

The Examination of the Effect of Participation in Entrepreneurial Development Programmes on Enterprise Performance: A Case of Small-Scale Business in Nigeria

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Abstract

Entrepreneurial Development programmes have contributed significantly to small-scale business development. Their impact includes increased business income, accelerated business growth, improved productivity and increased sales. The success story of Entrepreneurial Development programmes notwithstanding, they have problem of excluding small entrepreneurs due to accessibility of the programmes, finance, timing duration and lack of awareness of the programme. This study examined the effect of Entrepreneurial Development programmes on enterprises development and performance. The study area was Ondo State of Nigeria. The study carried out a comparative study of different types of small-scale business entrepreneurs. Questionnaires were administered to small-scale business entrepreneurs. This study concluded that participation in Entrepreneurial Development programmes had a positive impact on the performance of small-scale business in Nigeria.

Keywords; *Entrepreneurial Development programmes, small-scale business, Entrepreneur, International Labour Organisation, National Directorate of Employment.*

1. Introduction

The failure of large scale industries to bring about the required development in the economy led to the promotion of small-scale businesses in Nigeria (Aribaba, 2008). Sequel to this, government established some institutions to provide financial, managerial and technical assistance to small-scale businesses. These included the setting up of 13 industrial development centres in the six geo-political zones of the country to provide technical appraisals of application for loan; training for the entrepreneurs carrying out applied research into product design for small-scale industries and industrial extension services. Other institutions set up to promote small-scale business are: the Nigeria Bank for Commerce and Industry (NBCI), Micro credit schemes, Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN), and National Directorate of Employment (NDE).

Small-scale businesses are easy to establish and maintain because it requires little set up capital. It is a type of business that the poor in the society will easily established because of the small amount of capital involvement. Thus, the need to research on this all important sector in order to bring about the needed development in the economy.

2. Why the study is Necessary

In Nigeria, the government emphasized the need for the establishment and development of small-scale enterprises. This however, became necessary as a result of the failure of the large scale industries to achieve the needed economic development and growth and consequent failure of it to address the unemployment situation in the economy.

A number of entrepreneurial development programmes which was aimed at developing the entrepreneurial imaginations, traits, performance, growth and behaviours of Nigerian industrialisation and new investors/entrepreneur was implemented by government with the technical support of the United Nation Development Programme (UNDP) and the International Labour Organisation (ILO) (Aribaba, 2008).

Apart from the above, government ministries and agencies such as Ministry of Commerce and Industry and the National Directorate of Employment (NDE) organized entrepreneurial development programmes for small-scale business entrepreneurs in order to further promote the development this all important sector of the economy (Ojo, 1996).

The economic problem of this study is that small-scale business development is hindered by access to technical-know-how and attitudes required by the entrepreneurs to develop their enterprises. Entrepreneurial Development

programmes have evolved over the years in an attempt to address these problems, but the impact of Entrepreneurial Development programmes has not been assessed. Thus, a rigorous economic analysis is required, in order to improve our understanding of the role of Entrepreneurial Development programmes in entrepreneurial and enterprise development.

This study is important because it will indicate how small-scale entrepreneurs can be promoted through Entrepreneurial Development programmes. It is also of imperative importance to government to formulate policy that will create an enabling environment for the development and participation in Entrepreneurial Development programmes. It is against this background that the study is designed to examine the effect of participation in entrepreneurial development programmes on the overall performance of small-scale business.

3. Research Methodology

The area for this study was southwestern Nigeria. One of the six states in southwestern Nigeria, Ondo State, will be selected because this area is a semi urban state and accessibility to the relevant institution and marketing is relatively easy. This State was created out of the old Western region in 1976 by the Military government of General Murtala Mohammed. The State has an area of approximately 7.230 square kilometers. It is bounded in the south by Osun State, in the north by Kogi State, in the west by Ekiti State and in the east by Edo and Ogun State. Akure is the capital of the state. The population of the state is put at about 3 million.

The small-scale business for this study were enterprises having a capital base (excluding land and building) of between N1 million and N20 million, employing fewer than 50 full-time workers (CIRD, 1996).

The data for the study were collected from both primary and secondary sources. The primary information was collected using the questionnaire. The questionnaire comprises of questions that mainly examined the effect of entrepreneurial development programmes on the performance of small-scale businesses.

The population of entrepreneur of small-scale businesses registered with National Association of Small-Scale Industrialists (NASSI) as at January, 2012 when the survey was carried out, was 200 industrialists. However, only 160 (80%) actually responded to the questionnaire.

Descriptive and inferential statistics were used for the analysis.

4. Results

4.1 Socio Demographic Background of Respondents

This section describes the characteristics of respondents in the sample. A description of the respondents will help us to understand what small-scale business entrepreneur in Nigeria is. This analysis will assist in formulating policies that will further increase the growth and development of small-scale businesses in Nigeria.

Most (25.8%) of the respondents that had participated in entrepreneurial development programmes started their business because they have no job, also the reason of no job explained why the majority (32.8%) of the respondents who had not participated in entrepreneurial development programmes started their businesses (see Table 1).

Table 1: *The Socio-Educational Background of proprietors of small-scale Business who have participated/not participated in Entrepreneurial Development Programmes.*

S/N	Parameters	Non-participation Frequency	Valid Percentage	Participation Frequency	Valid Percentage
A	Age:				
	Less than 20 years	10	15.4	11	11.6
	20-29 years	10	15.4	12	12.6
	30-39 years	8	12.3	15	15.8
	40-49 years	10	15.4	20	21.1
	50-59 years	14	21.5	10	10.5
	60-69 years	8	12.3	4	4.2
	Above 70 years	5	7.7	23	24.2
Total	65	100.0	95	100.0	
B	Education:				
	No formal Education	10	15.6	15	15.8
	Primary	5	7.8	6	6.3

	Secondary	9	14.1	7	7.4
	Ordinary Diploma	8	12.5	10	10.5
	Higher Diploma	10	15.6	17	17.9
	University Degree	11	17.2	9	9.5
	Postgraduate	5	7.8	20	21.1
	NCE	6	9.4	11	11.6
	Total	64	100.0	95	100.0
C	Experience:				
	Apprenticeship	10	15.6	12	12.6
	Private worker	10	15.6	14	14.7
	Public worker	5	7.8	18	18.9
	Previously mged biz	5	7.8	9	9.5
	Assisted relative	4	6.3	10	10.5
	Inheritance	6	9.4	9	9.5
	Assisted parents	15	23.4	17	17.9
	Others	9	14.1	6	6.3
	Total	64	100.0	95	100.0
D	Reasons for starting Business:				
	No job	20	32.8	22	25.8
	Earning more income	15	24.6	18	20.9
	One's Boss	10	16.4	17	19.8
	Family business	10	16.4	13	15.1
	Hobby	6	9.8	16	18.6
	Total	61	100.0	86	100.0

Valid%: No response is excluded

Source: Field Survey, 2012

Also, the most common forms of business organization within the groups was sole proprietorship, all the manufacturing industries previously listed were represented in the two groups, except soap and cosmetics, which was not found among proprietors of small-scale businesses who had participated in entrepreneurial development programmes (see Table 2).

Therefore, the factor that distinctly classified the respondents into two independent groups is the exposure or participation in entrepreneurial development programmes. Otherwise, the two groups would have been homogenous (see Table 2).

Table 2: The Background of the small-scale businesses on the basis of participation and non participation in entrepreneurial development programmes

S/N	Parameters	Non-participation Frequency	Valid Percentage	Participation Frequency	Valid Percentage
A	Forms of Business:				
	Sole proprietor	53	81.5	78	82.1
	Joint venture	5	7.7	7	7.4
	Partnership	3	4.6	5	5.3
	Unlimited company	1	1.5	1	1.1
	Limited company	1	1.5	2	2.1
	Total	65	100.0	95	100.0
B	Type of industry:				
	Machine fabrication	6	9.2	8	8.4
	Textile	5	7.7	7	7.4
	Ceramic	2	3.1	3	3.2
	Food & Beverages	7	10.8	11	11.6
	Industrial chem	1	1.5	1	1.1
	Toiletries	1	1.5	3	3.2
	Printing	9	13.8	17	17.9
	Furniture works	5	7.7	9	9.5
	Leather works	21	22.3	23	24.2
	Rubber & plastics	6	9.2	13	13.7

	Cosmetics	2	3.1	-	00.0
	Total	65	100.0	95	100.0
C	Age of the Business: Less than 5 years	16	25.0	22	23.4
	5-9 years	24	37.5	35	37.2
	10-14 years	15	23.4	21	22.3
	15-19 years	8	12.5	11	11.7
	20-24 years	2	3.1	2	2.1
	25-29 years	1	1.6	2	2.1
	30-34 years	0	00.0	1	1.1
	Total	64	100.0	94	100.0

Valid %: No response is excluded

Source: Field Survey, 2012

4.2 The effect of participation in Entrepreneurial Development Programmes enterprises performance

As outlined under section on methodology, two groups of proprietors (those who did not participate and those that participated in entrepreneurial development programmes) were compared on performance indicators monthly value-added, growth rate and rate of networking. The comparisons of the mean values of the monthly value-added, the growth rate and rate of networking showed that the mean values of small-scale businesses whose proprietors have participated in entrepreneurial development programmes were higher than the mean-values of small-scale business whose proprietors have not participated in entrepreneurial development programmes. For example, the mean monthly value-added of those who had participated in entrepreneurial development programmes was N232,052.64, the mean growth rate of the businesses was 2.16 (216%) and the mean rate of networking was 5.9. whereas, for small-scale business whose proprietors have not participated in entrepreneurial development programmes, the mean monthly value-added was N159,333.34, the mean growth rate of the businesses was 1.0984 (0.01%) and the mean rate of networking was 1.86 (ie as good as non existing) see Table 3. These showed that the performance of small-scale business whose proprietors have participated in entrepreneurial development programmes was better than small-scale businesses whose proprietors have not participated in entrepreneurial development programmes.

Table 3: Comparisons of entrepreneurial development programmes participation and non-participation based on selected central tendency measures of performance in small-scale businesses

Participation in EDP	Central Tendency Measures	Monthly Value added	Rate of growth	Rate of Networking
No	Mean	159333.34	1.0984	1.8572
	Standard Deviation	110677.56	1.1488	1.1488
	Variance	6.12E+09	0.66	14.912
	'n'	30	26	28
Yes	Mean	232052.64	2.1654	5.9444
	Standard Deviation	179190.66	3.011	8.1904
	Variance	16.06E+09	4.778	33.542
	'n'	76	54	72
Total	Mean	211471.7	1.8880	4.8000
	Standard Deviation	165041.32	2.7506	7.6984
	Variance	13.62E+09	3.784	29.632
	'n'	106	100	100

Source: Field Survey, 2012

4.3 Hypothesis

The performance of small-scale businesses whose proprietors have participated in entrepreneurial development programmes is better than small-scale businesses whose proprietors have not participated in entrepreneurial development programmes.

Since "t" cal > "t" tab for all the measures: i.e 3.5682 > 3.342, 3.5578 > 3.342 and 4.0904 > 3.342 for monthly value-added, growth rate and rate of networking respectively (see Table 4 a, b, c). we reject the null hypothesis and accept the alternative hypothesis that the mean values of the performance indicators (i.e. monthly value-added, growth rate and rate of networking) of small-scale businesses, whose proprietors have participated in entrepreneurial development programmes significantly higher than small-scale businesses, whose proprietors have not undergone entrepreneurial development programme. Therefore, the entrepreneurial knowledge; 'skills' and 'attitudes' which proprietors of small-scale businesses come in contact with or developed through participation in entrepreneurial development programmes contributed positively to higher productivity in small-scale businesses.

Table 4: Result of the t-test on the Hypothesis. The value-added approach: Monthly value-added

Group	'n'	Mean	Variance	't' value	't' sig
1: No participation in EDP	30	159333.3	46.12E+09	3.5682	3.342
2: Participation in EDP	76	232052.64	16.06E+09		

The growth rate approach

Group	'n'	Mean	Variance	't' value	't' sig
1: No participation in EDP	26	1.0984	0.660	3.5578	3.342
2: Participation in EDP	74	3.1654	4.778		

Rate of networking

Group	'n'	Mean	Variance	't' value	't' sig
1: No participation in EDP	28	1.8572	5.4612	4.0904	3.342
2: Participation in EDP	72	5.944	8.1984		

'no' = No of Respondents, $\alpha = 0.05$, Degree of freedom (df) = $n_1 + n_2 = 2$

5. Conclusion and Recommendations

The study had shown that participation in entrepreneurial development programme has positive impact on the performance of small-scale businesses. Also, it gives an inkling that entrepreneurial imagination, process, skills and attitude can also beget from other areas as shown by pockets of encouraging statistical results obtained by small-scale businesses whose entrepreneurs did not participate in any entrepreneurial development programmes.

The general outcome of this study provides the basis for the following recommendations. This will be beneficial to the entrepreneurs of small-scale businesses as well as the programme facilitators and government.

- a) Enriching the contents of the entrepreneurial development programmes by including sections for computer skill acquisition.
- b) A better timing and scheduling of entrepreneurial development programmes so as to make it accessible to many interested entrepreneurs.
- c) There is need for localization of the programme to reflect the need of country's industrialisations.
- d) Re orientation of the entrepreneurs to accepting the change that the programmes will bring to their businesses.
- e) Increased publicity to attract more participation.

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