



## **ASSESSMENT OF SMALL SCALE ENTERPRISES IN SOLVING UNEMPLOYMENT PROBLEMS IN OYO STATE, NIGERIA**

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### **Abstract**

*The purpose of the study was to assess the impact of small scale enterprises in solving unemployment problems in Oyo State, Nigeria. Two research questions and one hypothesis guided the conduct of the study. A survey research design was adopted to obtain information from two thousand one hundred (2100) respondents comprising government and private trainers (artisans), traders, poultry keeping, and other small enterprises purposely selected using multistage sampling techniques across thirty three (33) Local Governments Area in Oyo State. A 31 -item questionnaire was used to seek the opinion of the respondents on the subject matter. The data collected was analyzed using mean ( $\bar{x}$ ) and z - score at 5% level of significance. Based on the findings of the study, the researcher recommended that government should wake up to her responsibility by training youths and settle them as at when due and the youths must be ready to learn trade to become employers of labour instead of waiting endlessly for white collar jobs that are not forthcoming.*

*Keywords: Small Scale Enterprises, Unemployment Problems.*

### **Introduction**

Today in Nigeria, specifically in Oyo State the major problem that the state is encountering is the problem of unemployment among the youths. Unemployment problem could be traced to the late 80s. Though, according to history unemployment was earlier than the 80's. Olajire, (2011) as quoted by Oyewole, (2016) said that after Dr. Nnamidi Azikwe had graduated abroad and went to the Gold Coast, the students urged him to come home but Dr. Nnamdi Azikiwe told them the efforts he had made to get work in Nigeria which had proved abortive. All these happened in the 19th century. The difference between that time and the 1980s was that teaching profession could be found easily. Olajire (2011) said that when Chief Obafemi Awolowo was looking for a job the easiest one he could get was teaching.

Apart from teaching, the confidential secretaries were also on top of the world. The profession was lucrative. Therefore, Awolowo preferred confidential secretary to teaching because of the knowledge he acquired from shorthand and typing but secretary job was not easy to get (Olajire, 2011). Fortunately after independent oil was discovered. The oil boom encouraged the Federal Government of Nigeria to put in place a free Universal Primary Education (UPE) programme in 1976 which led to increase in students' population and job market expansion. By 1980s what worsened unemployment situation in Oyo State was the trooping in a large number of the primary and secondary school learners for enrolment in the middle of 80's because of free primary and secondary education (Oyewole, 2016). The job market was filled



with people with no job, job was no longer easy to get even the teaching profession became scarce. To worsen the situation the more the administration of Gen. Ibrahim Badamosi Babangida introduced Structural Adjustment Programme (SAP). The result of SAP is rationalization of staff in both private and public organizations which later led to unemployment (Oyewole, 2016).

Unemployment is the inability to get job despite being qualified and being ready to work. Some people are employed but they are under paid. This type of employment is known as underemployment. Entrepreneurship education was introduced in all the tertiary institutions by the Federal Government to soften the situation of unemployment that is becoming rampant every day. The aim of the government is to make individuals graduate and get some things to lay their hands on and be engaged after graduating from tertiary institutions. The beneficiaries may start as small or medium scale entrepreneur depending on the financial capability and the ability of such beneficiaries to manage a business after undergoing entrepreneurship education. Many students that could not further their education learnt trades with the help of their parents, small scale enterprises start immediately the trainees are free from their masters. Small scale enterprises according to Adejuyigbe and Dahunsi (2010) as quoted by Olaniyi (2016) are an elusive concept which hides a large heterogeneity in the types of the firms.

Olaniyi (2016) quoted Small and Medium Industries and Equity Investment Scheme (SMIEIS) defined Small and Medium Enterprise (SME) as an enterprise with capital base less than N200 million (equivalent of about \$1.43 million) excluding land and working capital, and with the number of staff employed not less than 10 and not more than 300. Oduma(2012), as quoted by Oyewole, (2016) defined Small Scale Enterprises (SSE) as enterprises that are engaged in manufacturing, repairing, processing and preservation of goods having investment in plant and machinery at an original cost not exceeding a hundred thousand naira (N100,000). The low capital requirements made it easy to start. This makes it possible for people to engage in, no registration of business and no tax imposed. The reason is to help people engage and move away from poverty. Could this enterprise have an impact at all in the economy of the state especially on the issue of unemployment problem. This study wants to survey the opinion of small scale enterprises in solving unemployment problems in Oyo state.

### **Statement of the Problem**

Despite the efforts of government and other stakeholders to alleviate poverty in Oyo State unemployment has become a hydra headed monster and is waxing stronger and stronger every day. Among the efforts of the Federal Government of Nigeria is the creation of National Directorate of Employment, creation of Peoples' Bank, Bank of Agriculture (BOA) and Bank of Industry (BOI) and many other schemes to make sure that unemployment become past history.

However, unemployment remains a serious challenge in the state. Why? This is the nagging question for which this research wanted to first answer. In particular the researcher wants to assess the impact of small scale industries on the alleviation of unemployment problem, hence, the need for this study.



### **Purpose of the Study**

The major purpose of this study is to determine on the impact of small scale enterprises in solving unemployment problem in Oyo State, Nigeria.

Specifically, the study is to;

1. Investigate the positive impact of small scale enterprises in Oyo State

### **Research Questions**

1. What is the positive impact of small scale enterprises in solving unemployment problem in Oyo State?

### **Research Hypothesis**

Ho: There is no significant difference between the mean ratings of male and female respondents on the positive impact of small scale enterprises in solving unemployment problem in Oyo State.

### **Method**

The design adopted for the study was descriptive survey research design. The population comprised all small scale industries in Oyo State. The researcher used multistage sampling technique to purposely sample two thousand one hundred (2100) small scale business owners chosen as respondents from the 33 Local Government Areas in Oyo State. The identified trades were thirty (30) of which seventy (70) owners were sampled. The identified trades were barbing, tailoring, bricklaying, hawking, road side shops, poultry farming, fish farming bread baking industry, marketing in various markets, maize supply business, road side mechanic owner, groundnut selling business, soap making industry, chalk making industry, yam flower business, fruit selling business, egg dealing business, transporting, photography, painting, blacksmithing, business centers (dealing with photocopying, typesetting, and the likes), vulcanizing, shoe repairing, filling station, building materials business, household electronic selling business, fish smoking business, pure water business, and hairdressing. A 31 - item structured questionnaire was used in eliciting information from the targeted respondents. The instrument was validated by five experts from the Faculty of Management Science Nnamdi Azikwe University, Awka Anambra State.

The instrument was tested to be reliable using test-retest method. A reliability co-efficient and value of 0.90 was obtained using Pearson product moment correlation formula ( $r$ ). The questionnaire was rated using four point scale of strongly agree (SA), Agree (A), Disagree (D) and Strongly Disagreed (SD). Mean ( $\bar{X}$ ) score was used to analyze the data collected while z-score was used to analyze the hypothesis. The mean score of 2.5 was adopted as the decision rate. Any value greater or equal to 2.5 was regarded as agreed while any value less than 2.5 was rated as not agreed. The results of the study are presented based on the research questions and hypothesis.

### **Result**

**Research Question I:** What are the positive impacts of small scale enterprises in solving unemployment problem in Oyo State?



**Table 1**

Mean rating of respondents on the impact of small scale industries in solving unemployment in Oyo State.

S/N	ITEMS	SA	A	D	SD	X	REMARK
1.	People are engaging in various activities	1050	710	300	40	3.32	Agreed
2.	Many small scale business workers are trainers.	990	770	270	70	3.28	Agreed
3.	Instead of looking for white collar job people start their own businesses because it is easy to start.	987	764	275	74	3.27	Agreed
4.	Many small scale businesses are inherited by their offspring.	1041	700	299	60	3.30	Agreed
5.	Small scale business owner create job for another and entrepreneur e.g bricklayer & carpentry	799	939	307	55	3.18	Agreed
6.	The natures of small scale business easy to start and free registration move parents to allow their children learn trade.	1111	984	01	04	3.52	Agreed
7.	It is easy to start helps many people to starts and become business owner.	1001	897	25	177	3.30	Agreed
8.	Many small scale business owners are employers.	955	904	123	118	3.28	Agreed
9.	The nature of small scale business encourages governments to train young school learners and settle them.	999	1003	32	66	3.40	Agreed
10.	Small scale business reduces unemployment.	1997	70	41	12	3.95	Agreed
11.	Specialization arises theory small scale business.	1005	805	154	46	3.36	Agreed
13.	Small scale businesses provide raw materials for the medium and large scale business.	1111	680	300	09	3.38	Agreed
14.	Through the assistance rendered to large scale industries by small scale industries more people are employed by large scale industry.						Agreed
15.	The meeting immediate needs of the people by small scale industry help commercial activities to run fast.	850	1230	03	17	3.39	Agreed
16.	If not because of small scale industries social vices would have been increased.	861	1201	28	10	3.39	Agreed
17.	Government and parents should not relent in training of the young school.	1220	800	59	21	3.53	Agreed



Grand mean = 3.37

Source: Field Survey

In the table 1, item 1 to 17 met the mean score standard (decision rule) of 2.5 and above. This indicates that the small scale business owners agreed that small business enterprises have positive impact in solving unemployment problem in Oyo State.

Hypothesis

There is no significant difference between the mean ratings of male and female small business owners on the positive impact of small scale enterprises in solving unemployment problem in Oyo State.

Table 2

z - Test Summary of the mean ratings of respondents in Oyo State on positive impacts of small scale enterprises in solving unemployment problem in Oyo State.

VARIABLE	N	MEAN	SD	DF	z-CAL	z-CRIT	REMARK
Male	1265	3.39	0.67	2098	0.27	1.96	NS
Female	835	3.46	0.66				

Table 2 shows that the calculated z-value of 0.27 at 2,098 degree of freedom and at 0.05 level of significance is less than the critical value of 1.96. This implies that there is no significance difference in the mean ratings of male and female respondent’s small business owners on the positive impact of small scale enterprises in solving unemployment problem in Oyo State. Therefore, the hypothesis was accepted.

Discussion of Findings

The findings of this study showed that the small scale business owners agreed that small scale business enterprises have positive impact on the employment opportunity of the people in Oyo State. The findings showed that many entrepreneurs are the employers of labour and also trainers to trainees who will in turn settle after freedom and have businesses of their own instead of being dependants and job seekers. This is in line with the view of Afeidia, Dako and Jimoh (2011) that the major objective for small scale enterprises (SSE) programme is the provision of business skills training to the numerous unemployment school learners and graduate towards sustainable self-reliance.

The findings further showed that small scale business enterprises reduces unemployment that has negative impact on the socio-economy of the state because the state become dependent, people are not responsible financially nor living a good standard of living and the worst part of it is that social-vices are on the increase. This in agreement with the view of Okoli (2011) that the implication of unemployment in



Nigeria is that many of the unemployed graduates take to crime like advance free fraud, popular known as 419, armed robbery, kidnapping e.t.c.

The findings of the study also, showed that there is no significant difference between the mean ratings of the male and female small scale enterprises in Oyo State. This is in line with the view of Afeidia, Dako and Jimoh (2011) who opined that the small scale business enterprises contribute to national development.

### **Conclusion**

Based on the findings of this study, the following conclusion were made

1. Small scale business enterprises have positively impacted on the employment opportunities in Oyo State.
2. There is no significant difference between the mean ratings of male and female owners of small scale enterprises in Oyo State on the positive impacts of small scale enterprises in solving unemployment problem in Oyo State.

### **Recommendations**

Based on the findings of this study it was recommended that

1. Federal government should wake up to her responsibilities by training and settling the youths as at when due.
1. 2. The youths must be ready to learn trade and be self employed instead of job seekers.
2. There must be enlightenment on the importance of small scale industries.
3. Parents must train their children the family job inherited.



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