laudable achievements of small scale businesses.

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