

# The role of small-scale Enterprise in Entrepreneurship development in developing Economy: An analysis of bakery enterprise in Mubi-north local Government area of Adamawa State, Nigeria

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**Abstract**— The paper investigated Bakery enterprise in Mubi – north local government area in the year 2019, via socio-economic variables, cost and returns as well as prospects and problems associated with the business. The results reveals that all (100%) of the respondents are males, majority 58% were within their active productive age bracket of 35 – 46 years and majority had 6 – 15 years experience on business. Similarly, operating capital stood at 1.5 to 2.0million naira, while business fixed asset stood at 1.5 to 2.5million naira respectively. The results further shows that Cost of processing one bag of 50kg of flour in to bread stood at N39,400 and a total returns of N50,000 was reported indicating a benefit of N10,600 which constitute one production cycle. Further, the result reveals a maximum, minimum and average production cycles per week of 5, 3, and 2 respectively which gives a benefit of N53, 000, N31, 800 and N21, 200 per week respectively. The study therefore concluded that baking enterprise is a profitable business in the study area and can be used as a veritable enterprise for promoting entrepreneurship among the youths especially the graduates because of it high prospects. The study recommended that Government and Non- Governmental Organizations should support and promote entrepreneurship development among youths through their various empowerment programmes. Entrepreneurship Development Centre's in Universities, Polytechnics and Colleges of Education in Nigeria should promote baking as one of their enterprise areas because of it high prospects and acceptability among educated youths.

**Keyword**— *Entrepreneurship, Entrepreneur, Small Scale, Role, Developing and Economy.*

## I. INTRODUCTION

The Concept of Entrepreneurship as remedies for Unemployment is gradually receiving attention in many countries globally. Nigeria in particular has considered it imperative to pursue entrepreneurial objective to engage it citizens in order to minimize social vices usually associated with unemployment. Achieving this goal however, may require new ideas; policies, approaches and procedures from both the tier of government including their agencies as well non- governmental organizations (NGO's) that can

encourage entrepreneurship activities for the growth and development of societies.

Empirical reports over the years have indicated that over sixty-five (65%) of the total population of Nigerian citizens are mostly youths below forty years (40years) and without sufficient job opportunities that can solve their socio-economic needs National Population Commission (NPC, 2016). Another disturbing issue which government needs to address is the teeming number of young men and women graduating annually from Universities, Polytechnics and

Colleges of Education in Nigeria without corresponding job opportunities in both public and private.

National Youths Service Scheme (NYSC, 2017) reported that from 2010 to date over one hundred and fifty (150) thousands graduates are been mobilized yearly and less than sixty percent of these population are engaged. The question remains what happens to the Unemployed youths?

## II. THEORETICAL FRAMEWORK

### Entrepreneurship

The concept of entrepreneurship has different perceptions, understanding and interpretation among individuals and scholars. For instance Hirish, Peters and Shepherd (2007) opined entrepreneurship as the process of creating something new with value by devoting the necessary time and effort assuming the accompanying financial, physical and social risk, receiving the resulting rewards of monetary and personal satisfaction and independence.

Gomez – Mejia (2002) defined it as a process of creating a business enterprise capable of entering new or established market. Emmanuel (2002) referred entrepreneurship as willingness and ability of individual to seek out an investment opportunity, establish an enterprise based on this, and run it successfully.

Holt (2006) considered an entrepreneur as someone who gather resources, organize talent and provide leadership to make a commercial success. Similarly, Peter Drucker cited in Holt (2006) described entrepreneurial role as one of gathering and using resources, but also reported that resources to produce result must be allocated to opportunities rather than problems. He further lamented that entrepreneurship occurs when resources are redirected to progressive opportunities not used to ensure administrative efficiency. Further, Robbert Ronstadt cited in Holt (2006) considered entrepreneurship as the dynamic process of creating incremental Wealth. Wealth created by individuals who assume the major risk in terms of equity, time and or career commitment or providing value for some product or services. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources.

### Entrepreneur

The word Entrepreneur is derived from a French word “Entreprenre” meaning between and to take Schumpeter (1996). Therefore, a typical entrepreneur is a risk taker who braves/embrace uncertainty in an effort to produce profit. Karl Vester also cited in Holt (2006) explained that the nature of entrepreneurship in it nature is often a matter of individual perception. He found that Psychologist tend to view entrepreneurs in behavioral terms as achievement – oriented individuals driven to seek challenges and new accomplishment. However, generally, the term “Entrepreneur” may be properly applied to those who incubate new ideas, start enterprise based on those ideas, and provide added value to society based on their individual initiatives (Holt, 2006).

Accordingly, various entrepreneurship efforts by government in Nigeria include; the introduction of entrepreneurship education development in the curriculum of all, the courses taught in the tertiary institutions (Universities, Polytechnics and Colleges of Education), introduction of entrepreneurship schemes/courses among the cardinal programmes of the National Youths Service Scheme (NYSC), the introduction of the Youth Empowerment Scheme (YES), establishment of Small and Medium Scale Enterprise Agencies (SMEDAN) and the recent N- Power Project Scheme (2016) among others, all targeted at re-orienting and inciting/inculcating the spirit of entrepreneurship among the youths and various graduates and school leavers in Nigeria. Despite all these programmes and projects on Entrepreneurship couple with the huge amount of resources (Personnel, Money, Time and Materials) committed, Entrepreneurial concepts, practices and opportunities among the youths seems to be inadequate, below expectations and underestimated respectively.

In an attempt to understand entrepreneurship potentials in the area, the researcher seek to conduct an in-depth analysis of one of the enterprise that is the Bakery Enterprise with the aim of understanding how viable the enterprise is in respect to cost- benefits and its potentials towards Entrepreneurship growth and development and sustainable livelihoods especially among the youths.

Questions which the research seek to provide answers to include; what are the socio-economic characteristics of the bakers in the study area, how is cost related to revenue in the baking enterprise, what are the key contribution of the enterprise to societal growth and development.

**Objective of the Study**

The broad objective of the study is to analyze baking enterprise in the study area. Specific objectives, however is to:

- i. Describe the socio-economic characteristics of bakers in the study area
- ii. Estimate costs and returns associated with the enterprise in the study area
- iii. Identify the contribution of the enterprise in societal growth and development.

**III. MATERIALS AND METHOD**

**Sampling distribution**

A purposive sampling technique was utilized for the study. List of all the bakeries in the local government area was collected from the leader of the bakers association in the area which serves as sampling frame. The names of the bakeries and their proprietors in all the twelve (12) wards of the local government area were considered for the study.

**Sampling**

All the Proprietors of the bakeries were considered for the study. Therefore, the population of the study is the same with sample.

**Data Collection**

**Instrument**

A well structured close ended questionnaire was designed to solicit information from the respondents. Information generated includes; socio –economic variables of the respondents such as age, experience, educational qualification, income, working capital and asset. Similarly, costs and returns associated with baking enterprise were collected and information on observed prospects and challenges of baking industry were also collected.

**Data analysis**

Socio-economic characteristics of the respondents were analyzed using frequency distribution, percentages and means, while Business Budgetary Analysis and ratios were employed for the costs-benefits analysis. Similarly percentages and ranking were used to discussed prospects and challenges of the baking enterprise.

Frequency is the number of times an event/observation occurred while percentage is the proportion of occurrence of

an event or observation from the total observation/event. Similarly, mean is the average observation/event occurring.

Business Budgeting is the listing of all items needed/required to operate the business and their associated costs or expenditure and when matched with anticipated revenue or income. Business budgetary Analysis is given below:

Business Benefit (BB) =

Total Business Income (TBI) – Total Business Costs (TBC).....1

Where;

Total Business Costs = Total Variable Costs + Total Fixed Costs.....2

**Results and Discussions**

Table 2 presents results on the socio- economic characteristics of the respondents, it shows all (100%) of the bakers are male and majority (58%) within the age brackets of 36- 45yaers and most (52%) had 6-15 years of experience. It also revealed that majority have N1.5- N2.0 million as working capital and N1.5- N2.5 million worth of Business assets.

Table 3 presents costs and returns analysis of one production cycle. One

Cycle here referred to cost of processing one bag (50kg) of flour into bread. It reveals total costs of N39, 400 and total returns of N50, 000, indicating a difference of N10, 600 as benefit for the business.

Table 4 presents classification of respondents according to number of production cycles per week. It shows that majority has minimum of 3 production cycles per week, maximum of 5 while on the average 2.

Table 5 presents results on the prospects of baking in the study area. The results indicate that all the respondents considered the business as viable. Majority (90%) reported that they derived satisfaction from it while 82% considered it profitable. However, 42%, 32% and 26 % indicated that they considered it for leisure, provision of goods and prestige respectively.

Table 6 presents results on the problems associated with the baking enterprise. It shows that, majority 82%, 79% and 74% reported debt, health risks and drudgery involved in the enterprise as the major problems associated with the business while inadequate profit as the least problem.

**IV. CONCLUSION**

The study concluded that baking enterprise is a profitable business in the study area and can be used as a veritable enterprise for promoting entrepreneurship among the youths especially the graduates because of it high prospects . Findings of the study reveal that almost fifty percent of the respondents attended tertiary education while the remaining fifty percent attended secondary schools. This shows that majority of the bakers are educated and therefore it is expected that they can appreciate and adopt inventions/innovation that can improve the baking enterprise.

Similarly, net returns of N10, 600 per production cycle with an average of two cycles per week correspond to an average of N90, 000 per month which is considered good to sustain livelihood.

**Recommendations**

- i. Entrepreneurship Development Centre’s in Universities, Polytechnics and Colleges of Education in Nigeria should promote baking as one of their enterprise areas because of it high prospects and acceptability among educated youths.
- ii. Graduates should be encouraged to venture into baking enterprise because of it viability and profitability to serve as source of livelihood.
- iii. Youths should be sensitized to form Co-operatives in order to pool their resources together to establish and manage enterprises

- iv. Bakers should be assisted to acquire modern facilities and equipment to standardized their products
- v. Banks and other financial agencies should be oriented to support entrepreneurship development
- vi. Government and Non- Governmental Organizations should support and promote entrepreneurship development among youths through their various empowerment programmes.

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**Sampling distribution of respondents**

Table 1: Sampling distribution of respondents

Ward	Name of bakery/ Proprietor	Sample
Lokuwa	Lovely bread	1
Yelwa	A -Z Bread	1
	Zamani Bread	1
	Al-Amin Bread	1
	Al-Kalif Bread	1
	Al-FigirBread	1
	Kankss Nice Bread	1
	Lamu Bread	1

	Hamdala Bread	1
	MD Bread	1
	Haske Bread	1
Kolere	Tamu	1
Sabon layi	Nasco Bread	1
	Nima Bread	1
	Chimota	1
	Ibrazak	1
	Tinka	1
Vimtim	Arsenal	1
Muchalla	NA	
Mayo Bani	NA	
Betso	Babba	1
Mijilu	NA	
Digil	NA	
Bahuli	NA	

Source: Field survey, 2019

**Socio- economic characteristics of respondents**

Table 2; Socio- Economic Characteristics of respondents

Variables	Frequency	Percentage
Age		
26 – 35	6	31.58
36 – 45	11	57.89
46 - 55	2	10.53
Total	19	100
Sex		
Male	19	100.00
Total	19	100.00
Educational Background		
Secondary		
Tertiary	10	52.63

Total	9	47.37
	19	100.00
Experience		
5- 10	5	26.31
6 -15	10	52.63
16 – 20	4	21.05
Total	19	100.00
Working capital		
150,000 -200,000	4	21.05
151,000- 250,000	6	31.57
251,000- 300,000	5	26.31
301,000- 350,000	2	10.52
➤ 350,000	2	10.52
Total	19	100.00
Asset base		
500,000 – 1,000,000	4	21.05
101,000 – 1,500,000	5	26.31
1,501,000 – 2,000,000	7	36.84
2,001,000 – 2,500,000	2	10.52
➤ 2,500,000	1	5.26
Total	19	100.00

Source: Field survey, 2019

### Costs and Returns associated with baking enterprises

Table 3: Production per cycle

A.BUSINESS COSTS	Quantity	Unit costs N	Total N
Flour	50kg	350	17,500
Sugar	14kg	350	4,900
Baking powder//yeast	0.5kg	1000	500
Butter	1.0kg	1000	1,000
Oil	5.0litres	400	2,000
Water	50litres	2	100
Fire wood	60kg	50	3,000
Labor	3Mandays	800	2,400
Other costs			

Packaging		2,000
Distribution		2,000
Repairs		1,000
Depreciation on Capital items		3,000
<b>Total</b>		<b>39,400</b>
<b>B. BUSINESS INCOME</b>		
500 Loaves of Bread	100	<b>50,000</b>
<b>C. BUSINESS BENEFIT (B – A) =</b>		<b>10,600</b>

Source: Field survey, 2019

**Classification of production cycles**

Table 4: Classification of production cycles according to respondents

Materials required	Minimum (3cycles)/Week	Maximum (5 cycles)/Week	Mean (2cycles)/Week
Flour	150kg	250kg	100kg
Sugar	4.2kg	70kg	28kg
Baking powder/yeast	1.5kg	2kg	1kg
Butter	3.0kg	5kg	2kg
Oil	5.0litres	25litre	10litres
Water	150litres	250litres	100litres
Firewood	180kg	300kg	120kg
Labour	9Mandays	15Mandays	6Mandays

Source: Field survey, 2019

**Prospects of baking***Table 5: Prospects of baking enterprise*

Prospects	Frequency	Percentage	Ranking
Viable	19	100.00	1
Profitable	16	82.21	3
Derived Satisfaction	17	89.47	2
Leisure	8	42.10	6
Provision of goods to Society			
Employment opportunity	6	31.57	7
Self – reliant	9	47.36	5
Prestige	12	63.15	4
Income	5	26.30	8
	8	42.10	6

**Source:** Field survey, 2019

**Problems of baking***Table 6: Problems of baking enterprise*

Problems	Frequency	Percentage	Ranking
Non –Profitable	4	21.05	5
Debt	16	82.21	1
Health Risk	15	78.94	2
Hazard	12	63.15	4
Drudgery	14	73.68	3

**Source:** Field survey, 2019