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**Solving Unemployment Problems Through Effective Management of Small Scale Business in Nigeria**

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**ABSTRACT**

The study of this research work is on “Solving unemployment problems through effective management of small scale business in Nigeria. The statement of the problem in Nigeria is the increasing unemployment, the neglect of agricultural system by the young graduates, the focus of young school leavers on government to provide white collar-job instead of engaging themselves in self employment. The objectives of the study are: to identify how small business will promote employment to display the potential areas sectors where small scale business can thrive effectively, to discover the challenges militating against small scale business. From the research objectives, questions were generated and hypotheses formulated. The researcher used for the data acquisition was the questionnaire and extensive review of related literature was carried. The sources of data include both primary and secondary data. From the findings the following recommendations were made, government should provide infrastructures, finance, enlightenment programmes, technology and good management and also try to encourage, reward creativity, hard work and innovations as a way of development of the nation. Finally suggestions were made for future researcher on the areas involving problems associated with effective management on small scale business.

**Keywords:** Unemployment, Management, Effectiveness, Small Scale Business

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**INTRODUCTION**

Unemployment has been a major biting problem in Nigeria in recent years. Here in Nigeria, the disease of unemployment is being suffered by almost majority of the citizens and in all aspects of life [1, 2]. Yearly, the size of young school leavers entering into the national labour market increases geometrically and they are looking for non-existing white collar jobs. To this effect, it was easily inferred that up to eighty percent (80%) of both young and able bodied youths in Nigeria are constantly roaming about in Nigeria streets looking for both fresh and better jobs [3].

Now, the salient questions which call for people’s attention and answer are:-For how long will our young graduates look for a white-collar job?;must Nigerian government provide all the needed jobs for her citizens?;are there any available alternatives to government to supplement the white, collar-Jobs?; how will government solve unemployment problems by using small scale business in Nigeria?This research work

tends to provide answers to the above questions and possibly make suggestions on how best to tackle these problems of increasing unemployment [4]. However, the truth still remains that in Nigeria, the story of unemployment is supposed to have been a past story. This is because according to [5], Nigeria is a country greatly endowed with many precious, abundant natural and human resources. Despite all these endowments, her states of economics development leave much to be desired. Meanwhile, the government of this nation, Nigeria both past and present have embarked on several campaigns against unemployment and equally established many leaders to put to an end the unemployment story in this country, but all were to no avail. Also the international communities have in so many ways contributed to the reduction of unemployment in Africa especially in Nigeria, but the story still remains unchanged [6]. Thus unemployment means different thing from person to person and from country to country. To Nigerians, according to [7], unemployment means the people who are able, willing and qualified to be employed to help themselves and the society to reduce idleness and frustration, but cannot be employed because of lack of opportunities. In a developed country like, America, unemployment is not only when someone is idle and doing nothing, it exists when one is not rightly employed in the type of job that suits him/her according to his/her level and discipline. According to Oxford Advanced learner's Dictionary, unemployment is defined as the fact of numbers not having a job or the number of people without a job [8].

In a nutshell, unemployment is "a cancer that has eaten deep into the fabrics of this country Nigeria" and it is the objective of this research work to x-ray the major causes of this ugly trend and equally show-case how this problem can be solved through effective management of small scale business. Effective management of small scale business encourages specialization and division of labour which entails that more people will be needed to perform certain function and more people will also be encouraged to exhibit dexterity (Mental quickness or skill) [9].

#### **STATEMENT OF THE PROBLEM**

Years back between 1960 and late 1970s, students from tertiary institutions were being looked after by corporate organizations even when some of the students skill have up to a year or two to conclude their programmes. This could be as a result of the limited number of tertiary institutions coupled with the low turnout of students in the school, which was given birth to try the people's ignorance of the great values of education. The days are gone when young graduates, gain lucrative jobs just immediately after graduation. Nowadays in the society all the efforts put up by both the government and the private sectors to curb this menace had proved abortive. It is against this background that this work tends to proffer solutions to under the following provision.

1. The increasing unemployment problem in the country.
2. The neglect of agriculture by youths especially graduates, which also is a good source of self employment.
3. The focus of interest by majority of Nigerian young school leavers on government to provide jobs, rather than engage in a small scale business which guarantees self-employment.

### **OBJECTIVES OF THE STUDY**

The major objective of the study is solving unemployment through effective management of small scale business. However the specific objectives include the following:

1. To identify how small scale business provides employment
2. To highlight the potential areas/sectors where small businesses are most effective
3. To examine the challenges militating against small scale business ventures.
4. To solve unemployment problem in Nigeria.

### **RESEARCH QUESTIONS**

Some research questions were raised to help the researcher guide the study. They are:

1. How does a small scale business promote employment?
2. What are the potentials sectors where small businesses are most effective?
3. What are the challenges militating against the operations of small businesses.
4. How can unemployment be solved in Nigeria?

### **SIGNIFICANCE OF THE STUDY**

The purpose for which this research work is carried out and its importance to a wide range of people especially Nigerian Government Youths, is enormous:

1. This work will serve as a counseling guide to unemployed youths who strongly believe that only government will provide all their needs.
2. Research in different field will resort to this work as a secondary source of information during their write-ups in related matters/topics like this
3. To the government of the state, this work will definitely reveal to them certain workable measures for improving the conditions of our teeming idle young graduates in our society. It will also provide the government the opportunity to look into other sectors which needs their support and attention.
4. Generally, if the work is welcomed and practised the general life style and standard of the citizens will be better thereby creating progress and development

### **REVIEW OF THE RELATED LITERATURE CONCEPTUAL FRAMEWORK**

The use and value of employment in targeting poverty is rather new or is resonated to any one of region. Historically, according to internet publication, the poor employment Act of 1817 in Great Britain presented a major mile stone in the development of economic policy to reduce poverty through employment and development [10]. Public interventions in later years in various countries have been largely based on the recognition that small firms are important generators of employment. Interpreting the job generating role of the small enterprises emphasized the extreme skewness volatility of the individual small business growth patterns and the low quality and sustainability of many jobs created by the mass nuero-enterprises. He observed that a relatively few firms exhibiting rapid and sustained growers account for the build of sustained job generation in small firms. This is special for the development world where economic reforms and availability are not uniform, and assured those small enterprises that are better placed to access resources including information and technology throne and offer sustained jobs while their disadvantage contemporizes fizzle out. The development and growth of the small enterprises is pegged to the existence of some legal center entrepreneurial climate or enterprise culture among the people. This according to [11], is shown and

illustrated thus. "Poverty is an enemy of Man: it dehumanizes its victims" It has been a serious challenge to the government of Nigeria.

According to [12], poverty has earned recognition to the extent of ravaging the affairs of humanity at the international and local levels. The needs exist now for urgent actions towards its eradication and control. Indeed poverty is a snare, it is dehumanizing, it must be eradicated [13], Unemployment begat poverty, as twins, the two brothers go hand in hand. Unemployment in Nigeria is one of the most critical problems, the country is currently facing. The years of corruption, civil war, military rule and mismanagement have hindered economic growth of the country. Nigeria is a country endowed with diverse and infinite resources both human and material. However years of negligence and adverse policies have led to the underutilization of these resources. These resources have not been effectively utilized in order to yield maximum economic benefits [14]. This is one of the primary causes of unemployment and poverty in Nigeria. As per the result of the World Bank, the GDP purchasing power parity of Nigeria was \$170.9 billion during 2005. Unemployment in Nigeria is a major problem both socially and economically. It has resulted in more and more people who do not have the purchasing power. Less consumption has also led to low production and the economic growth has been hampered.

However the issue of unemployment has altered the attention of federal, state and local government in this country and a series of efforts had been made to amend the ugly trend. It is therefore, the aim of this research work to x-ray how this problem of unemployment can be reduced through small scale business. [15], stated that high menace of unemployment and under employment in most Africa major cities were caused by an excess migration due to lack of economic growth". This shows that unemployment is likely to be increasing more rapidly in some measures through which Africa countries have employed the system of reducing unemployment phenomenon. Varieties of steps have been taken to off-set the problems in big cities like cape Town in South African. It employed the influx, controlled and endorsed out of the urban areas, people who have not found employment in a large degree through conscious development of small scale enterprise.

#### **SMALL SCALE BUSINESS**

According to [16], the concept of small business has perhaps enjoyed more controversy in the bid to define small scale business. Economist Management, Consultants and government agencies are at various strategic plan and at what parameter should be used in determining which business is small and which is not. According to [17] there is no acceptable definition for small enterprise. Therefore, small business definition is dependent on a countries national polices and economic situation. However [18], simply defines small business as comprising firms which number of employed spans between ten to ninety-nine employees. [17], defined small scale enterprise as those enterprises that have relatively little capital investment that produce in small qualities and as a result control share of the market, that employ not more than fifty (50) workers and in which management, marketing and entrepreneurial functions are vested in the proprietor. According to National Concord of industries during its meeting in 1992, small scale enterprise is defined as those with fiscal assets above one million naira (N1m) but not exceeding Ten Million naira (N10m), excluding capitals. But for the purpose of which their work tends to achieve, the definition of small scale business by united nation Committee on Economic

Development (CED) will be used and emphasized on. According to the definition which is regarded as outstanding and unique by [18], small scale business enterprise is an enterprise that meets two or more of the following criteria;

1. Management is independent: usually the management and managers are also the owners.
2. Capital is supplied and ownership is helped by an individual or small group.
3. The area of operation is mainly local workers and owners are in one home community.
4. The business is small when compare with the biggest units in its field. From the above attribute of small scale enterprise by (CEP) it can be believed that small scale business is embarked upon by growths especially young graduates.

Also one can easily refer that any business with a small capital out lay is small in nature. Hence, it is owned and manage by one and few members from the above discussion on definition of small scale business, we can mention especially the number of employees capital investment, asset scale value etc or a combination of the above as the main 'yard stick' for measuring small business in Nigeria and other developing countries.

#### MEANING OF UNEMPLOYMENT AND ITS CAUSES

The term unemployment means a total different thing to different countries as nations are different in economy, leadership system, culture, values, philosophy. etc so the meaning of unemployment is different to nations, for instance; in Nigeria a group of graduates may queue up for the job of a cleaner while such adverts in a developed country like America or Europe may attract the attention of only secondary school leavers or is meant for African servers residing therein. In under-developed or developing country like Nigeria, unemployment is a state of joblessness. It is seen as a situation in which people who are eager, willing and energetic enough to work and contribute to the development of the nation, are not working due to lack of job opportunities.

According to [19, 20], unemployment means that people who are able, willing, qualified to be employed to help themselves and the society to reduce idleness and frustration cannot be employed because of lack of job opportunities. Also borrowing from [6], he defined unemployment as "excess of supply of labour over the demand for it at the current market price (wage) for labour.

According to him, the consequences of unemployment are:

**Economically:** The unemployed are not taxed, instead they waste their energy and talent and as well contribute to the failure in the standard of living of the people. All these according to him hamper economic growth and development of any nation recording high on unemployment.

**Socially:** Appleton argues that an unemployed person is psychologically deformed as he/she feels neglected, rejected and unproductive. Some accept being inferior even when they are much better than their mates who are employed. In Nigeria unemployment is a disease affecting mostly the young school graduates between the age range of twenty five (25) to forty (40) years.

### **IMPORTANCE OF SMALL SCALE BUSINESS**

Historical facts show that prior to the late 10<sup>th</sup> century, cottage industries mostly small and medium scale businesses controlled the economy of Europe. The industrial revolution changed the status and introduced mass production. The twin oil shocks during the 1970s undermined the mass production model which triggered an expected re-appraisal of the role and importance of small and medium scale enterprises in the global economy. Findings by economist over the years show that small firms and entrepreneurship play a much more important role in economic growth and many economists have come to realize the value of small business. They are seen to be characterized by dynamism with innovations, efficiency and their small size allows for faster decision making process and supervision. Governments all over the world have realized the importance of this category and have formulated comprehensive public policies to encourage, support and fund the establishment of small and medium enterprises. According to an internet publication, small business development is a sine qua non for employment generalization, solid entrepreneurial base and encouragement for the use of local raw materials and technology. The idea of job creation was supported by [9], thus it is emphasized that the small scale enterprise make the possibility of the equitable distribution of national income more realistic by providing employment on a large scale by creating more employment opportunities. Small scale business enterprise helps in mobilizing capital and human resources that would otherwise be left idle.

[11], holds that small scale business economizes resources such as capital, technical and management skills. Small scale enterprises are scarce and constitute the central problem of under development. Small firms are more capital serving and more labour using and are thus better suited for developing economics. The capital that goes into the start up of small business is relatively easy to come by. This is an advantage to a developing economy in view of the limited amount of the savings in such economy. Similarly another importance of small business is the considerable solution to balance of payment resulting from less dependence on imported input. Precisely the importance of small scale businesses to the development of any economy according to [14], can be summarized thus:

1. It reduces rural migration to urban and associated urban congestion and employment.
2. It leads to innovations i.e ability to perceive profitable business opportunities and willingness to act on what is perceived.
3. It also promotes competition and hinder monopoly.
4. Moreover, it provides option for self employment for young school graduates and retired workers.
5. Small business also serves as a training school for the indigenous entrepreneurs and provides grounds for the acquisition of skills for a larger number of workers.

### **BENEFITS OF SMALL SCALE ENTERPRISE**

The benefits of small scale business to any economy are easily noticeable, they include:

1. Contribution to the economy in terms of output of goods and services.
2. Creation of jobs at relatively low capital costs especially in the fast growing service sector.
3. Provide a vehicle for reducing income disparities.

4. Develop a pull of skilled and semi-skilled workers as a basis for the future industrial expansion.
5. Improve forward and backward linkages between economically, socially and geographically diverse sectors of the economy.
6. Provide opportunities for developing and adopting appropriate technological approval.
7. Offers an excellent breeding ground for entrepreneurial and managerial talents, the critical storage of which is often a great handicap to economic development among others.

#### **CHALLENGES FACED BY SMALL SCALE BUSINESS IN NIGERIA**

The challenges facing small scale business in Nigeria and in many developing countries are monumental. The most worrisome among these challenges is finding why most new small business enterprises are not very attractive prospect for banks, as they want to minimize their risk profile. According to [15], there are many problems both remote and immediate that confront small scale business entrepreneurs problems which are remote and general in nature include:

1. Absence of Entrepreneurship development programmes.
2. Limited funds available to small business owners.
3. Non accessing to credit facilities and raw materials.
4. Inadequate technical and managerial know-know.

Similarly, small business in Nigeria also faces other challenges like:

**1. Irregular power supply:** This leads to a large extent affects small business like barbing, welding, tailoring, computer business centers, restaurants, hair dressers etc.

**2. Government revenue units:** It has been observed through interviews that revenue agents of government constitute a bulk of challenges to many small businesses. To support this the Director General of National Directorate of Employment, Mallory Abubaka Mohammed, further explained that there are also regular requirement, official and unofficial levies, corruption, use of property, collateral, lack of access to financial facilities which constitute obstacles for small business. He added that inadequate budgetary provision is among the obstacles formidable enough to scare the most determined small scale business entrepreneurs. Expectedly, Mohammed lamented the negative role of inadequate budgetary provision played in showing the operational tempo of the directorate down. He said "The vibrancy of the activities of the NDE is tied to government funding as expressed through budgets" The high competition for funding among agencies is something difficult for the NDE to have enough funds to run its programme.

**3. Land:** This is one problem that has for many years threatened the progress of small business in the local government Area. This might be traced to the method through which land is acquired by the surrounding communities which always seek government compensation whenever a portion of the land is taken by government forgetting that the land is being acquired for their own mutual benefits.

**4. Technology:** Most equipment in the local government are obsolete especially in the agricultural sector. Some chemicals being used are not the best and there is no fund to produce up to-date ones for the most effective production. As a matter of urgency, the federal and state governments should give assistance in achieving a way to this particular problem.

### GOVERNMENT EFFORTS TO REDUCE UNEMPLOYMENT

According to [7], government has many mechanisms through which it directly or indirectly influences actions in the small business sector. Some of the actions of government are deliberately aimed at achieving government objectives while others may be international. Explaining a part of the contents of the third national development plan 1975-80, it holds that the main objectives of the government programmes for development of small scale enterprise are creation of employment opportunities, mobilization of local resources, mitigation of rural migration and more even distribution of industrial enterprise in different parts of the country. In a bid to overcome poverty and its twin mate unemployment in Nigeria, government has initiated different policies and programmes between 1986 to 2004 to alleviate it. These programmes include:

1. (DFRRI) Directorate of Food, Road and Rural Infrastructure.
2. (BLP) Better life programme
3. (NDE) National Directorate of Employment
4. (PBN) Peoples Bank of Nigeria
5. (CB) Community Bank
6. (FSP) Family support programme
7. (FEAP) Family Economic Advancement Programme.
8. (PEP) Poverty Eradication Programme
9. (NAPEP) National Poverty Eradication programme
10. (NEEDS) National Economic Empowerment Development Strategy.

The aim of the above mentioned parameters, were to ameliorate the sufferings of the people by providing them employment opportunities and access to credit facilities to enable them establish their own business. According to Olanyinka Collins and EmekaAnuforo in an internet publication which many agencies saddled with the responsibility of tackling unemployment in the country and the steady rise in the number of people in the poverty line, the need to refocus anti-unemployment policies in Nigeria is even more Compelling to them what has come over the years is that agencies are created indiscriminately by government to provide job for the boys? While the argument of providing financial assistance to the needy to enable them start a business of their own, appears not to hold is that most of these funds provided for the business find their ways into the private pockets of the managers that are appointed to supervise the disbursement of these funds.

In the publication, it was observed that parts of the overall objectives of establishing NDE was to facilitate the generation of mass employment opportunities for the millions of unemployed school leavers and of tertiary institutions in the country through skilled development. In specific terms the law establishing the Directorate (Act No of 1989) assigned it the following mandate.

1. To design and implement programmes to combat mass unemployment.
2. To articulate policies aimed at developing work programme with labour intensive potentials.
3. To obtain and maintain a data bank on unemployment and vacancies in the country with a view to act as a clearing house to link job seekers with vacancies in collaboration with other government agencies.
4. To implement any other policies as may be laid down from time to time by the board established under sector of its enabling law.



In the publication, Olanyinka and Emeka maintained that in designing the employment promotion programme, the NDE took cognizance of the following factors:-

5. The decline interest of youths in agriculture sectors, which had traditionally provided the bulk of employment, particularly in the rural areas.
6. The deteriorating condition of urban and rural infrastructure due to the dearth of foreign exchange earning to produce and maintain construction machinery and equipment as against the surplus labour (unemployed hands) available in the country.
7. The tertiary institutions graduates expectation for non-existence white-collar jobs and accompanying employment while their back grounds do not prepare them to take advantage of the opportunities for self employment in the formal and informal sectors of the economy.
8. The potentials of the informal sector and the traditional apprenticeships system for skilled acquisition and self-employment.
9. The need to counsel the unemployed for attitudinal re-orientation towards self employment and self reliance.

In recognition of the distinct target group (un-employment) school leavers and graduates, the directorate adopted vocational skills acquisition training (V-SAT), Business Training (BT), Training for rural employment (TRE), Training for labour Based work programme (TLBWP) are areas of interventions. The vocational skills programme of the NDE involves the use of informal sector operators such as master crafts men and women as train up outlets for unskilled school leavers. Such school leavers are attached with them for periods long enough for the apprentice to acquire necessary skill, it also includes the development of well-equipped mobile workshops to train unemployed youths in rural areas where informal training outlets are non-existent to date, the training covers over eighty (80) vocational trades.

The business training programme provided by directorate covers entrepreneurship development which introduces by NYSC members to the opportunities as well as business startup and improvement programmes for school leavers and retired persons. In a bid to awaken the interest of the unemployment and wealth creation in the sector and consequently, stem the rural urban drift of the youths, the NDE designed a special programme for youth in agriculture. The training programme covers modern agricultural practices in the areas of crop production, livestock management, crop processing etc. A further strategy involves the placement of unemployment rural dweller in nonfarm activities. Under this dispensation, the NDE promotes the establishment of employment generating projects that will enhance the adoption of postharvest technology-embodied equipment in small scale production and processing activities such as cassava processing, grain miling and fish smoking.

Although, training is one of the most important instruments in the fight against unemployment and poverty, it is expected that the graduate trainees will profitably and sustainable practise the skill acquired. Towards this end, the NDE has carried out a sustained campaign among parent of the beneficiaries to assist the youths with family funds to enable them established their own enterprise, while others are being assisted to find paid employment, the NDE has been recommending a large majority of them to micro credit institutions for facilities to start businesses. It is instructive to note that while the NDE no longer gives loans to beneficiaries of its training programmes, it has however entered into an alliance with Nigeria Agricultural Rural

Development Bank (NACRDB) and other Micro credit agencies to grant loans for instance, the NACRDB gives loans to benefaciceries or the recommendation of the Directorate. This, it did recently by the deposition of the sum of Eighty-One Million Naira (N81M) with the bank to support the establishment of three hundred and seventy (370) business enterprises in all the states of the federation. It is with the understanding that the bank is equipped to recover the loans from the beneficiaries more effectively than the Directorate would have done by this system, the rate of recovery of high and the leave of management of the fund for the sole benefit of the managers is totally eliminated.

### WAYS TO GO INTO SMALL SCALE BUSINESS

According to [6], there are three (3) basic ways to go into small business. Each presents opportunities and challenges to the manager and each requires planning organization, implementation and a control process in order to succeed. According to him, the best way to go into small business is to starts a new business from the scratch. Here, the entrepreneur takes an idea or a concept and creates a business entity where none existed. This is difficult but it can be the most satisfying when it works. The second way to go into business is to acquire an existing business. This method appeal to many because an existing business can be evaluated. Its financial records can be examined and its employees, suppliers and customers can be questioned.

Finally, Eze said that the best method to go into business is to operate a Franchise, whether starting up a franchise or purchasing an existing franchise or purchasing the entrepreneur gets help from the franchising company. Presumably, that organization has a successful operational approach that makes the franchise at alternative and work for the entrepreneurs' investment of time and money. It has also been observed that self-assessment is one of the most important and first things to do before venturing into any business no matter the size. This self-assessment exercise enables the entrepreneur to know his/her worth, likes and dislikes strengths and weaknesses which will also expose him/her to his area of specialization. For instance, experience has shown that one of the commonest factors contributing to small business failure is that most managers are "square pegs in a round hole" some join a business because a friend is doing well in the business. So it is almost important that before one starts a business, self-assessment exercise should be carried out to know what one can do better. Moreover, starting a new business requires patience and experience if one must successes. For a particular business to have a positive progress one must devote time to learn about the business thoroughly so that success will visit him.

Finally, an entrepreneur wishing to excel in business should as a matter of great importance carry out "SWOT" analysis. According to Michael porters contribution in effective management, SWOT stands for strength, weakness, opportunities and threats. This means that strengths of workers and weakness of the business ought to be determined in order to improve and tackle respectively. Also every business has many opportunities available for its success and its threats for failures if the business did not over through the competitors in the field. When facing challenges, a good business manager should adopt "SWOT" analysis before starting any business to ensure success. More importantly planning objective should be added for the success of a business that is "SMART" analysis by manager. This means that the manager

should be specific, to measure the terms agreed upon, be reliable and be time conscious. By working on the above analysis a business is bound to succeed by the efforts of the manager.

#### **THE IMPACT OF SMALL SCALE BUSINESS ON UNEMPLOYMENT PROBLEM**

The serious problem facing Nigerian government and Nigerian people is this problem of unemployment. Nigerian government had made many policies to combat this cog in the wheel of progress but none had solved the problem. Rather many people are increasingly found in the labour market unemployed. There is no home in Nigeria that has not at least one un-employed youth. Nigeria youths have been stationed in their minds that the best way of making a living is that after graduation the only option is to get a white-collar job. It is very imperative that effort must be made by both the government and individuals to avert this menace. They are:

1. An intensive and continuous enlightenment programme must be embarked upon to shift peoples minds from white-collar job to small scale business. People must start something different and grow in it. People must also try to discover their talents on time and develop on it. People must try to study the environment and try to render service to areas of need or problem.

2. The curriculum and school subjects must reflect development of this small scale business. Students should be encouraged to learn at least two trades in school. This will help to have a life continuity of trade/business after school rather than staying middle. A student who has learnt electrical work will easily fix his/her (self) immediately after graduation.

3. Government must be friendly with the youths: There must be a ministry in charge of youths where the problems are discussed and solved. An up-keep allowance must be put in place to help applicant attend to themselves.

4. Finally in the universities all vocational course must be field oriented rather than laboratory based. Agricultural science must be practised in the field so that the interest to farm will start from school. A student who grew crops in university and made money in the process will love to do agriculture once he leaves school and impact the knowledge on others.

#### **THE IMPORTANCE OF BUSINESS SECTORS TO THE GROWTH OF SMALL SCALE BUSINESS**

According to the result of the interview or questionnaire to respondents small sectors are very good grounds for the provision and growth of small scale business. In both developed and under developing countries the greatest employer of labour is not the government. It is the private sectors. Government must as a matter of urgency encourage her citizens to open or establish small sectors for business growth. One good thing about these sectors establishment is that it does not require huge amount of money. In some sectors nature provides the raw-materials to start. For example at "Uburu" the water there is very salty. But if the water is dried up we get salt. One person of a family can begin salt production. Other places that are endowed like uburu are many. If those areas are harnessed properly unemployment must be reduced to the barest minimum.

#### **THE CHALLENGES OF FUND TO THE ESTABLISHMENT OF SMALL SCALE BUSINESS**

From the analysis of the responses of the various respondents money is paramount in the establishment of any business. In Nigeria the average income per head is very low that one cannot think of making savings. It is only very few people the politicians,

who are swallowing money. Many people who are enlightened may be willing but finance will be a hindrance. Government must provide means by which the unemployed will have access to fund without drastic condition Government can make citizens work very attractive so as to attract youths to learn traders and at the same time provide places they will learn after graduation. Government can create salary for up-keep the conditions that one must learn a trade before collection such. Conclusively the un-employment can be reduced drastically if the suggestions above are applied.

#### THEORETICAL FRAMEWORK OF THE STUDY

**a. Sociological Theory:** The theory of sociology is another underlying factor behind the study of Small and Medium Scale Enterprises. In furtherance of McClelland's need theory, [15] was more concerned with socio-historical process which produces the psychological 'needs' behind the entrepreneurial disposition and less with the specific casual connections between such needs and the recruitment of performance of entrepreneurs. In addition to "n" Achievement of McClelland, Hagen incorporates other needs such as intelligence, world news and environment [18]. Sociological theorists of entrepreneurship were preoccupied with the analysis of need distribution among members of a society but strongly criticized the notion that the most fundamental causal factors behind the emergence and performance of entrepreneurs are psychological. This is based on the argument that the psychological approach is too simple and misleading especially when it is applied to the explanation of business performance and design [9]. In support of this, [7] opined that entrepreneurship results from "adaptation". To be an entrepreneur, one must be able to adapt to his/her environment. According to him, adaptation is a factor for environment analysis which helps in identification of business opportunity and area of needs in a particular environment. Without adaptation, no matter how good an idea might sound, it will not metamorphose into reality as an enterprise. Also [8] argued that "for it is neither necessarily nor invariably true that high 'n' Achievement guarantees business success, even when "success" is defined as McClelland defines it in terms of profitability, percentage control of the market, sizes of firms and rate of growth. To contrast the ideological factor to the study of entrepreneurship, the sociologists argued that a person's environment is the major motivating factor that can spur him/her into entrepreneurship. Ideas, traits and motives are not enough on their own for entrepreneurship to manifest. There must be an enabling environment coupled with business opportunities for a new venture to emerge. [7], in his view on sociological perspective to entrepreneurship suggested that "a detailed description of the environmental context is required before drive for achievement can be a motivating factor for entrepreneurs". This social context differs from one environmental setting to another. [11], however, identified four (4) different social contexts that can be used in defining sociological enterprise. These include; social networks, life course stage, ethnic identification and population ecology stage. Individual sociological background, acts as push factor that determines the social context of entrepreneurship. In support of this, [18], states that "the inability of traits theories to predict entrepreneurship could result from the ignorance of social context and choices confronting the individual when the decision is made". In other words there is a positive correlation between the economic factor and social control that exist in a particular environment.

**b. Economic Theory:** The theorists here saw an entrepreneur as an agent of economic change. They argued that changes either in the environment or organization are a

transformation that can occur as a result of the reaction of some economic forces. Economists assume that entrepreneurs behave rationally towards some economic forces (business opportunities, resources etc.) that result to change in environment in form of enterprise. Entrepreneurship was seen as a process or positive event to every economic revolution. Without entrepreneurs, the other factors of production such as land, labour and capital cannot transform themselves into economic value (product and services). Theorists such as [11], argued that: "entrepreneurs play a distinct role in the market system through their evaluation of factors of production. While consumers evaluate goods in use, entrepreneurs evaluate the productivity of goods towards generating value in use - they assess the value of the factors of production in generating value useful to consumers". Unlike other theories, economic theory placed values on each of the factors of the production and saw them as distinct economic agents in the production process. With this distinction, the contribution of these agents was able to be demarcated and assessed individually for the avoidance of confusion. Hence the relationship between entrepreneurs and other factors of production was clearly distinguished. Mackenzie also argued that: "these distinctions make the categorization of labourers, consumers and entrepreneurs simple, clear and consequently, enable us to avoid confusion as we sort out the contributions of different theorists. The assessment of these contributions does, however, require us to relate the essential functions of entrepreneur to other functions of entrepreneur as well as to the functions of other agents". [16] as economic theorists saw competition as a motivating factor for the acquisition of entrepreneurial skill. Small and medium scale enterprises are not exception from this economic perspective to entrepreneurial study. Small and Medium Scale Enterprises play a distinct role in the market system through their ability to manage and control other factors of production, hence their motivation to entrepreneurship, the more their perception as agents for economic revolution, the more their motivation into entrepreneurship and vice versa.

While entrepreneurial skills exist in all the cultures, they may vary in degree according to traditions, environment and history. Such skills and motivations should be supported by a well define institutional participant and which include formal right and protections to physical and other property. Access to resources in the form of capital labour and infrastructure will then lead the development of small enterprise participating in marketing and processing in farm produce. As [17]; pointed out house hold members will re-direct their labour away from land based activities within the existence of:

1. Pull factors such as higher income in the non-farm sector relative to the farm sector.
2. Push factors such as increase in agricultural sourced risk (farming that cannot ensure year round income and consumption).

The main goal behind enterprise is to generate income for the entrepreneurs and their families. In the case of marketing enterprise that requires that goods have to be sourced, transported, transformed and marketed, the physical assets involved need to be acquired serviced and repaired and preserved. All these activities require human labour fully or in fact it will depend on the level of business sophistication and technology employed. Human labour has a price whether it is a family labour (self employment) or non-family labour (wages employment) the remuneration received by the family member is critical to a house hold ability to access basic needs, improve livelihood and create assets.

As explained in a recent World Bank publication, the role of a private enterprise is poverty and unemployment reduction. This has long been neglected by development planners, researchers and government. This is supported in the article by several studies showing, first that economic growth has consistently led to reduction in poverty and secondly, that the engine to economic growth is a small/private enterprise. The key to poverty and unemployment is thus the demand for employment driven by economic growth.

### **RESEARCH DESIGN AND METHODOLOGY**

The purpose of this study is primarily targeted at finding and exposing the great importance and contribution of efficient management of small scale business in solving unemployment problems in Nigeria. In a view to getting the correct facts on this topic the researcher used a survey method and a case study to explain certain things related to this topic which is believed will help in coming to a good and convincing conclusions and suggestions.

### **RESEARCH DESIGN**

According to [10], research design is a term used to describe a number of decisions which need to be taken regarding the collection of data before ever the data are collected. In this research work, a descriptive method was adopted for the area of understudy. This type of research method tries to describe and interpret what it is and seek to find out the conditions or relationship that exists, opinions that are going on and trends that are developing.

### **CONCLUSIONS AND RECOMMENDATIONS**

The main findings from the analysis are:

1. Small scale business directly provide employment by creating job opportunities by allowing the owner to try his own ideas, and hence cultivate a sense of independence.
2. It creates a higher income for the supplier of raw materials and sellers of the final products.
3. Since the small scale business is on the paying basis side its can yield financial and occupational security, for those who have enthusiastic spirit for the future.
4. The informal sector are most conducive for small business growth, because it has a desire for power and improve ones ability.
5. The fast food makers, education, communication sectors, restaurant, business center, GSM phone repairs are most favoured in small scale business.
6. It create opportunity for those who cannot obtained salaried job either because of Age, physical handicape or business depression.

### **CONCLUSION**

The center of rural development lies within the local government level which is geared at freeing the rural from poverty and the creation of employment to ease off hardship. I feel that effective management of small scale business has not taken its worthy place in solving unemployment problem in Udi Local Government Area of Enugu State due to the necessary machinery has not been put in place to achieve these objectives. All these have made unemployment to persist even with all the efforts put to bring an end to it.

### RECOMMENDATIONS

The objectives of every reach works or findings are for recommendation to be made. Therefore the following recommendations are made as follows:

**Infrastructures:** That government should provide infrastructural facilities for the rural development and invariantly draw the attention of investors to the local government areas. Unemployment has actually persisted due to inadequate infrastructure to sustain development provision of infrastructure like water, steady electricity, accessible roads and other means of communications will encourage people to establish small business in Nigeria.

**Finance:** Government should provide enough incentives to the already existing small scale business as a way of solving unemployment through the effective management of small scale business. There is no doubt that every small scale business unit is under-capitalized and to remedy the situation, individuals should help themselves by forming themselves into corporative to be able to attract government financial assistance and also to get exemption from some taxes.

**Enlightenment programmes:** This exercise will create awareness among the people in knowing the importance of establishing small scale business. Government should also embark on massive enlightenmentprogramme to let the people understand the need and advantages associated with the effective management of their business. Since most of the small scale businesses are stack illiterates they should be equipped through heavy enlightenment programmes with the language they will understand.

**Technology:** This is another factor that should be looked into, since we depend solely on imported technology to develop our already existing small scale industries, government should make it a priority to see that the technology is in place. On the other hand, government should promote the development of our indigenous technology to reduce drastically the dependence on foreign ones. If this can be achieved it will invariably sustain the already existing small scale industries.

**Good Management:** The root of every successful business is solely dependent on how effective the management operates. This is one basis on which this research project takes its stand. To achieve organizational objectives, the management must be able to identify the problem areas, plan, proper accountability, control credit and finally must be able to utilize professional assistance in improving the business knowledge. If this factor is sufficiently tackled, it will help to create expansion which invariably will led to employment of more people and therefore serve as a means of reducing unemployment.

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