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EFFECTS OF SMALL SCALE INDUSTRIES ON THE NIGERIAN ECONOMY: A CASE STUDY OF ANAMBRA STATE

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ABSTRACT

This study assessed effects of small scale industries on the Nigerian economy: A case study of Anambra State. Four research questions were raised to guide the study. Four null hypotheses were tested in the study. The study adopted a descriptive survey research design in order to conduct the study. Population for the study constituted of all the 2832 registered SME operators in the 21 Local Government area of the state. The sample size for the study comprised a total 1,416 SME operators. This represented 50% of the registered SME operators in the 21 LGs of the state.11 out of the 21 LGs were selected, representing about 50% of the entire LGs. Proportionate stratified random sampling technique was used to draw the SME operators from the selected LGs. A Questionnaire titled: Effects of SMEs on Economic Growth in Nigeria Questionnaire (ESEGNQ) which was constructed for SME operators, containing 37 items and designed on a 4-point rating scale, was used for data collection in the study. The research instrument was validated by three experts from Nnamdi Azikiwe University, Awka, Anambra State. Reliability of the questionnaire was established through a pilot-test. Thereafter, the coefficient value was measured using the Cronbach Alpha formula to appraise the reliability of the research instrument. The scores gave coefficient reliability of 0.71, 0.78, 0.88 and 0.77, for the four clusters respectively; which were added up to give an overall internal consistency reliability 'r' value of 0.79, showing that the questionnaire was reliable. Data collated were analyzed using mean and standard deviation to answer the research questions. The hypotheses were tested using t-test statistics at an alpha level of 0.05 significance. Findings of the study indicated among others that the small scale industry contributes to employment and economic growth in Anambra state. From the findings of the study recommendations were made and among them included that small scale industries should be encouraged by the government and other relevant stakeholders to innovate and adopt new technologies to improve their competitiveness which will spur sustainable development.

Keywords: Perceived Effects; Small Scale Industry; Nigerian Economy

Introduction

The Nigerian economy can be described as a middle-income, mixed economy and emerging market (World Bank, 2022) that has a growing manufacturing, technology, financial, communications, service, and entertainment sectors (African Development Bank, 2020). Nigeria has a nominal GDP of

over $250 billion, and is the 39th largest economy in the world, second largest in Africa, and 27th largest in terms of purchasing power parity (International Monetary Fund, 2022). The re-emergent manufacturing sector is the largest on the African continent and produces a large proportion of goods and services for West Africa (United Nations Economic Commission for Africa, 2020). Nigeria's economy has struggled with various developmental challenges, including poverty, unemployment, and dependence on oil exports (Central Bank of Nigeria, 2020). The country's economy has been characterized by a high level of poverty, with over 40% of the population living below the poverty line (National Bureau of Statistics, 2020). Unemployment is also a major challenge, with over 20% of the workforce unemployed (National Bureau of Statistics, 2020).

Despite oil revenues contributing to two-thirds of state revenues (OPEC, 2022), oil contributes only about 9% to the GDP, with agriculture contributing 22% and services contributing 54% (National Bureau of Statistics, 2021). The economy faces challenges such as a supply crisis in the power sector (World Bank, 2020), corruption (Transparency International, 2021), and inadequate infrastructure (African Development Bank, 2020), but has potential for growth through activities of sectors like the small scale industries sector, considering her large and young population (United Nations Department of Economic and Social Affairs, 2020).

The emergence of small scale industries in Nigeria was a response to various economic, political, and demographic factors. The economic crisis of the 1980s and 1990s led to a decline in the large-scale industrial sector, creating an opportunity for small scale industries to fill the gap (Central Bank of Nigeria, 2019). The Structural Adjustment Program (SAP) introduced in 1986 aimed to liberalize the economy, promoting private sector growth and entrepreneurship (Olurode, 2020). Globalization also played a significant role, as the increasing globalization of trade and commerce created opportunities for Nigerian businesses to participate in the global market (African Development Bank, 2020).Government policies and programs aimed at promoting entrepreneurship, industrial development, and job creation also encouraged the growth of small scale industries (Federal Ministry of Industry, Trade and Investment, 2017). Technological advancements and digitalization enabled entrepreneurs to access new markets, tools, and resources, facilitating the growth of small scale industries (UNCTAD, 2019). Nigeria's large and growing population, with a significant youth bulge, created a need for employment opportunities and entrepreneurial ventures (National Bureau of Statistics, 2020). Finally, the informal sector's expansion led to the emergence of small scale industries as a formalized response to the demand for goods and services (International Journal of Entrepreneurship and Small Business, 2018).These factors combined to create an environment conducive to the growth and development of small scale industries in

Nigeria. As noted by the Nigerian Institute of Social and Economic Research (2017).

The small scale industries or small scale enterprises (SMEs) have been defined in different ways using different criteria. The Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS) defined small scale industries based on their asset base, annual turnover, and workforce size. Central Bank of Nigeria (2020) defined small scale industries as enterprises with a labor force of fewer than 50 employees and an annual turnover of less than N10 million with an asset base of N5 million and not more than N500 million excluding land and buildings with employees between 11 and 200.These industries encompass a wide range of activities, including agriculture, manufacturing, trade, services and crafts, operating at a local or community level. They are typically more flexible and adaptable compared to larger enterprises. Small scale industries are vital components of the Nigerian economy, playing a crucial role in promoting industrialization, economic growth and development (Adebusuyi, 2017).

Economic growth is an increase in a country's real level of national output which can be caused by an increase in the quality of resources such as education, health, technology etc. (Mhaka et al 2020). It is an increase in the value of goods and services produced by every sector of the economy. Also, economic growth can be seen as an increase in a country's production capacity, often measured by Gross Domestic Product (GDP).It is estimated that small scale industries contribute over 40% to Nigeria's Gross Domestic Product (GDP) and employ over 70% of the country's workforce (SMEDAN, 2020). The sector's significance extends beyond its economic contributions, as it also provides a source of income for millions of Nigerians, particularly in rural areas (Udechukwu, 2021). Small scale industries are also key drivers of innovation, introducing new products, services, and processes that enhance productivity and competitiveness. In emerging economies, small scale industries contribute up to 40% of national income, making them a crucial component of GDP growth. By fostering entrepreneurship, small scale industries encourage individuals to start businesses, stimulating economic activity and promoting self-employment.

Additionally, small scale industries participate in supply chains, creating demand for goods and services and driving economic activity (Cross, 2018).This means that they provide goods and services to larger companies, source materials and inputs from other businesses, create demand for goods and services from other businesses and drive economic activity through their purchases, sales and operations. Small scale industries also contribute to export growth, generating foreign exchange earnings and enhancing economic competitiveness. They promote regional development, stimulating economic activity and reducing regional disparities. By providing training and skills development opportunities, small scale industries enhance human capital and increase productivity. Furthermore, small scale industries promote competition,

driving efficiency and encouraging larger firms to innovate and improve performance (Eniola & Olorunleke, 2020). Finally, small scale industries generate tax revenue, contributing to government finances and enabling investments in public goods and services. In summary, small scale industries are a vital component of economic growth, driving job creation, innovation, and GDP growth, and promoting economic development and prosperity.

Also, small scale industries serve as a catalyst for employment creation and provision. Employment is a situation where an individual who is willing to work at the going wage rate is able to get a job (Nwokike & Ezenwafor, 2021). The employee provides labour, skills and time in exchange for compensation, benefits and other rewards. Small scale industries create jobs directly by hiring employees to work in their businesses and indirectly by creating demand for goods and services from other businesses, such as suppliers and distributors. Eniola and Olorunleke, (2020) submitted that small scale industries provide opportunities for individuals to start their own businesses, creating jobs for themselves and others. Small scale industries offer training and development programs, enhancing the skills of their employees and their employability. They create jobs in their supply chains, such as in manufacturing, logistics, and distribution. Small scale industries drive innovation and technology adoption, leading to the creation of new industries and job opportunities (Olise, Nosike & Ofurum, 2020). They also form partnerships and collaborations, generating employment opportunities through joint ventures and strategic alliances. Through these routes, small scale industries contribute to employment generation.

Despite its importance, the sector faces numerous challenges that hinder its potential to contribute meaningfully to the country's economic development (Udechukwu, 2021). Small scale industries face numerous challenges that hinder their growth and development. One of the significant obstacles is limited access to finance, which makes it difficult for them to secure funds for expansion and innovation (World Bank, 2019). Additionally, inadequate infrastructure, such as unreliable power supply and poor road networks, increases their operational costs and reduces their productivity (World Economic Forum, 2019). Small scale industries also struggle to penetrate existing markets due to intense competition from larger firms and a lack of market information (OECD, 2019). Furthermore, they face difficulties in acquiring skilled labor, including technical expertise, management capabilities, and entrepreneurial skills, which limits their ability to innovate and grow (ILO, 2019, Olise, Nosike & Ofurum, 2020). Again, complex regulatory frameworks, excessive bureaucracy, and corruption also create barriers for SMEs, making it difficult for them to navigate the business registration process, obtain necessary permits, and comply with tax regulations (World Bank, 2019). Moreover, the rapid shift to digitalization poses a significant challenge for small scale industries, as they often lack the resources and expertise to adopt new

technologies and digital solutions (Accenture, 2020).Internationalizing strategically is also a challenge for small scale industries, as they often lack the resources to conduct extensive market research and expand into new markets (OECD, 2019). Furthermore, small scale industries face difficulties in delivering on decarbonization commitments due to limited resources and lack of expertise (McKinsey, 2020). Finally, acquiring critical talent is a significant challenge for small scale industries, as they often have smaller R&D departments and finance functions that focus more on accounting than strategy (Gartner, 2020). Furthermore, the sector's growth is also constrained by poor governance, corruption, inadequate regulatory frameworks, and limited access to credit facilities (World Bank, 2020).

Addressing the challenges faced by small scale industries requires a multifaceted approach (World Bank, 2020). Improving access to finance through alternative funding options like crowd funding and angel investors (Kumar et al., 2019), providing training and capacity-building programs to enhance entrepreneurial skills and management capabilities (International Labour Organization, 2017), and streamlining regulatory processes to reduce bureaucracy and implement SME-friendly policies (OECD, 2019) can help. Additionally, investing in infrastructure development (African Development Bank, 2020), facilitating market access through trade agreements and export promotion programs (World Trade Organization, 2019), promoting technology adoption through incentives (IMF, 2019), and fostering networking and collaboration opportunities (European Commission, 2020) can also support small scale industries growth. Furthermore, government support through tax incentives, subsidies, and grants (IMF, 2019; Olise, Nosike & Ofurum, 2020), access to information and market research (World Bank, 2020), and a favorable legal framework protecting intellectual property and contract enforcement (World Intellectual Property Organization, 2020) are essential. By implementing these measures,small scale industries can overcome their challenges and contribute significantly to economic growth and development.

In Anambra State, small scale industries are widespread, with a significant presence in the manufacturing, agriculture, and services sectors. The state has a large market for small scale industries, with a population of over 5 million people (National Bureau of Statistics, 2020). Strategically located in the southeastern region of Nigeria, Anambra State offers proximity to major markets like Lagos and Abuja, making it an attractive hub for entrepreneurs. The state's rich cultural heritage and strong entrepreneurial spirit have given rise to a diverse range of SMEs, from traditional industries like textiles, crafts, and food processing to modern services like tech and finance. The state government has implemented initiatives like training programs, loan schemes, infrastructure development and the establishment of industrial clusters (Anambra State Government, 2020). These efforts aim to create a more conducive

environment for SMEs to thrive and contribute to the state's economic growth and development. However, they seem not to have impacted significantly on the state's economic growth.

This may be attributable to the numerous challenges they seem to face. Inadequate financing, poor infrastructure, limited access to markets, inadequate governance, corruption, inadequate regulatory frameworks, and limited access to credit facilities, lack of skills and technology appear to pose challenges to small scale industries. The state government has implemented various initiatives to support small scale industries, however, the sector seem not to have unlocked its full potential as they appear not to contribute maximally to economic growth in the state. This study therefore aims to investigate the effects of small scale industries on the Nigerian economy, using Anambra State as a case study.

Statement of the Problem

Ideally, small scale industries are empowered to reach their full potentials, driving employment, economic growth, innovation and development. They ought to have adequate access to finance and credit facilities, adequate infrastructure and transportation networks, a corruption-free business environment, and access to training and development programmes to enable them unleash their full potentials.

However, in Anambra state, the current scenario appears to fall short of this ideal. Small scale industries seem to be saddled with challenges, including limited access to finance, inadequate infrastructure, high levels of corruption, political instability and insecurity in some regions and limited access to training and development programmes. Some entrepreneurs in the small scale industries appear to lack the requisite entrepreneurial skills to run successful businesses.

Consequently, small scale industries may struggle to survive, probably not contributing maximally to economic growth and development, job creation and employment opportunities. This will likely lead to increased poverty, income inequality, reduced standard of living, unemployment and inability to compete with foreign businesses. This research aims therefore to investigate the effects of SMEs on economic growth in Anambra State, Nigeria.

Purpose of the Study

This study assessed effects of SMEs on economic growth in Nigeria, a case study of Anambra State, Nigeria. Specifically, the study sought to:

1. Investigate the perceived impact of small scale industries on employment creation in Anambra State.
2. Examine the contribution of small scale industries to economic growth in Anambra State.
3. Identify the challenges faced by small scale industries in Anambra State.

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

4. Explore strategies to address the challenges facing small scale industries in Anambra State

Research Questions

The following research questions guided the study:

1. What is the perceived impact of small scale industries on employment creation in Anambra State?
2. How do small scale industries contribute to economic growth in Anambra State?
3. What challenges do small scale industries face in Anambra State?
4. What are the strategies to address the challenges facing small scale industries in Anambra state?

Hypotheses

The following null hypotheses were tested in the study at an alpha level of 0.05 level of significance:

1. There is no significant difference in the mean responses of male and female SME operators on the perceived impact of small scale industries on employment creation in Anambra State
2. There is no significant difference in the mean responses of male and female SME operators on how small scale industries contribute to economic growth in Anambra State
3. There is no significant difference in the mean responses of male and female SME operators on challenges small scale industries face in Anambra State
4. There is no significant difference in the mean responses of male and female SME operators on the strategies to address the challenges facing small scale industries in Anambra state

Research Method

In order to conduct the study, the descriptive survey research design was employed. The design was used to collect data from the participants (entrepreneurs) with the objective of assessing effects of SMEs on economic growth in Nigeria, using Anambra state asa case study. The choice of this design is justified based on the fact that this design enables researchers undergo a field study in order to collect data from a sample of large population of entrepreneurs and thereafter, the findings are generalized in order to draw inferences as well as conclusion. Nworgu (2015), submitted that the descriptive survey research design are those studies which aims at collecting data from sample of a given population and describing in a systematic manner, the characteristics, features or facts about a given population. These studies are only interested in describing certain variables in relation to the population (Nworgu, 2015). Population for the study involved all the 2832 registered SME operators in the 21 Local Government area of the state (Office of the State Ministry of Commerce). The sample size for the study comprised a total 1,416 SME operators. This represented 50% of the registered SME operators in the 21 LGs of the state. The choice of 50% is informed by Nworgu (2015) who opined that 30% - 80% of a population is adequate

for a research work.11 out of the 21 LGs were selected, representing about 50% of the entire LGs. Proportionate stratified random sampling technique was used to draw the SME operators from the selected LGs.

A researchers' self-developed questionnaire titled: Effects of SMEs on Economic Growth in Nigeria Questionnaire (ESEGNQ) which was constructed for SME operators, containing 37 items and designed on a 4-point rating scale was used for data collection in the study. Construction of the questionnaire was guided by the purpose of the study, research questions and hypotheses. The questionnaire was divided into two parts. Part A is an introductory section which comprised personal details and open-ended statements that elicited from the participants demographic information. Part B of the research instrument contained 34 items which was based on this study on effects of SMEs on economic growth in Nigeria: A case study of Anambra state. Items in section B of the instrument were arranged in four clusters in order to answer questions relating to each of the research questions. The items on the ESEGNQ was structured on a 4-point rating scale weighted as follows: (a) Strongly agreed (SA) - 4, (b) Agreed (A) - 3, (c) Disagreed (D) - 2, (d) Strongly Disagreed (SD) – 1 for answering all the research questions.

The research instrument was validated by three experts from Business Administration Department and Educational Foundations Department (Measurement and Evaluation expert), Nnamdi Azikiwe University, Awka, Anambra State. The corrections and modifications made by these experts were incorporated in the instrument before the final draft of the instrument. This was done in order to determine the face and content validity that aided the instrument to collect the requisite information (data) for the study. These experts were requested to validate the items in the questionnaire in terms of their face value, content relevance, items clarity and sentence construction. Reliability of the questionnaire was established through a pilot-test sampling 25 entrepreneurs from25 SMEs in Enugu State, which were not part of the study. After the pilot test, the data collected were computed and the coefficient values were measured using the Cronbach Alpha formula to appraise the reliability of the research instrument. The scores gave coefficient reliability of 0.71, 0.78, 0.88 and 0.77, for the four clusters respectively; which were added up to give an overall internal consistency reliability 'r' value of 0.79, showing that the questionnaire was reliable. This was to show the degree at which the instrument was reliable to collect the necessary information for the study. According to Nworgu (2015), the essence of conducting a pilot-test was to avoid bias and the reliability of the questionnaire shows the trust-worthiness, consistency and dependability of the instrument. Both validity and reliability of the instrument had to be determined before the final instrument was administered to the respondents, so as to yield the kind of information that assisted in the decision-making process and enable the instrument to collect the expected data. The final drafted copies of the ESEGNQ were distributed to the respondents on a personal and direct hand-delivery process to the

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

respondents with the help of five (5) research assistants. The distribution of the questionnaire consisted of face-to-face contact with the respondents. An on-the-spot method was adopted by the researchers and research assistants in distributing copies of the questionnaire. This was to ensure maximum recovery of the questionnaires that were administered. Copies of the questionnaire for the entrepreneurs were delivered to them by the researchers and research assistants who university undergraduates and who were instructed on how to communicate and retrieve the necessary information from the respondents. These research assistants were instructed and briefed on how to administer the questionnaire to the respondents. This entailed explaining properly to the research assistants the location of the sampled SMEs selected for the study likewise the intensions of the study. The researchers and the research assistants waited for the respondents to complete the questionnaire before retrieving them on the spot in order to obtain the highest possible rate of return. However, a total of 1,416 copies of the questionnaire were printed out for distribution by the researchers and the research assistants. The rate of retrieval of the research instrument was at a 100% rate of return. Data collated were analyzed using mean and standard deviation. More so, all the null hypotheses were tested at an alpha level of 0.05 significance using the t-test. The t-test was used to compare the means of two groups to determine if there is a significant difference between them. The decision rule was based upon the premise that when the calculated P-value associated with the t-cal is less than the stipulated 0.05 level of significance, the null hypothesis is rejected. Where the calculated P-value associated with the t-cal is greater than the stipulated 0.05 level of significance, the null hypothesis is not rejected.

Presentation of Results

Research Question 1: What is the perceived impact of small scale industries on employment creation in Anambra State?

Table 1: Mean Responses of Male and Female SME operators on impact of small scale industries on employment creation in Anambra State

		Male (N=789)			Female (N=627)			Total (N=1416)		
	Items	Mean	SD	Remark	Mean	SD	Remark	Mean	SD	Remark
1.	SMEs create jobs directly by hiring employees	3.59	.51	Agreed	3.31	.80	Agreed	3.36	.76	Agreed
2.	Generating employment opportunities indirectly by creating demand for goods and services from other businesses	3.40	.59	Agreed	3.36	.68	Agreed	3.36	.67	Agreed

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

3.	providing opportunities for individuals to start their own businesses	2.01	.95	Disagree	1.97	.92	Disagree	1.97	.92	Disagree
4.	drive innovation and technology adoption, leading to the creation of new industries	3.24	.70	Agreed	3.09	.59	Agreed	3.12	.61	Agreed
5.	forming partnerships and collaborations, generating employment opportunities through joint ventures	2.95	.23	Agreed	2.81	.39	Agreed	2.83	.38	Agreed
6.	stimulating economic activities in the local communities	2.95	.71	Agreed	2.87	.79	Agreed	2.89	.78	Agreed
7.	offering diverse career paths	3.13	.62	Agreed	3.04	.79	Agreed	3.06	.76	Agreed
8.	providing training opportunities to acquire relevant skills	3.12	.53	Agreed	2.94	.65	Agreed	2.97	.64	Agreed
9.	offers job security	3.02	.77	Agreed	2.78	.82	Agreed	2.82	.82	Agreed
Cluster means		3.02	.57	Agreed	2.93	.76	Agreed	2.94	.73	Agreed

Results in Table 1 show the aggregate cluster mean and standard deviation of 2.94 and .73which indicates that the items are the perceived impact of small scale industries on employment creation in Anambra State. The analysis of items indicates that male and female entrepreneurs rated the items as perceived impact of small scale industries on employment creation in Anambra State.

Research Question 2: How do small scale industries contribute to economic growth in Anambra State?

Table 2: Mean Responses of Male and Female SME operators on how small scale industries contribute to economic growth in Anambra State

		Male (N=789)			Female (N=627)			Total (N=1416)		
	Items	Mean	SD	Remark	Mean	SD	Remark	Mean	SD	Remark
1	Generating employment opportunities	3.59	.51	Agreed	3.31	.80	Agreed	3.36	.76	Agreed

2	Promoting competition	3.40	.59	Agreed	3.36	.68	Agreed	3.36	.67	Agreed
3	Contributing to export growth	2.01	.95	Disagree	1.97	.92	Disagree	1.97	.92	Disagree
4	Encouraging individuals to start businesses, stimulating economic activity	3.24	.70	Agreed	3.09	.59	Agreed	3.12	.61	Agreed
5	Introducing new products, services, and processes that enhance productivity	2.95	.23	Agreed	2.81	.39	Agreed	2.83	.38	Agreed
6	Promoting regional development	2.95	.71	Agreed	2.87	.79	Agreed	2.89	.78	Agreed
7	Providing training and skills development opportunities, enhancing human capital	3.13	.62	Agreed	3.04	.79	Agreed	3.06	.76	Agreed
8	Contributing to government finances	3.12	.53	Agreed	2.94	.65	Agreed	2.97	.64	Agreed
9	Creating demands for goods and services	3.02	.77	Agreed	2.78	.82	Agreed	2.82	.82	Agreed
	Cluster means	3.02	.57	Agreed	2.93	.76	Agreed	2.94	.73	Agreed

The analysis in Table 2 shows the aggregate cluster mean and standard deviation of 2.94 and .73 indicating the items are how small scale industries contribute to economic growth in Anambra state. The analysis of items indicate that eight items (1, 3, 4, 5, 6, 7, 8 and 9) out of nine items were rated as how small scale industries contribute to economic growth in Anambra state while the remaining one item (item 2) was not rated as how small scale industries contribute to economic growth in Anambra state.

The cluster means and standard deviation for male SME operators (3.02 and .57) and female SME operators (2.93 and .76) indicates that they both perceived the items as how small scale industries contribute to economic growth in Anambra state.

Research Question 3: What challenges do small scale industries face in Anambra State?

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

Table 3: Mean Responses of Male and Female SME Operators on Challenges Small Scale Industries Face in Anambra State

		Male N = 789			Female N=627			Total N=1416		
S/N	ITEMS	Mean	SD	Remark	Mean	SD	Remark	Mean	SD	Remark
1	Inability to keep up with Digitalization	2.56	.51	Agreed	2.80	.58	Agreed	2.85	.71	Agreed
2	Limited managerial skills by SME operators	2.52	.51	Agreed	2.53	.55	Agreed	2.89	.67	Agreed
3	Limited Access to Finance	2.60	.50	Agreed	2.75	.53	Agreed	2.81	.69	Agreed
4	Regulatory and Administrative Burdens	2.92	.70	Agreed	3.06	.79	Agreed	2.89	.67	Agreed
5	Limited Market Access	3.32	.63	Agreed	3.35	.69	Agreed	3.09	.64	Agreed
6	Lack of creativity	3.24	.60	Agreed	3.29	.68	Agreed	3.07	.62	Agreed
7	Inadequate Skills and Capacity	3.24	.60	Agreed	3.14	.62	Agreed	3.35	.69	Agreed
8	Inadequate succession planning	2.96	.68	Agreed	3.01	.67	Agreed	3.29	.68	Agreed
	Cluster mean	2.85	.71	Agreed	2.89	.67	Agreed	3.14	.62	P

Results in Table 3 show the challenges facing small scale industries in Anambra State. The aggregate cluster mean and standard deviation of 3.14 and .62 indicates that all the items are challenges facing small scale industries in Anambra State. The mean ratings of male SME operators (2.56, 2.52, 2.60, 2.92, 3.32, 3.24, 3.24 and 2.96) and female SME operators (2.80, 2.53, 2.75, 3.06, 3.35, 3.29, 3.14 and 3.01) for all the 8 items shows that they both perceived them as challenges facing small scale industries in Anambra State.

Research Question 4: What are the strategies to address the challenges facing small scale industries in Anambra state?

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

Table 4: Mean Responses of Male and Female SME Operators on the Strategies to Address the Challenges Facing Small Scale Industries in Anambra State

		Male N = 789			Female N=627			Total N=1416		
S/N	ITEMS	Mean	SD	Remark	Mean	SD	Remark	Mean	SD	Remark
1	Providing incentives and subsidies for small scale industries	3.71	.60		3.53	.60		3.09	.64	
2	Strengthening institutional support and regulatory frameworks for small scale industries	3.62	.88		2.53	.91		2.88	.86	
3	Providing training and capacity building programs for small scale industries	3.53	.70		3.61	.70		2.76	.73	
4	Providing market access and trade facilitation for small scale industries	2.64	1.06		3.45	.59		2.79	.79	
5	Improving access to raw materials and inputs for small scale industries	3.73	.62		3.43	.58		3.03	.76	
6	Encouraging collaboration and clustering among small scale industries	2.53	.74		2.99	.99		2.94	.74	
7	Providing access to finance for small scale industries	2.54	.75		2.57	.79		2.53	.82	
8	Encouraging innovation and technological adoption in small scale industries	3.43	.83		3.71	.93		2.96	.76	
	Cluster mean	2.99	.80		2.57	.79		2.82	.78	

The analysis in Table 4 shows the aggregate cluster mean and standard deviation of 2.82 and .78 indicating the items are strategies to address the challenges facing small scale industries in Anambra state. The analysis of items indicated that all the eight items were rated as strategies to address the challenges facing small scale industries in Anambra state.

The cluster means and standard deviation for male SME operators (2.99 and .80) and female SME operators (2.57 and .79) indicates that they both perceived the items as strategies to address the challenges facing small scale industries in Anambra state.

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

Hypothesis 1: There is no significant difference in the mean responses of male and female SME operators on the perceived impact of small scale industries on employment creation in Anambra State

Table 5: t-test Comparison of Male and Female SME operators on perceived impact of small scale industries on employment creation in Anambra State

Source of variation	N	Mean	SD	Df	t-cal	*P*-value	Decision
Male	789	2.21	.33				
				1414	1.70	.09	Not-Sig
Female	627	2.08	.36				

The results in table 5 shows that the mean score for male SME operators (*M*=2.21, *SD*=.33) was not significantly greater than that of the female SME operators (*M=2.08, SD=.36*); *t (*1414*) =1.70, p*=.09.The null hypothesis of no significant difference between the two groups on the impact of small scale industries on employment creation in Anambra state was therefore not rejected.

Hypothesis 2: There is no significant difference in the mean responses of male and female SME operators on how small scale industries contribute to economic growth in Anambra State

Table 6: t-test Comparison of Male and Female SME operators' Mean Ratings on how small scale industries contribute to economic growth in Anambra State

Source of variation	N	Mean	SD	Df	t-cal	*P*-value	Decision
Male	789	2.50	.22				
				1414	.92	.36	Not-Sig
Female	627	2.55	.25				

The results in table 6 shows that the mean score for male SME operators (*M*=2.50, *SD*=.22) was not significantly greater than that of the female SME operators (*M=2.25, SD=.25*); *t (*1414*) =.92, p*=.36.The null hypothesis of no significant difference between the two groups on how small scale industries contribute to economic growth in Anambra State was therefore not rejected.

Hypothesis 3: There is no significant difference in the mean responses of male and female SME operators on challenges small scale industries face in Anambra State

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

Table 7: t-test Comparison of Male and Female SME operators' Mean Ratings on the Challenges Small Scale Industries Face in Anambra State

Source of variation	N	Mean	SD	Df	t-cal	*P*-value	Decision
Male	789	2.95	.34				
				1414	.20	.98	Not-Sig
Female	627	2.95	.32				

The results in table 6 shows that the mean score for male SME operators (*M*=2.95, *SD*=.34) was not significantly greater than that of female SME operators (*M=2.95, SD=.32*); *t (*1414*) =.20, p*=.98. The null hypothesis of no significant difference between the two groups on the challenges small scale industries face in Anambra State was therefore not rejected.

Hypothesis 4: There is no significant difference in the mean responses of male and female SME operators on the strategies to address the challenges facing small scale industries in Anambra state

Table 8: t-test Comparison of Male and Female SME operators' Mean Ratings on The strategies to address the challenges facing small scale industries in Anambra state

Source of variation	N	Mean	SD	Df	t-cal	*P*-value	Decision
Male	789	2.22	.64				
				1414	1.08	.28	Not-Sig
Female	627	2.28	.50				

Table 8 shows that the mean score for male SME operators (*M*=2.22, *SD*=.64) was not significantly less than that of the female SME operators (*M=2.28, SD=.50*); *t (*1414*) =1.08, p*=.28. The null hypothesis of no significant difference between the two groups on the strategies to address the challenges facing small scale industries in Anambra state was therefore not rejected.

Discussion of Findings

Generally, small scale industries in Anambra state were found to impact on employment and contribute to economic growth. However, there are challenges that hinder their smooth operation. Findings of the study have been further discussed under the following subheadings of:

Impact of Small Scale Industries on Employment Generation

The findings indicated that small scale industries impacted on employment creation

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

in Anambra State. The finding further indicated that small scale industries impacted on employment creation by creating jobs directly by hiring employees; generating employment opportunities indirectly by creating demand for goods and services from other businesses; providing opportunities for individuals to start their own businesses; drive innovation and technology adoption, leading to the creation of new industries and forming partnerships and collaborations, generating employment opportunities through joint ventures, among others. This finding corroborates and is equally in line with Eniola and Olorunleke, (2020) which submitted that small scale industries provide opportunities for individuals to start their own businesses, creating jobs for themselves and others. Small scale industries offer training and development programs, enhancing the skills of their employees and their employability. Olise, Nosike and Ofurum (2020) study on marketing strategy and performance of small and medium enterprises in Anambra state confirmed that small scale industries impacted on employment and improved their performance by using adequate product strategy. Additionally, the hypothesis revealed that there was no significant difference in the mean responses of male and female SME operators on the impact of small scale industries on employment creation in Anambra State. This, means that the male and female SME operators did not differ in their opinions of how small scale industries impacted on employment in Anambra state. This shows that, small scale industries have impacted on employment creation.

Small Scale Industries' Contributions to Economic Growth in Anambra State

The findings indicated that small scale industries contributed to economic growth in Anambra state. The finding further showed that small scale industries contributed to economic growth by generating employment opportunities; promoting competition; encouraging individuals to start businesses, stimulating economic activity; introducing new products, services, and processes that enhance productivity; promoting regional development; providing training and skills development opportunities, enhancing human capital; contributing to government finances and creating demands for goods and services. This finding means that small scale businesses in Anambra contribute to economic growth. The finding agrees and is equally in correspondence with Eniola and Olorunleke(2020) study on marketing strategies impact on SMEs organizational performance which found out that small scale industries promote competition, driving efficiency and encouraging larger firms to innovate and improve performance. The present study finding also deviates and is not in line with Maksimovic in Oyeniran, Oladipo and Oluseyi (2015) study on SMEs and Economic in Nigeria: An autoregressive distributed lag approach which submitted that small scale industries have not impacted significantly on economic growth. The difference may be as a result of difference in methodology. While Maksimoyic used a regression model for a cross-section of countries, the present study sought opinions of SME operators in Anambra state and analyzed same with mean, standard deviation and t-test. It was also found that

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.12 (2), May-August, 2024 https://ajemates.org

there wasno significant difference in the mean responses of male and female SME operators on how small scale industries contribute to economic growth in Anambra State. The similarity found between male and female SME operators on how small scale industries contribute to economic growth in Anambra State could be attributed to the fact that they all operate in the same state, with the same environmental conditions, regulatory conditions and so on.

Challenges facing Small Scale Industries in Anambra State

The findings indicated that small scale industries in Anambra face certain challenges. The challenges facing small scale industries in Anambra state were found to be inability to keep up with digitalization; limited managerial skills; limited access to finance, regulatory and administrative burdens by SME operators; limited market access; lack of creativity; inadequate skills and capacity and inadequate succession planning, among others. This finding means that these challenges hinder the activities of small scale industries in Anambra state. This finding corresponds with the finding of Olise, Nosike & Ofurum (2020) which found out that poor management skills, lack of creativity, inadequate succession planning are among factors that could affect the growth and survival of small scale industries in Anambra state. This finding aligns and concurs with World Bank (2020) that the sector's growth is also constrained by poor governance, corruption, inadequate regulatory frameworks, and limited access to credit facilities. The hypothesis indicated that there was no significant difference in the mean responses of male and female SME operators on challenges small scale industries face in Anambra State. This means that the male SME operators did not differ from female SME operators on the challenges facing SMEs in Anambra state. This hypothesis differs from Alfonso, Amparo and Juan (2023) study on entrepreneurs' gender and SMEs performance: the mediating effect of innovation which indicated that there women entrepreneurs faced more challenges than their men counterparts.

Strategies to Address the Challenges Facing Small Scale Industries in Anambra State

The findings indicated that there are strategies to address the challenges facing small scale industries in Anambra state. The result further revealed that the strategies to address the challenges facing small scale industries in Anambra state are providing incentives and subsidies for small scale industries; strengthening institutional support and regulatory frameworks for small scale industries; providing training and capacity building programs for small scale industries; providing market access and trade facilitation for small scale industries; improving access to raw materials and inputs for small scale industries; encouraging collaboration and clustering among small scale industries; providing access to finance for small scale industries and encouraging innovation and technological adoption in small scale industries. This finding means that they are strategies that can be adopted to ameliorate the challenges facing small scale industries in Anambra state. This finding corroborates

with World Bank (2020) that addressing the challenges faced by small scale industries requires a multifaceted approach. Also it aligns with Kumar et al. (2019) that improving access to finance through alternative funding options like crowd funding and angel investors will ameliorate the challenges facing small scale industries. Moreover, the hypothesis indicated that there was no significant difference in the mean responses of male and female SME operators on the strategies to address the challenges facing small scale industries in Anambra state. This means that male and female SME operators did not differ in their opinion of strategies to address the challenges facing small scale industries in Anambra state.

Conclusion

The research on the impact of small scale industries on employment creation and economic growth in Anambra State has provided valuable insights into the contributions of small scale industries on the economic growth of Anambra state. The findings highlighted the importance of small scale industries in creating job opportunities by providing opportunities for individuals to start their own businesses, drive innovation and technology adoption, leading to the creation of new industries, among others. These stimulate economic growth, and improving the standard of living in the state. The study also identified the challenges faced by small scale industries, including access to finance, infrastructure, and markets. It also revealed certain strategies to address these challenges and made some recommendations. By implementing these recommendations, policymakers and stakeholders can create a supportive environment for small scale industries to thrive, leading to sustainable economic growth and development in Anambra State.

Recommendations

Based on the findings, the following were recommended:

1. Policy makers should prioritize support for small scale industries in Anambra State to enhance its potentials in creating and providing employment for sustainable development in the state.
2. Small scale industries should be encouraged by the government and other relevant stakeholders to innovate and adopt new technologies to improve their competitiveness which will spur sustainable development.
3. The State Ministry of Industry and Commerce should work out modalities to provide Small scale industries should with access to markets and trade facilitation services to ameliorate the challenges small scale industries face. This will enable them contribute maximally to economic development

Contribution to Knowledge

This study on Effects of Small Scale Industries on the Nigerian Economy:Anambra state as a case study has contributed to knowledge in several ways. The study has exposed small scale industry operators and the state ministry of commerce and industry and other

stakeholders to the various contributions of the small scale industry to the economic development in Anambra state. This laudable contributions which are valid and result oriented as reaffirmed in the present study will definitely assist small scale industry operators and other stakeholders to solve their identified problems. The overall implication of this study therefore, is that, it has reaffirmed the significance of small scale industries such as contributing to employment generation and promoting economic growth in the state. Overall, this research contributes to the existing body of knowledge on the significance of small scale industries in economic development, and provides a foundation for future studies on this topic.

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