

# **Roles of Small and Medium Scale Enterprises in Community Development: Evidence from Anambra South Senatorial Zone, Anambra State**

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## **Abstract**

*This study examines the roles of small and medium scale enterprises in community development: evidence from Anambra south senatorial zone, Anambra state. Specifically the study provides empirical evidence on: socioeconomic characteristics of the respondents; reasons for going into SMEs; sources of financing SMEs; role of SMEs in community development and factors militating against SMEs in community development. The researchers distributed 55 questionnaires to the respondents that make up the sample size. The research questions were answered using mean rating under the modified four-point likert scale. Result of the investigation reveals that SMEs play the following role in community development: Generation of employment; Service provision; Improve living standards and poverty alleviation. Consequently this study therefore recommends that: government should re-introduce the small business credit scheme so that beneficiaries can use them to run the micro, small and medium enterprises; government, chamber of commerce and other non-governmental organization should regularly organize seminars for potential and actual small and medium enterprise operators where they should be educated on how to plan, organize, direct and control their businesses; micro, small and medium enterprises operators' should device effective marketing strategies; this includes such promotional strategies as advertising, good management*

*customers relations at all times and there should be re-introduction of soft loans for small and medium business by the government and financial institutions.*

*Key words:* Small And Medium Scale Enterprises(SMEs), Community Development, Poverty Alleviation, Financing, Likert Scale.

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## **I: INTRODUCTION**

SMEs have been discovered to be a key driver for a country's economic growth (Schmiemann, 2009) hence, SMEs cannot be overlooked in the economic development of any country. Okongwu (2001) argues that SMEs are recognized as the main source of economic growth and a major factor in promoting private sector development and partnership, in developed and developing countries. SMEs help to create employment and are often seen as very important for the growth and innovation of dynamic economies (Mutula and Brakel, 2006). Therefore, economic growth and development in Africa can be achieved through the emergence of strong SMEs, which will later grow to become major players in the developing economy. SMEs help to diversify economic activities that have significant contributions to imports and exports, they are flexible and can adapt quickly to changing market demands (Ongori, 2009). Thus, SMEs contribute more and more to the national and international economies of the world.

According to Wattanapruttipaisan (2003), the significance of SMEs for growth, productivity and competitiveness of the economies in both developed and developing countries is acknowledged universally, since SMEs bring about substantial local capital formation, contribute to improved living standards and achieve high levels of productivity. SMEs are identified as a major means of achieving equitable and sustainable industrial diversification.

The contributions of SMEs to Nigeria's economy are not contestable as about 10% of the total manufacturing output and 70% of the industrial employment are by SMEs (Aina, 2007). Through the utilization of local resources, SMEs promote industrial and economic development and are responsible for the production of intermediate goods and the transformation of rural technology (Aina, 2007). Nigerian SMEs not only provide employment and income for majority of its citizens but are also recognized as the breeding ground for domestic entrepreneurial capabilities, technical skills, technological innovativeness and managerial competencies for private sector development (SMEDAN, 2005, Aina, 2007).

The assistance of SMEs to any economy are obvious, as SMEs are known to contribute to the development of several economies in terms of output of goods and services and creation of jobs at relatively low capital cost (Apulu and Latham, 2010). SMEs also improve forward and backward linkages between economically, socially and geographically diverse sectors of many economies (SMEDAN, 2005). Thus, the development of SMEs is an essential element in the growth strategy of many economies including Nigeria.

### **Statement of the Problem**

In Nigeria, SMEs cover the entire range of economic activity within all sectors and share a number of common problems that hinder them from effective performance in some regions of

the country. At the macro level, these problems, as identified by (SMEDAN, 2005), include low market access to credit, poor information flow, discriminatory legislation, poor access to land, weak linkages among different sectors, weak operating capabilities in terms of skills, lack of knowledge and attitudes, lack of infrastructural facilities among others.

In another study carried out at the macro economic level by Chukwuemeka (2006) , it was identified that small and medium enterprise experiences difficulties in raising equity capital from the finance houses or individuals. Even when the finance house agrees to provide equity capital, the conditions are always dreadful. All these result to inadequate capital available to the sector and thus lead to poor financing. This is the bane of most cottage industries in Nigeria. About 80% of small and medium enterprises are stifled because of this problem of poor financing and other problems associated with it. Accordingly, Osotimehin, Akinlabi and Olajide (2012) noted that the problems that emanated from poor financing of SMEs include: Lack of competent management which is the consequence of inability of owners to employ the services of experts; Use of obsolete equipment and methods of production because of owner's inability to access new technology; Excessive competition which resulted from sales which is a consequence of poor finance to cope with increased competition in the industry; The high cost of available raw materials affects the prices of good food. This only has adverse affect on the turnover of the enterprise but also on the profitability; The availability of infrastructural facilities is grossly inadequate in the areas of access roads, electricity, water supply, etc. and Multiplicity of policies and regulatory measures such as removal of fuel subsidy, taxes, several charges on loans.

Despite a the catalogue of challenges identified by previous research (SMEDAN, 2005; Chukwuemeka , 2006; Osotimehin, Akinlabi and Olajide ,2012), SMEs remain key drivers and enablers of economic growth and development. However, there seems to be a dearth of literature that seeks to explain the role of SMEs at the micro economic level and at regional level in the country, considering the geographical and socioeconomic peculiarities of these regions. This study therefore compliments previous research in closing up the literature gap by investigating the roles of small and medium scale enterprises in community development: evidence from Anambra south senatorial zone, Anambra state, while adopting a micro economic analysis framework. Specifically, the study intends to: Examine the socioeconomic characteristics of the respondents; Ascertain the reasons for going into SMEs from the respondents; Determine the sources of financing SMEs from the respondents; Ascertain the role of SMEs in community development; and identify factors militating against SMEs in community development.

### **Organization Of The Study**

This paper is divided into five sections. Following the background, section II reviews related literature on the topic. Section III set out the research methodology, while Section IV presents and analyses the empirical results. Section V rounds it up with the conclusion and recommendations.

## **II: LITERATURE REVIEW**

### **Conceptual Issues on SMEs**

In the Nigeria context, SMEs have been defined in terms of asset base, annual turnover and number of employee Chukwemeke, 2004; CBN, 2004; Ogundele, 2007, Gulani and Usman, 2012). Although, there are variations the definitions. The Small and Medium industries Enterprises Investment Scheme (SMIEIS) defines SME as any enterprises with a maximum asset based of N200 million excluding land and working capital and with a number of staff employed not less than 10 or more than 300 (Adelaja, 2002). As noted by Gulani and Usman, 2012), Chukwemeke (2004), defines small scale business as one whose total asset in capital, equipment, plant and working capital are less than N250,000 and employing fewer than 50 full time workers. The Central Bank of Nigeria (CBN, 2004) defines small-scale business as an enterprise whose annual turnover ranges between N25, 000-N50, 000. Ogundele (2007) defines SMEs as one who has a minimum of 5 employees with minimum capital outlay of not less than N5, 000.00. However, for the purpose of this study, we shall adopt the definition of Small and Medium industries Enterprises Investment Scheme (SMIEIS).

### **Reasons for Going into SMEs**

Many reasons have been giving why people own and manage small businesses. In the literature, Ekot (2010) and Nwachukwu (1988) listed a catalogue of reasons that spur people into owning and managing small businesses. Ekot (2010) averred that the desire for generating profit, creativity, sense of independence and satisfaction are some of the main motives for owning a business enterprise. Nwachukwu (1988) noted that people are spurred into business for the following reasons: They see business ownership as a means of generating profits and thus becoming wealthy; They see it as an opportunity to do what they love doing; It seems the best way of getting away from stultifying paid employment constraints, politics or career impasse; It is perceived as a way of preparing for retirement, a place to spend the rest of one's productive days away from a life that is unsatisfying, sterile and dull; They wish to emulate successful business men, who acquired leadership in business and the attendant power such leadership earns; As an alternative, when steady paid employment could not be secured; and The belief that they have something special to offer, either a product or service. Whatever reason giving by any, it boils down to socioeconomic transformation of both the individual and by extension the community and nation at large. SMEs in Nigeria have had a chequered history. According to Umehali (2010), Small scale business started gaining prominence in Nigeria in the early 1970s when many personal enterprise started springing up. Before this time, agricultural production was dominating the economy. There were lots of agricultural small holding before and during emergency of oil boom. Over 75 percent of agricultural holding were managed by the small farmers which comprise mainly family business. Government agricultural holdings were not more than 10 percent.

### **Sources of Financing SMEs**

Every business organization need finance and where the finance is inadequate the business development will be slow. Just like big businesses SMEs get their finance from a number of sources. According to Akingunola (2011) The major sources of financing SMEs can be classified as debt and equity. The capital structure of a business firm refers to the composition of long-

term sources of funds, viz long-term debt-debenture, preference share and equity shares. The finance literature recognizes the importance of equity in business operations. Akingunola (2011) outlined the sources to include: Debt Sources of Finance, Owner's Capital / Equity Sources of Finance, Funds from Specialized Financial Institution and Finance from Venture Capitalist. According to Owualah (1999) and Adelaja (n.d), seven major sources of funding are available to SMEs.

1. Personal resources.
2. Family and friends.
3. Partners or business associates.
4. Informal financial markets comprising, individuals and group, including pool fund groups and co-operative societies.
5. Banks (commercial and merchant). Specialised banks like Peoples bank of Nigeria (PBN) and community banks.
- 6 Specialised funding facilities e.g. NERFUND, the World Bank Loan Scheme for SMEs managed by CBN and the African Development Bank (ADB) loan scheme for export stimulation in the SME sector, SMIEIS etc.
- 7 Specialised financial institutions such as the Nigerian Bank for commerce and Industry (NBCI), Nigerian Industrial Development Bank (NIDB) and the Nigerian Agricultural and co-operative Bank (NACB).

### **Role of SMEs in Community Development**

Extant literature is replete with the roles of SMEs in the development of an economy. Small and medium enterprises (SMEs) are considered the backbone of economic growth in all countries. They play an important role in Nigerian's economic growth, as they constitute 97.2% of the companies in Nigeria. They also contribute to national development by positively influencing the distribution of income in both functional and nominal terms (Rajesh, Suresh and Deshmukh, 2008; General Statistics Office, 2007; Uzor, 2004; Mba and Emeti, 2014 ). At the community level and by extension the whole economy, the contribution of SMEs to gross economic productivity and employment and other economic development parameters in both developed and developing countries is succinctly summarized by Oluba (2009) and Akingunola (2011) as follows: Greater utilization of raw materials, employment generation, encourage of rural development, development of entrepreneurship, mobilization of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self employment and provision of opportunity for training managers and semi-skilled workers. Thus, the role of SMEs in developing any economy cannot be over emphasized.

### **Factors Militating Against SMEs in Community Development**

Previous researchers have identified a number of challenges faced SMEs. Mba and Emeti (2014) identified the problems to include: Financial Problems, Management Problems, Inadequate Basic Infrastructure, Inadequate Basic Infrastructure, Socio-Cultural Problems, Strategic Planning Problems, Location/Economic Problems, Poor Accounting System, Multiple taxation, and Unstable policy environment. Accordingly, Aremu and Adeyemi (2011) noted that some of the obstacles that are being faced by Nigeria SMEs include:

- i. Inadequate access to credit particularly on moderate terms. This has negatively affected the growth of SMEs and their development in Nigeria.
- ii. Decision-making skills, sound management and accounting practices are very low among the Nigeria SMEs operators.
- iii. Commercial banks find it uneasy to assess risk premiums properly, this lead to differences in the perceived versus real risk profiles of SMEs in Nigeria.

### **Empirical Literature**

Mba and Emeti (2014) examined Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria. The study was informed by the high rate of unemployment in the society and the poor performance of SMEs in employment generation. Specifically the study investigated the extent to which poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation constitute major challenges in the performance of SMEs between October 2012 and November 2013, it assumes that government intervention through the provision of financial assistance, social infrastructures and favourable taxation policies will reverse the trend. The paper adopted a descriptive research design using 120 randomly selected registered operators of SMEs in Port-Harcourt City. Data collected were analyzed using descriptive statistics while formulated hypotheses were tested using z-test. Results from the data analysis indicated that poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation were major challenges confronting SMEs in Port-Harcourt City. In order to ameliorate the situation, the study recommends the following: provision of soft loans to SMEs operators, government guaranteeing of long-term loans to SMEs operators, establishment of SMEs funding agency, public/private sector partnership in infrastructural provision, capacity building for SMEs operators and provision of tax incentives for SMEs operators.

Gulani and Usman, (2012), evaluated the challenges Small and Medium Scale Enterprises (SMEs) face in financing new or existing businesses in Gombe State. Adopting purposive and simple random sampling techniques, information were elicited from a sample of Sixty five (65) respondents which was analyzed using chi-square method. The result of the analysis revealed that: There is no significant difference in the difficulties SMEs face when accessing finance from various sources, there is a significant difference in the level of awareness of MFIs by SMEs. The research however, recommends that government policy of initiating various intervention funds for entrepreneurial development should be encouraged; SMEs in the state should be sensitized on the activities of Micro Finance Institutions (MFIs).

Akingunola (2011) assesses specific financing options available to SMEs in Nigeria and contribution with economic growth via investment level. The Spearman's Rho correlation test was employed to determine the relationship between SMEs financing and investment level. The analysis reported a significant Rho value of 0.643 at 10%. This indicated that there is significant positive relationship between SMEs financing and economic growth in Nigeria via investment

level. Descriptive statistics were also used to appraisal certain financing indicators. The paper later proffer that accessibility to relative low interest rate finances should be provided to small and medium enterprises in Nigeria in order enhance economic growth.

Ekot (2010) adopted the survey design focused on small business ownership and management in Uyo metropolis. It examined the problems confronting this class of business as well as the prospects awaiting future investors. With the help of personal interview and structured questionnaire administered to 100 randomly selected small business owners in the study area, data were collected and analysed using simple percentage. The study observed that paucity of funds and interest by the young and educated people to take to small businesses and poor government and institutional support

are some of the problems facing small businesses in Uyo metropolis and Akwa Ibom State generally. Among the recommendations made is that government should step up support to small businesses and create greater awareness for more people to take to small businesses in Akwa Ibom State.

### **Summary of Literature**

The contribution of Small and Medium Scale Enterprises (SMEs) has been recognized as main sustenance of the economy because of their capacity in enhancing the economy output and enhance human welfare (Akingunola, 2011). In the final analysis, SMEs' literature in rife with varying literary perspectives. Most of the studies parochially examines financing options and contribution with economic growth via investment level, Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs). As an effort to extend the knowledge frontier this study therefore compliments previous research in closing up the literature gap by investigating the roles of small and medium scale enterprises in community development: evidence from Anambra south senatorial zone, Anambra state. Specifically, the study examines the socioeconomic characteristics of the respondents; ascertained the reasons for going into SMEs; determined the sources of financing SMEs; ascertained the role of SMEs in community development; and identify factors militating against SMEs in community development.

### **3. Methodology**

#### ***Research Design***

This work is descriptive. It is concerned with the collection of data for the purpose of investigating the roles of small and medium scale enterprises in community development: evidence from Anambra south senatorial zone, Anambra state, while adopting a micro economic analysis framework.. It involved sampling by using structured questionnaire to generate data that will be analysed so as to gain insight into the topic under investigation.

#### ***Area of Study***

The study was carried out in Nnewi, Anambra State. The area was purposively selected because of its potentials in terms of SMEs development. Nnewi (popularly called the Japan of Africa) is said to be the second largest economic hub of Anambra state after Onitsha and one of the largest in West Africa. It plays a leading role as a centre for the assembly and distribution of motorbikes, spare-parts and other business activities in Nigeria. The inhabitants are

predominantly traders and manufacturers of auto and auto spare parts. Although we have other institutions like: Nnamdi Azikiwe University Teaching hospital, Nnewi; College of Health Sciences Nnewi, Odumegwu Ojukwu polytechnic, Ezinifite, Nnewi South among others.

### ***Population of the Study and Sample Size***

The population of the study is made up of all the SME owners scattered all over Nnewi, Anambra state. The researchers randomly selected fifteen (15) SME owners from the four (4) clusters in Nnewi. Thus, making a total of sixty (60) SME owners. The researchers elicited the needed information for the study through the use of questionnaire.

### ***Questionnaire Design, testing, and distribution***

The questionnaire was designed based on a literature review of previous studies. The first section of the questionnaire contained general information about the sample unit. It included eight(8) background questions. The second section was designed to collect information about the research objectives- socioeconomic characteristics of the respondents; reasons for going into SMEs from the respondents; sources of financing SMEs from the respondents; role of SMEs in community development; and factors militating against SMEs in community development respectively. All items related to the role of SMEs in community development were derived from literature and initial pilot survey of five (5) SMEs owners in Nnewi; hence, pools of 38 items were finally generated. The responses to scale items measuring all the research objectives- socioeconomic characteristics of the respondents; reasons for going into SMEs from the respondents; sources of financing SMEs from the respondents; role of SMEs in community development; and factors militating against SMEs in community development were measured using a four-point likert-type scale anchored by strongly agree (4), Agree (3), Disagree (2), and Strongly Disagree (1) respectively. Data collected were analyzed using frequency, percentages and mean rating. Item with mean scores equal to or greater than 2.5 were regarded as agreement while those with scores lower than 2.5 were regarded as disagreements. Four trained research assistants were used in the administration of the questionnaire in the four clusters (Otolu, Uruagu, Umudim, and Nnewi-ichi ) in Nnewi. They assisted the respondents to complete the questionnaire through an interactive process; thus making sure the questionnaire was completed on the spot. For some reasons ten (10) of the questionnaires were not filled thus only fifty (50) of the questionnaires were dully completed and returned. The instrument was subjected to reliability test using the Cronbach's Alpha. The Cronbach's Alpha reliability statistics is 0.868 or 87%, which is considered sufficiently high and above the cutoff point of 0.6 suggested by Hair, Bush, and Ortinua (2006).

## **4. Analysis and findings**

This section contains the presentation and analysis of data collected from the respondent. A Total of 60 questionnaires were distributed, but only 50 were completed and returned.

The table shows that 90% of the respondent in the area are male, based on the socio-economic heritage of culture of the people, with only 10% females. The Age group of the respondent was represented with 46% of 3-40 years, 40 years above has 30% which mean that they are house hold with responsibilities, only 10% are representing the age of 25-30 years, while 70% are



married 30% of the respondent are single. The occupation of the respondent was represented by 90% traders, 30% traders, 20% civil servant, showing that the area of study is highly commercial. SSCE/WAEC has 50% of the respondent, 20% has HND/B.Sc. The table shows that the respondent has little education.

Table 2 revealed the reasons for going into business by the respondents with the exception of items 3, 5, 6, & 11, respondents agreed that they go into business to make an income; gain control over your career; You want to have control over your own work environment; To generate an income and jobs for your community; To achieve your full potential. You can not do while working for someone else; to fulfill your vision and to make more money. A grand mean(x) of 2.6931 and standard deviation of 0.54367 justifies the respondents' reasons for going into business.

As shown in table 3, traders agreed that their sources of fund for financing their SMEs include Promoters funds, Family and Friends, Venture capital with a weighted mean of 3.7684, 3.0324, and 3.1265 respectively. However, a grand mean(x) of 3.1265 and 0.56416 confirms their agreement.

As shown in table 4, with a weighted mean(x) of 2.91057 and standard deviation of 0.21326, respondents agreed on the role of SMEs in community development. With the exception of items three and five, respondents agreed that SMEs contribute in the Generation of employment, Service provision, Improve living standards, poverty alleviation, food security, rapid industrialization and reversing rural urban migration, and equitable and sustainable industrial diversification and dispersal.

Table 5 revealed factors militating against SMEs in community development. With the exception of rising inflation rate; the farmers agreed that every other identified factor militate against SMEs in community development.

## **5. CONCLUSION AND RECOMMENDATIONS**

From the analysis of the study findings revealed that:

1. The major reasons for going into SMEs from the respondents include: to make more money; earn income; to gain control over your career and to generate an income and jobs for your community.
2. Main Sources of financing SMEs from the respondents includes Promoters funds, Family and Friends, and Business trade credit.
3. The role of SMEs in community development include :generation of employment; Service provision; Improve living standards and poverty alleviation.
4. Factors militating against SMEs in community development *Lack of Basic Infrastructure*, inadequate access to financial resources and credit facilities, and insufficient collaterals.

SMEs have been discovered to be a key driver for a country's economic growth (Schmiemann, 2009) hence SMEs cannot be overlooked in the economic development of any country. SMEs are recognized as the main source of economic growth and a major factor in promoting private sector development and partnership, in developed and developing countries. SMEs help to create employment and are often seen as very important for the growth and innovation of dynamic economies

Consequently this study therefore recommends that:

1. Government should re-introduce the small business credit scheme so that beneficiaries can use them to run the micro, small and medium enterprises.
2. Government, chamber of commerce and other non-governmental organization should regularly organize seminars for potential and actual small and medium enterprise operators where they should be educated on how to plan, organize, direct and control their businesses.
3. Micro, small and medium enterprises operators' should device effective marketing strategies. This includes such promotional strategies as advertising, good management customers relations at all times.
4. There should be re-introduction of soft loans for small and medium business by the government and financial institutions.

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## APPENDIX

**TABLE 4.1 SOCIOECONOMIC CHARACTERISTIC OF RESPONDENTS.**

<b>VERRIABLES</b>	<b>FREQUENCY</b>	<b>%OF TOTAL</b>
<b>SEX OF RESPONDENTS</b>		
Male	45	90%
Female	5	10%
<b>AGE OF RESPONDENTS (In years)</b>		
25 -30years	5	10%
31 -35years	7	14%
36 -40years	23	46%
40years Above	15	30%
<b>MARITAL STATUS OF RESPONDENTS</b>		
Married	35	70%
Single	10	20%
Widows	5	10%
<b>OCCUPATION OF RESPONDENTS</b>		
Farming	25	50%
Trading	15	30%
Civil Servant	10	20%
<b>EDUCATIONAL QUALIFICATION</b>		
F S L C	15	30%
S. S. C. E/WAEC	25	50%
HND/BSC	10	20
MSC/PHD.	0	0%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>

**Source:** Field Survey, 2014.

**Table2: Distribution according to the reasons for going into SMEs from the respondents**

S/N	Items	Mean	Standard Deviation
1	To make an income	3.8584	0.91326
2	To gain control over your career	3.1644	0.21516
3	You have an idea for a business	1.0665	0.85416
4	You want to have control over your own work environment	2.8807	0.93154
5	To have more flexible working hours	2.3228	1.01492
6	You enjoy working for yourself and leading other people	2.3390	0.98508
7	To generate an income and jobs for your community	3.1584	0.61326
8	To achieve your full potential. You can not do while working for someone else.	2.5644	0.51516
9	To fulfill your vision	3.0665	0.25416
10	To make more money.	3.8807	0.63154
11	To change the world	1.3228	1.31492
	Grand mean (x)	2.6931	0.54367

**Source:** Field Survey, 2014.

**Table3: Distribution according to sources of financing SMEs from the respondents**

S/N	Items	Mean	Standard Deviation
1	Promoters funds	3.7684	0.65326
2	Family and Friends	3.0324	0.12516
3	Business trade credit	3.1265	0.85416

4	Venture capital	2.7607	0.37154
5	Capital markets	0.2328	1.03492
6	Microfinance banks	1.2490	0.67508
7	Bank of Industry		
8	NGOs	2.6544	0.43516
9	Donor agencies- eg World Bank Assisted Fund	3.1265	0.56416
	Grand mean (x)	2.5454	0.54372

**Source:** Field Survey, 2014.

**Table4: Distribution according to the role of SMEs in community development**

S/N	Items	Mean	Standard Deviation
1	Generation of employment	3.6754	0.91326
2	Service provision	3.3424	0.21516
3	Contribution to industrial dynamics	1.1565	0.85416
4	Improve living standards	3.6577	0.93154
5	Bring about substantial local capital formation and achieve high level of productivity and capability.	2.2348	1.01492
6	poverty alleviation	3.3390	0.98508
7	food security	3.1584	0.61326
8	rapid industrialization and reversing rural urban migration	2.5644	0.51516
9	principal means of achieving equitable and sustainable industrial diversification and dispersal	3.0665	0.25416
	Grand mean (x)	2.91057	0.21326

**Source:** Field Survey, 2014.

**Table5: Distribution according to factors militating against SMEs in community development**

S/N	Items	Mean	Standard Deviation
1	Rising rural wage	3.4342	0.43226
2	Lack of Basic Infrastructure	3.6544	0.13216
3	Lack of short, medium and long term capital,	3.0665	0.54316
4	inadequate access to financial resources and credit facilities	3.8807	0.64254
5	Raising inflation rate.	2.3228	1.13292
6	insufficient collaterals	3.3390	0.32408
7	inadequate record keeping	3.2284	0.34226
8	Inadequate knowledge of the risks facing their business.	2.5344	0.65316
9	Poor governance structure	3.0665	0.24316

**Source:** Field Survey, 2014.