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## Militating Challenges in Establishing Small Scale Business in Cross River State

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### Abstract

In the quest for Cross River State economic development, there has been a rise in the registrations of various small-scale business ventures. The organizational structure of small-scale businesses in the state is influenced by environmental factors which are political, technological, social, and economic. On this note, this study was geared towards finding out the challenges in establishing small businesses in the state. The purpose was centred on the survival and performance rate of small-scale businesses. It also examined the effect of business information on new entrants into small-scale businesses. The study was limited to only four (4) selected lines of business namely: fish farming, poultry farming, snail farming, and grass cutter farm business. The most important deduction from the study was the desire of the would-be Businessmen to be self-employed. The study also revealed that new applicants started their businesses without any feasibility study or business information.

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### Background of the study

Cross River State is predominantly a civil servant state as such the establishment of small-scale businesses there is facing a lot of challenges. The militating challenges range from poor or lack of managerial competence to economic and human resources Asor and Ojuah (2012). The state is blessed with many natural human resources, institutional, organizational, and material but these

resources have not been fully exploited by the businessmen. Eze, Ukwuaba, Ali, and Odenigbo (2018) reviewing the state of economic development in Cross River Urban, noted that small-scale businesses may not be the lacking factor in the downward trend in economic development of Cross River Urban, but it is an important component in the process of any economic development in Nigeria. The development of small-scale businesses remains

one of the major ingredients of continued growth in the state economy. Chukwu (2012) emphasized the need to make small-scale businesses are which necessary ingredients for economic development. The survival does not rest squarely on the availability of finance alone infrastructural facilities needed for the sustenance of the growth of business.

According to Yinka and Muyiwa (2005), the hallmark of our business turning every business no matter its quantity into a project; devoting time, effort, and planning from start to finish, ensuring the highest quality information. With regards to the importance of this class of business in the process of Cross River State's search for economic development, the effect and militating challenges of small-scale industries, as a pre-condition for economic development should be recognized as an important subject of inquiry. These subjects of inquiry now constitute the subject matter of this study.

The desire for the state economic development, there has been a rise in the registration of various small-scale businesses. Chukwurah (2014) noted that in such a situation of rise in small-scale businesses, many such ventures rise and fall sharply, while others are still struggling to survive because of the liabilities and other negative aspects of business especially lack of information.

### Statement of the Problem

Many studies have been carried out on small-scale businesses in Nigeria, but little or nothing was said about their performance rating and the ultimate survival of small-scale businesses. Because indigenes are new entrants into small-scale business ventures, they have the illusion of a boom in this class of business, when in fact all that is happening needs to be based on entrepreneurial skills

An earlier survey by the Cross River State Ministry of Commerce and Industry Beshel (2019) revealed

that a greater proportion of those who seriously decided to enter into small-scale businesses had not been registered. The illusion hinged on uncertainty arising from lack of adequate information and start-up capital on the particular lines of business.

It is on these note that this study was designed to determine the militating challenges in the performance rate of small-scale businesses, their survival rate, and the establishment of bottle-necks surrounding small-scale businesses in the state. It also looked into the extent of business information as required by the new entrants into the small-scale businesses.

### Purpose of the Study

The main purpose of this study was to identify the militating challenges in setting up small-scale businesses. The purpose of the study included identifying the:

1. The survival and performance ratings of small-scale industries in Calabar urban.
2. The prospects of business information on the new entrants into the small-scale business; and
3. To make recommendations on how to overcome challenges when establishing a small business in Calabar Urban.

### Research Question

1. What is the peculiar challenges militating against the establishment of small-scale businesses in Calabar Urban?
2. What are the prospects of information on the new entrants into small-scale businesses in Calabar Urban?

### Scope of Study

The researcher limited the study to only four (4) selected lines of agricultural-related businesses. The areas included:

1. Fish Farming
2. Poultry Farming
3. Snail Farming
4. Grass Cutter Farming

The businesses selected were found typical of small-scale agricultural-related businesses within the localities of the state.

### Literature Review

Otong (2013) observed that Economic Management practitioners at a government agency are always at variance over the various size measures used in defining what constitutes small-scale businesses in Nigeria. He states that there has been no consensus among researchers and practitioners on what constitutes a small-scale industry.

Olalumoke (2011) stated that small. Scale industry is an enterprise that has relatively little capital investment. Employing a small number of workers, in which management, marketing, and other key functions are vested in the proprietors is more capital saving, more labor using and is thus better suited for a developing economy.

Small-scale businesses have a shorter gestation period and as such yield quicker returns on investment. They facilitate balanced business development because only such businesses can easily be established in many rural areas. In this respect, they present a means of alleviating urban congestion and employment. Ezikudu (2014) found that the militating challenges in establishing small-scale businesses in Nigeria included: are internal and external bad business planning, poor internal control systems, and insufficient or complete lack of information on the nature and characteristics/future of the proposed line business.

Government relationships with small-scale industrial sectors also slow down the establishment of new businesses in Calabar Urban.

Government regulations and policies on the establishment of small-scale businesses create doubts in the minds of new entrants in the small business enterprise.

### Design of the Study:

The study as survey research, aimed at using a few small-scale industries to generalize to other small businesses:

1. Fish Farming
2. Poultry farming
3. Snail Farming
4. Grass Cutter farming.

### Population

The population for the study was made up of small-scale businesses in Calabar Urban covering the following areas:

Fish farming, Poultry farming, Snail farming, and Grass cutting, all numbering 300.

**Table 1: Business Type, Population and Sample Size, Used for the Study**

Types of business	population	Sample size
Fish farming	70	40
Poultry farming	70	40
Snail farming	60	30
Grass cutter	100	50
	300	160

### Sample

An accessible sample size of 300 for all the business lines was visited and out of it, 160 businesses were selected using purposive sampling.

## Instrumentation

The instrument used for data collection was a questionnaire consisting of 40 items. A 4- point modified Likert scale was adopted to analyze the data. Three experts from business and

measurement and evaluation validated the instrument. Given the total number of copies of the questionnaire administered, a 99%(percent) return rate was recorded.

The point scale was patterned as follows:

Very Essential	4
Essential	3
Not Essential	2
No Idea	1
10 raw scores	

The mean  $\bar{x} = \left\{ \frac{\sum X}{N} \right\}$

Was used to determine the cut-off point which is  $10 = 2.5/4$

The mean  $\bar{x}$  of this 4 – 4-point scale (2.5) was determined such that any score of 2.5 or over indicated essential and any score below 2.5 points was regarded as not essential.

## Data Analysis

The data was analysed using means and percentages.

The information collected was critically examined. The Arithmetic  $\bar{x}$  was used to determine the responses to each item in the questionnaire.

The researcher also applied a statistical means to establish the desirability of small-scale agricultural businesses in Calabar urban.

**Table 2A: Number of Respondents reaching stimulus challenges in establishing small-scale businesses**

Identified Militating changes	Very Essential	Essential	Not essential	No Idea
1. New entrants into the business world follow the same guide lines.	90	45	20	5
2. All small-scale farmers have the same characteristics.	45	100	15	-
3complete lack of information The nature of a business constitutes a challenge	50	40	40	30
	185	185	75	35

To find the percentage of Agreement, Table 2B explains

The mean  $\bar{x}$  of the Essentials is computed

The mean of 185 is 61.6 while the mean of 55 is 18.3.

## Summary of Table 2 A&B

(Essential)	$\bar{x}$	(Not Essential)	$\bar{x}$
90 – 45	6.75	20+5	12.5
4+100	72.5		
5+40	45.0	15+ -	7.5
		40+30	
		35.0	
	185		
		55	

The analysis showed that 61.6 of the small-scale business entrepreneurs in Calabar Urban accepted that lack of business information militated against the establishment of small-scale businesses in Calabar Urban. They believed that it was essential to acknowledge that these were challenges

militating against the establishment of small-scale businesses in Calabar urban.

**Table 3a: Respondent Who Reacted to Lack of Information as a Militating Challenge**

	Very Essential	Essential	Not Essential	No Idea
1. Wrong information may lead to Business failures.	46	54	30	26
2 it is always difficult to change from one business to another.	32	38	50	40
3 The major problem in setting a small-scale business may be set up capital.	70	80	10	-
	148	176	90	66

To find the mean x of acceptability of agreement in the items in research question 2, the mean score for acceptance and rejection were computed as follows:

**Table 3b: Computed Mean of Means On Lack Of Information As A Militating Challenge In The Establishment Of Small Scale Business**

Mean Raw Score (Essentials) x	Mean Raw Score (Non-Essential) x
46+ 52	30+ 26
32+ 35	50+40
70+80	10+ -
58	28
38	45
75	5
Total Raw means 162	78
The Mean of Means 54	26

**Summary of Table 3A and B**

It was established from the analysis that an average of 54 respondents accepted that it was essential to have good information regarding the establishment of small-scale businesses before take-off, while an average of 26 respondents had no interest in business information and therefore believed that information had no bearing on the establishment of small-scale business in Calabar Urban.

**Discussion of Finding**

The analysis of the findings in order of research questions indicated the following discoveries: The answer to Research Question 1 showed that there are challenges in establishing a small-scale business. A greater number (61.6%) accepted that lack of business information militated against the establishment of small-scale businesses in Calabar Urban. While 18.3% of them believe that

information was not necessary for establishing small-scale businesses in Calabar Urban.

Responses to research question 2 showed that good business information was very necessary in setting up a small-scale business. It also indicated that the sustenance of the small-scale business was dependent on the utilization of business information as a necessary tool for the establishment of small businesses as in Calabar Urban. While 26% of the respondents disregarded business information saying that it had no bearing on establishing small-scale businesses in Calabar Urban.

### Conclusion

The study reviewed that a majority of small-scale businesses encountered almost the same challenge the four (4) business lines under study required experts, good managerial competence, and good public relations to function well.

The most important deduction from the study was the desire of the would-be businessmen to be self-employed, while the desire to make money came next. The research also reviewed that a good knowledge of a business line was essential before take-off. The respondent also agreed that the knowledge could help in managing the challenges that were inherent in establishing small businesses.

Within the scope of the study, it was reviewed that there was no marked difference in the observed management styles adopted by the small-scale business ventures in Calabar Urban.

A good percentage of the small-scale business proprietors had a low academic attainment level. This perhaps was responsible for their shyness, inferiority, complexity, and repulsion encountered while trying to obtain research data from them. The findings led the researcher to conclude that the most adverse militating factor in establishing small-scale businesses was a poor capital base.

### Recommendations

The government and the general public should encourage would-be businessmen through enlightenment campaigns and the provision of business information.

Commercial banks should deemphasize a high collateral to attract more people into small-scale businesses.

Morden technology should be applied as much as possible to improve productivity, which also influences profitability.

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